TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

Texas Capitol Building
Capitol Extension
Room E2.026
1100 Congress Avenue
Austin, Texas

November 8, 2018
8:00 a.m.

MEMBERS:

J.B. GOODWIN, Chair
LESLIE BINGHAM ESCAREÑO, Vice Chair
PAUL BRADEN, Member
ASUSENA RESENDIZ Member
SHARON THOMASON, Member
LEO VASQUEZ, Member

TIMOTHY K. IRVINE, Executive Director

ON THE RECORD REPORTING
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## AGENDA ITEM

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Memorial Apartments (HTC 14431/CMTS 5075)

BOND FINANCE

d) Presentation, discussion, and possible action on Resolution No. 19-009 authorizing the filing of one or more applications for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds, authorizing state debt application, and authorizing the selection of underwriters for the bonds

OCI/HTF/NSP DIVISION

e) Presentation, discussion, and possible action on the appointment of Colonia Resident Advisory Committee members

SECTION 8 PROGRAM

f) Presentation, Discussion, and Possible Action on the 2019 Section 8 Payment Standards for the Housing Choice Voucher Program

HOMEOWNERSHIP

g) Presentation, Discussion, and Possible Action on the Single Family Mortgage Loan and Mortgage Credit Certificate Programs Participating Lender List

HOME AND HOMELESSNESS PROGRAMS

h) Presentation, discussion, and possible action on Program Year 2018 Emergency Solutions Grants Program Awards

i) Presentation, discussion, and possible action to authorize the issuance of the 2018 HOME Investment Partnerships Program Single Family Homeowner Rehabilitation Assistance Reservation System Notice of Funding Availability and publication in the Texas Register

j) Presentation, discussion, and possible action to authorize the issuance of the 2018 HOME Investment Partnerships Program Single Family Homebuyer Assistance and Tenant-Based Rental Assistance Notice of Funding Availability and publication in the Texas Register

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MULTIFAMILY FINANCE

k) Presentation, discussion, and possible action regarding Awards of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability

18259 Cannon Courts Bangs
18223 Harvest Park Apartments Pampa
18274 Hill Court Villas Granbury

l) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer

18433 DeWetter Apartments El Paso
18434 Kathy White Apartments El Paso
18437 Ventura at Tradewinds Midland
18439 Tays North Apartments El Paso
18440 Bayshore Towers Pasadena

m) Presentation, discussion, and possible action on the Third Amendment to the 2018-1 Multifamily Direct Loan Notice of Funding Availability

RULES

n) Presentation, discussion, and possible action on the proposed repeal and proposed new 10 TAC Chapter 7 Subchapter C, concerning the Emergency Solutions Grant, and directing their publication for public comment in the Texas Register

o) Presentation, discussion, and possible action regarding proposed amendments to 10 TAC Chapter 23, Single Family HOME Program Rules, Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds, §23.24 concerning Administrative Deficiency Process; Subchapter E, Contract for Deed Program, §23.51 concerning Contract for Deed General Requirements, and directing their publication for public comment in the Texas Register

p) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC §5.801, Project Access Initiative, and an order proposing new
10 TAC §5.801, Project Access Initiative, and directing publication for public comment in the Texas Register

q) Presentation, discussion, and possible action on the proposed repeal of 10 TAC Chapter 1, Subchapter B, Accessibility and Reasonable Accommodations; proposed new 10 TAC Chapter 1, Subchapter B, Accessibility and Reasonable Accommodations, and directing publication for public comment in the Texas Register

r) Presentation, discussion, and possible action on an order proposing new 10 TAC, Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.411, Administration of Block Grants under Tex. Gov't Code Chapter 2105, and directing publication for public comment in the Texas Register

s) Presentation, discussion, and possible action on an order proposing new 10 TAC, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.410, Determination of Alien Status for Program Beneficiaries, and directing publication for public comment in the Texas Register

t) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §6.404, Distribution of Weatherization Assistance Program Funds, and an order adopting new 10 TAC §6.404, Distribution of Weatherization Assistance Program Funds, without changes, and directing that they be published for adoption in the Texas Register

u) Presentation, discussion, and possible action on an order adopting the repeal 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

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Rules for Applications, Subchapter D, concerning Underwriting and Loan Policy, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and directing its publication in the Texas Register

v) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 13 concerning the Multifamily Direct Loan Program Rule, and an order adopting the new 10 TAC Chapter 13 concerning the Multifamily Direct Loan Program Rule, and directing its publication in the Texas Register

w) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and an order adopting the new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and directing its publication in the Texas Register

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (October-November)

b) Report on the Department's 4th Quarter Investment Report in accordance with the Public Funds Investment Act

c) Report on the Department's 4th Quarter Investment Report relating to funds held under Bond Trust Indentures

ITEM 3: ACTION ITEMS

EXECUTIVE

a) Presentation, discussion, and possible action to grant certain authority to the Director of Administration and designating an Acting Director

ADMINISTRATION

b) Presentation, discussion, and possible action to adopt a resolution regarding designating signature authority and
superseding previous resolutions in this regard

COMPLIANCE

c) Presentation, discussion, and possible action on initiation of proceedings to remove the eligible entity status of Cameron and Willacy Counties Community Projects, Inc. and terminate CSBG contracts and funding

ITEM 4: RULES

Presentation, discussion, and possible action on an order approving and recommending to the Governor the repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and an order approving and recommending to the Governor in accordance with Tex. Gov't Code §2306.6724(b) the new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan (which will incorporate into Chapter 11 substance from the Uniform Multifamily Rules being repealed from 10 TAC Chapter 10, Subchapters A, B, C, D, and G), and, upon action by the Governor, directing its publication in the Texas Register.

ITEM 5: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action on staff determinations regarding Undesirable Neighborhood Characteristics for Multifamily Direct Loan Application

18503 Eastern Oaks Apartments Austin

b) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds

18407 Sphinx at Sierra Vista Senior Villas Fort Worth

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

EXECUTIVE SESSION

OPEN SESSION
MR. GOODWIN: I'm going to call to order the Texas Department of Housing and Community Affairs Governing Board meeting for November 8, 2018, and we're going to start with roll call.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. GOODWIN: Mr. Braden?

MR. BRADEN: Here.

MR. GOODWIN: Mr. Goodwin, yes.

Ms. Reséndiz, absent.

Ms. Thomason?

MS. THOMASON: Present.

MR. GOODWIN: Mr. Vasquez?

MR. VASQUEZ: Here.

MR. GOODWIN: We have a quorum.

I would ask that you all stand and let Tim lead us in the Pledge of Allegiance to the U.S. Flag and the Texas Flag.

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

MR. GOODWIN: I will apologize for these allergies and try to make this as quick as possible so you don't have to listen to this scratchy voice.

We have consent agenda and consent report
items. Are there any questions on those?

MR. BRADEN: Mr. Chair, I have a question on 1(d).

MR. GOODWIN: 1(b)?

MR. BRADEN: No. D as in dog.

MR. GOODWIN: D as in dog. Okay.

Monica, would you come up?

MS. GALUSKI: Good morning. Monica Galuski, director of Bond Finance.

MR. BRADEN: Good morning. So this is approval for going forward on a bond deal and indicating the underwriting team, although it's delegated to you to pick the final participants in the underwriting, so do we typically just rotate through this group?

MS. GALUSKI: We do not. On our approved underwriters list we have four that are approved to be senior and two that responded only to be co, so we have four eligible seniors, and we do I'll call it a loose rotation.

What we do is look at who's done what for us lately. Back in the day you basically selected your underwriters team and could do a pure rotation a lot of times because there were two primary structures that were being used, and since 2008, you know, indentures have run down, we didn't do bond issues for a long time, so our
indentures aren't flush the way they were. There's a lot more going on and a lot more need to be sensitive to the individual needs of each of issuer.

So what we do is now we listen to the underwriters and take multiple structural approaches and sort of look at who's designing a structure that meets our needs the best, and that's pretty much how we've been working.

We know who's paying attention to us, we know who's working to meet our needs, we know their performance on past bond issues which isn't necessarily just how many bonds you sold, it may be what you contributed to that structure to make it better so that we could provide a lower mortgage rate for the homebuyers. So it's not a true rotation, no.

MR. BRADEN: That sounds reasonable. I'm glad you take those factors into account.

MS. GALUSKI: Thank you.

MR. BRADEN: That's all I have.

MR. GOODWIN: Any questions about any other consent items or any items that anyone would like to pull?

(No response.)

MR. GOODWIN: If not, do I hear a motion to approve the consent agenda and consent report items?
MR. VASQUEZ: So moved.

MR. GOODWIN: It's been moved. Second?

MR. BRADEN: Second.

MR. GOODWIN: Okay. It's been moved and seconded. Any questions or discussion?

(No response.)

MR. GOODWIN: All those in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: The consent agenda passes.

The first action item we have is regarding Presentation, discussion and possible action to grant certain authority to the director of Administration and designating an acting director. For this we're going to move into executive session.

The Executive Director Committee of the Governing Board of the Texas Department of Housing and Community Affairs will go into closed or executive session at this time. A committee of the Board may go into closed or 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.
The closed session will be held in a nearby room to this meeting room, Room E2.022. The date is November 8, and the time is 8:05 a.m., so we will be back in here by probably 8:25.

(Whereupon, at 8:05 a.m., the meeting was recessed, to reconvene this same day, Thursday, November 8, 2018, following conclusion of the executive session.)

MR. GOODWIN: The closed session has ended. This day is November 8, 2018, the time is 8:40 a.m.

The Board is now reconvened in open session at 8:40 a.m. During the executive session the Board did not adopt any policy, position, resolution, rule, regulation, or take any formal action or vote on any item, except for deliberations of personnel matters pursuant to Texas Government Code 551.074.

Do I hear a motion from any Board member?

MR. ECCLES: Do you want to do it at the end?

MR. GOODWIN: Okay. I'm sorry. So we're going to move this item to the end of the agenda, and we're going to start with Administration. David.

MR. CERVANTES: Good morning, Mr. Chair, members of the Board, Tim.

Item 3(b) on your agenda --

MR. ECCLES: Actually, 3(b) too.

MR. GOODWIN: 3(b) too we'll move to the end.
MR. CERVANTES: That makes sense.

MR. GOODWIN: Sorry. My screw-up, David.

That's only the third one I've made this morning.

(General laughter.)

MR. GOODWIN: Compliance, item 3(c), Patricia.

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

This item on your agenda is staff requesting permission to move forward with proceedings to terminate the eligible entity status and CSBG funding for the community action agency named Cameron and Willacy Counties Community Projects.

We've had a long history of issues with this community action agency. They previously administered the Department of Energy Weatherization Assistance Program and the Low Income Housing Energy Assistance Program for weatherization and utility bill assistance. Those programs were removed back in year 2015. So this action is related to their Community Services Block Grant funding. This particular community action agency does not have a compliant single audit which is required under 2 CFR Part 200. They have not had a compliant single audit since I believe around 2012. They've been informed of this deficiency and have made repeated promises to produce this required audit, this series of years of
audits that are lacking and have not done so.

So with your approval today this begins a process whereby they have a lot of rights and due process. It would go to the State Office of Administrative Hearings for a hearing there, and it will come back to the Board as a proposal for decision, and then if ultimately SOAH and this Board decides to pursue that the eligible entity status should be terminated, then they still will have a 90-day appeal process with the U.S. Department of Health and Human Services. So to be clear, this is a very preliminary step in a long history of non-compliance and we request your permission to proceed.

Any questions?

MR. GOODWIN: Do I hear a motion?

MR. BRADEN: I'll make a motion that the executive director and TDHCA staff be authorized to take all actions necessary to initiate termination proceedings to remove the eligible entity status of CWCCP under the CSBG.

MR. GOODWIN: Second?

MS. BINGHAM ESCAREÑO: I'll second.

MR. GOODWIN: Okay. Moved and seconded. Any discussion? Anybody want to speak to this?

(No response.)
MR. GOODWIN: All those in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. Moving on item 4, Rules.

Marni.

MS. HOLLOWAY: Good morning, Chairman Goodwin, members of the Board.

Item 4 is Presentation, discussion and possible action on an order approving and recommending to the governor the repeal of 10 TAC Chapter 11, concerning the Housing Tax Credit Program Qualified Allocation Plan, and an order approving and recommending to the governor the new QAP for 2019.

To start, I must thank Teresa and Patrick for all of the work they did to get us to this proposed final QAP, along with all of the stakeholders who have provided input and met with us getting us to this point. We received comments from more than 90 people or organizations for the 2016 QAP, this year we're down to 21. This shift speaks to the work that we've been doing over the past few years and the work that those stakeholders have been doing with us, and we feel like we're moving in the right direction.

We are hoping to present to you in December
our draft plan for the 2020 QAP which will include topics
taken from some of this year's comments that we were not
able to address, along with topics that staff has
identified in the past year. We will also be closely
following the legislature in the coming year, of course,
so that we can share with stakeholders our plans to
implement any statutory changes.

Both our statute and the Internal Revenue Code
require that we adopt a qualified allocation plan to
establish the procedures and requirements related to the
allocation of housing tax credits. Our statute further
requires us to adopt the QAP and on or before November 15
submit it to the governor who is required to approve,
reject or modify and approve it not later than December
1. After we receive the governor's approval, we will
publish the final QAP in the Texas Register so that it
will be effective for 2019.

As you will recall, the draft QAP was
previously approved for publication and we accepted
public comment for three weeks. Both all of the comments
received and staff's responses to each comment are in
your board materials. We've made some changes and
clarifications to the proposed final QAP based on the
comments we received. Some of the comments for proposed
changes we were not able to make due to the limitations

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of the rulemaking process.

Rather than going through each of the comments, especially since I have my allergy issues of my own, I'd like to just tell you about some of the more important changes that we've made, and I'm sure if anyone would like to speak to a comment that did not relate to a change or a change we made that was not responsive, I'm happy to share staff's perspective as we go through the discussion.

Of course, if the Board directs a change based on the presentation today, it will be incorporated into the QAP that is transmitted to the governor for his approval.

So among the changes we've made, we removed a line from the tiebreaker that would have exempted developments under the control of an applicant from the distance measurement in the second part of the tiebreaker, in the second tiebreaker. Commenters suggested that this exemption gave some applicants an advantage because they would not have to consider certain developments that would negatively impact other applicants, and staff agrees with that so we've taken that line out.

We have made some clarifying changes to the proposed mitigation section of the neighborhood risk factors rule, which was formerly the undesirable
neighborhood characteristics. Commenters expressed concern that the mitigation sections for crime and schools were too prescriptive and make it impossible for applications to overcome these factors. We hope that the changes in the final QAP adequately address those concerns.

We have deleted the proposed new section under rehabilitation costs which was created to set a property condition standard for rehab as an alternative to the current dollar amount minimum. While this section was an alternative and did not replace the measurements that we've used previously, we recognized that it likely would benefit from some further development as part of the 2020 QAP plan.

We've made some modifications under common amenities to clarify those requirements.

We received several comments regarding green building techniques and materials under development construction features that would have been too big of a change this year, but we look forward to researching and discussing those further for 2020.

We have made a clarifying change in the previous participation section that will carry over to how organizational charts are presented in the applications and translate further down our process about
who's actually in control of developments as we're talking about previous participation in future applications.

Staff recommends that the repeal of 10 TAC Chapter 11 and that the new 10 TAC Chapter 11 concerning the Housing Tax Credit Qualified Allocation Plan, together with the preambles presented to this meeting, be approved and recommended to the governor.

I'm happy to take any questions.

MR. GOODWIN: Any questions?

(No response.)

MR. GOODWIN: Did you want to comment? Before you do, do I hear a motion to hear comments regarding staff's recommendation?

MR. BRADEN: So moved.

MR. GOODWIN: Second?

MS. THOMASON: Second.

MR. GOODWIN: So it's been moved and seconded. All in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Okay.

MR. MOREAU: I'm Walter Moreau, the director of Foundation Communities.

The QAP is great. There is one comment I wanted to ask you to take a really close look at the
readiness to proceed points. Those are five extra points if your project closes in November to kind of speed things up and it only applies to the Hurricane Harvey counties. That was something that was really bold that the governor modified and put into the QAP last year, and my ask is that you really keep that for Hurricane Harvey. Given the scope of devastation and the loss of housing, that's really where the focus ought to be.

What's just come up in the last week is that Governor Abbott asked FEMA to designate the Highland Lakes counties, Tarrant County and Travis County eligible for disaster assistance. Clearly there was flooding and the heavy rains but there was never the loss of housing to the same scope that Harvey did, so if these same five points all of a sudden apply to a much broader set of counties, it's going to, I think, create the wrong kinds of incentives for developers to rush ahead and claim they're going to close in November and then some don't close and then the credits actually get pushed into the following year, face unintended consequences.

Thank you.

MR. GOODWIN: Any questions for Mr. Moreau?

(No response.)

MR. GOODWIN: Thank you. Other comments?

MS. SISAK: Good morning, Board. I'm Janine
Sisak. I'm here today on behalf of TAAHP. I serve on the Executive Committee of TAAHP as well as the Government Affairs Committee.

TAAHP is also very concerned about readiness to proceed in the QAP. And actually, before I talk about that I do want to echo Marni's comments about how the QAP process this year went very well. There were no last minute surprises and the version that was included in your board books in the supplemental posting on Monday was just great. We really do not like last minute surprises at this point in time because many developers have already identified and perhaps even secured sites and started to spend money on sites in terms of this part of the process, so we really appreciate how smooth the QAP has been this year.

However, to echo Walter's comments, readiness to proceed was added last minute last year and it was because Hurricane Harvey happened in late August, early September, and you know, in that case it was appropriate for those points to get into the QAP last minute. Obviously, the reason behind that was to jumpstart rebuilding efforts in the Houston area and get housing on the ground quickly, and in that sense it did serve its purpose. A lot of the applications that claimed the points last year had to close by last week. My firm was
not one of those applications that needed to close, but it's my understanding that a lot of them did close and that's great, but you know, those deals are now starting a 12-month to 24-month construction period and so we're still at least 12 months out from having units on the ground.

And a lot of resources went to closing those deals a couple of months early, and while a couple of months, getting the units on the ground a couple of months early is important, we really are talking about these projects would have closed in the next six months anyway, so it was just this huge push from the industry where we have, you know, a limited number of attorneys that specialize in these types of real estate transactions, investors, lenders, and so what I saw from my perspective, not having a Houston area deal, is it was difficult for me to get traction on my deals in other areas because all of the resources were focused on meeting that readiness to proceed deadline last week.

And then I also understand that certain developers weren't able to meet the deadline due to circumstances beyond their control and they're going to be subject to penalties this coming round and so other important projects might not see the light of day.

So I think that this scoring item was
appropriate for Harvey. Now the Harvey counties, because the federally declared disaster is more than a year old at this point, those counties cannot benefit from these points in the coming round, and as of now, putting aside the requested proclamation aside, it only applies to two small counties in South Texas, and so applications in those counties are really going to have to meet this false deadline when I think the disaster there was a drought and like the floods here it didn't necessarily result in a loss of housing -- I might be wrong about that -- but something to consider.

Audrey Martin, who is TAAHP's committee chair for the QAP Committee is going to talk about some possible language changes to maybe change the drafting a little bit so that it does only apply to disasters that cause the loss of housing, and she's also going to talk about some deadline changes to kind of lessen the blow of kind of the onerous aspects of this point category.

So I appreciate your time and listening to us this morning, but otherwise, that's our only comment. Thank you.

MR. GOODWIN: Any questions?

(No response.)

MS. MARTIN: Good morning. I am Audrey Martin. I am also here representing TAAHP, and as Janine
mentioned, I'm the co-chair of the QAP Committee, so I really appreciate the opportunity to speak with you all today.

I also wanted to echo the kudos to staff. The process really was nice this year, went pretty smooth, and I think that we got to a really good place overall in the rules. I think there are a couple of places where we're hopeful to continue to work with staff in the coming year. Cost per square foot is always one of those things that I like to speak about, but today what I really wanted to focus on was readiness to proceed, and I'd like to echo some of the comments by Walter Moreau and Janine Sisak as well.

You know, this is a scoring item that certainly directs developers into particular areas because there's such a high point value placed, and this is an item that TAAHP did focus some comments on along through the public comment process. Up until last week there were only two counties in the state that would be affected. As Janine mentioned, the Hurricane Harvey declaration rolled out of the 12-month time period, but now as of last week there's this new potential disaster declaration that could impact some of the larger jurisdictions in the state. And one of the fears is that in some of these large jurisdictions it takes such a long
time to get through the permitting process in particular, so we're looking at a situation where there's a potential disaster declaration and folks may have to kick off design and permitting maybe within the next three weeks to get through a year-long permitting process in some jurisdictions which is a little problematic.

And the other potential concern here with this scoring item is that any disaster declarations that come into play up to March 1 can make counties eligible for these five points, so again, this is something where we thought there were only two counties that were likely going to be impacted in 2019, now all of a sudden it looks like there's going to be some large jurisdictions and anything from this point forward will cause even more of a timing issue for folks.

So we have a couple of ideas for maybe some changes or a compromise position if this scoring item continues to stay. One would be to move the closing deadline from November 30 and maybe we look at something early first quarter of the year after award, so January 31, 2019 would be a suggestion of mine. Additionally, I think it would be a good idea to set an earlier cutoff date than March 1 for the disaster declarations that can apply to the 2019 round, and so maybe that's something like December 1 to reflect the date that the rules become
effective.

So those would be the two suggestions from TAAHP to address the readiness issues that we've spoken about this morning. Thank you.

MR. GOODWIN: Okay. Thank you.

Any questions?

(No response.)

MR. GOODWIN: Any other speakers?

MS. SAAR: Good morning. Katherine Saar, LHA, Inc.

I'm here to just provide you an example of what readiness to proceed looked like for a developer that actually had to comply with it. We had a development in the City of Houston that was subject to readiness to proceed. We moved through all of our plans and specs very early, we got our permits, we were all on track to close by October 15, and on September 17, a month earlier, one of the sellers of our land passed away unexpectedly so there was no one to sign the deed. Fortunately, in our case we were able to make the deadline. The probate court heard the man's will on October 25, six days before the deadline, so we were very fortunate that we were able to move through that process and still come out ahead of the game.

But that onerous deadline is problematic when
you're faced with things that are completely outside your control. I would call a death and act of God. And we provide a comment that there should be some kind of provision in the readiness to proceed to address issue like that that are completely outside your control, but we also are supportive of all of the recommendations that Audrey has mentioned today, and that's really all I wanted to say. Thank you.

MR. GOODWIN: Any questions? Marni, address these comments?

MS. HOLLOWAY: Certainly.

So working backwards, when we received notice from Katherine that the seller had passed away, we responded to that and said if in fact you're not able to close, this basically becomes what you tell the Board if staff is moving forward with a recommendation for a penalty. So that's the mitigation, that's why you don't get the penalty.

Regarding the dates, I can see how only allowing a disaster declaration prior to December 1 makes a certain amount of sense because right now we're at the full application delivery date, so that literally is going up to March 1 and creating a certain amount of uncertainty in that process. January 1 for closing, I don't know. You know, we have gone from an October
closing to a November closing as a result of comment. We had not received comment about going later to go to January 1, we had not received comment about this December 1 date.

Regarding other applicants or other awardees who were not able to close of reasons outside of their control, of course that becomes why they don't get a penalty, or that would be a consideration for the Board in looking at that.

MR. GOODWIN: To waive the penalty?

MS. HOLLOWAY: Right.

We are planning to bring any potential penalties to the Board next month. Everybody is supposed to be getting their information to us by tomorrow. We've already received a number of packages from folks who have closed on time.

MR. GOODWIN: Okay. Any questions?

MR. BRADEN: My understanding is that it was the Governor's Office who added this readiness to proceed with respect to disaster-affected counties?

MS. HOLLOWAY: They did, they added it last year.

MR. BRADEN: And were they specific about the dates we're talking about too?

MS. HOLLOWAY: They specifically added end of
October. We have, as our staff recommendation, moved that to November.

MR. BRADEN: To November 1?

MS. HOLLOWAY: To the last business day of November to give another month.

MR. BRADEN: And did they have the March 1, or is that just a factor of the way our rules work?

MS. HOLLOWAY: That's just needing to set a measurement, needing to set a date.

MR. BRADEN: The governor giveth, the governor taketh away.

MS. HOLLOWAY: Another change that we made to this section at draft, so I didn't mention it now at final, is regarding non-priority applications, so if you're down the list and it doesn't look like you're going to be getting an award, and all of a sudden because of a set of circumstances you are getting an award, and while you were in that non-priority status you stopped working on your financing, you stopped working on getting yourself to that closing, then that period of non-priority status becomes an extension of the November deadline. So if you're down the list and then you go back up the list, whenever you were down the list is added to that November date. It recognizes that if it doesn't look like you're going to be getting an award,
you're not going to be working on your deal.

MR. IRVINE: It's a tolling concept.

MS. HOLLOWAY: Yes.

MR. VASQUEZ: Marni, I would just like to say everyone hates deadlines but I'd be reluctant to move it back any further than we put there. I mean, I know it's a pain and everyone has got to scramble to make it, but it's not a secret and we have that posted for a reason.

MR. IRVINE: Well, and also, I think it's no secret that after the QAP comes out of this boardroom it goes to the Governor's Office and staff always has an in-depth download with the Governor's Office before they pull out their red pen and start making any changes, and we'll fully share the concerns that have been raised, and of course, you all understand exactly what the issues are, and we're always available as a resource if they want to make further adjustments.

MS. SISAK: Can I just make a real quick comment on that? I appreciate that and I feel like we're talking about deadlines and everything, we're losing the forest for the trees. I mean, our ask, to be specific, and we would really appreciate your help in talking to the governor about this, is to delete the provision. It's just not sustainable. I don't think it's a good practice for us to continue, I don't think it's a good
use of resources, and quite frankly, it only gets units on the ground a couple of months before they would have gotten on the ground in normal course. So specifically, we would like TDHCA staff to share our concerns with the governor and ask that it be removed from the QAP.

Thank you.

MR. GOODWIN: Thank you.

Any other comments?

(No response.)

MR. GOODWIN: If not, do I hear a motion to approve staff's recommendation?

MR. VASQUEZ: Mr. Chairman, I move to approve staff's recommendation regarding the QAP.

MR. GOODWIN: QAP. A second?

MR. BRADEN: Second.

MR. GOODWIN: Any further discussion?

(No response.)

MR. GOODWIN: All in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. It is passed.

Item 5(a).

MS. HOLLOWAY: Item 5(a) is Presentation, discussion and possible action on staff determinations.
regarding undesirable neighborhood characteristics for Multifamily Direct Loan application 18503, Eastern Oaks Apartments.

This is a pre-determination of eligibility. The Board's decision regarding the eligibility of the proposed site will determine if the applicant moves forward with their application for direct loan funds. The applicant has disclosed the presence of undesirable neighborhood characteristics, specifically that the proposed development is located in a census tract with a poverty rate above 40 percent and it is in the attendance zone of a school that does not have a Met Standard rating.

The application proposes the reconstruction of 30 units serving households at 30 percent of AMI in the Franklin Park neighborhood which is in southeast Austin. The Housing Authority of Travis County previously converted the property from public housing to a 100 percent Section 8 project-based rental assistance development in 2016 through the RAD Program. That RAD conversion did not include rehab of this 36-year-old property.

The poverty rate for the development census tract is 47.7 percent. The undesirable neighborhood characteristics report seeks to address the poverty rate
by pointing to the percentage of households with incomes over the county or MSA median of $65,000 within that census tract, and points to higher incomes in the adjacent census tract. They also discuss the increase in median income within the tract over the past five years which has increased by just over 20 percent, 20.13, only if 2016 is included. We are not able to include the 2016 numbers in our considerations at this point because this is a 2018 application, so only the numbers up to 2015 are considered under the rule.

While the median income has increased in the aggregate over five years, the poverty rate, which is the measurement we're concerned with, has increased by more than 6 percent over that same period. Rather than showing a clear upward trend that would indicate the neighborhood is moving out of poverty, the poverty rate follows the instability of income levels in the area with no real improvement. The applicant points to the incomes and poverty rate of an adjacent census tract and provided quite a bit of information regarding that area. The poverty rate for that tract is below our trigger of 40 percent, but it shows a clear and steady increase from 14.3 to 25.58 percent over the five years.

The applicant describes recent commercial development near Eastern Oaks as potentially providing
jobs and training. There's no evidence that these features will benefit the residents. In fact, the increasing poverty rate in both census tracts seems to indicate that they are not receiving benefit from this economic development.

Regarding schools, the proposed development is in the attendance zone of the Consuelo Mendez Middle School which has been rated as Improvement Required for the past four years. Let me remind you that our rule states: Any school in the attendance zone that has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year -- which this school has -- unless there is a clear trend indicating imminent compliance, shall be unable to mitigate due to the potential for school closure as an administrative remedy pursuant to Chapter 9 of the Texas Education Code.

The school's campus improvement plan had an end date of May 30, 2018 and clearly was not successful as the school has the same Improvement Required rating for 2018. In May of 2018 the Austin Independent School District announced that they would partner with the University of Texas Tyler to create a STEM program at the school in order to avoid closure under Chapter 39. This partnership postpones closure for two years. Staff was
not able to determine if the school will continue with
open enrollment or if it will become a magnet and limit
the students that may attend STEM classes, or what will
happen if the partnership is not successful within that
two-year period.

A letter from Paul Cruz, who is the
superintendent of AISD, describes the STEM program that
will be implemented but does not state that there is a
reasonable expectation that Mendez Middle School will
have a Met Standard rating by the time the proposed
development is placed in service.

After the board book was posted, the applicant
sent a letter from another AISD staff member that answers
some of these questions and states that AISD can
reasonably expect the school to meet the standard, and I
believe that they will be reading that letter into the
record today.

The applicant has also requested waiver of the
undesirable neighborhood characteristic requirements but
has failed to present information supporting the claim
that the development meets the criteria in rule for that
waiver. Because the applicant has failed to support
their request for waiver of the undesirable neighborhood
requirements, staff recommends denial of the waiver
request. Due to the increasing poverty rate for the
census tract and the uncertainty regarding the new leadership and programming at Mendez Middle School, staff is unable to make a recommendation that Eastern Oaks be found eligible.

I'll be happy to answer any questions?

MR. GOODWIN: Anybody have any questions?
(No response.)

MR. GOODWIN: Before we take comments, will we have a motion?

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: Moved to accept staff's recommendation. A second?

MR. BRADEN: Second.

MR. GOODWIN: Okay. It's been moved and seconded. Now for the discussion.

MS. HICKS: Good morning, Chairman Goodwin, Board members. My name is Jennifer Hicks with True Casa Consulting, the consultant to Eastern Oaks Apartments.

I wanted to give the Board a little bit of context and color about Eastern Oaks Apartments, and then there's team members here to give more detail. Eastern Oaks Apartments is a 38-year-old existing and occupied property. The Housing Authority of Travis County is the original developer and long-term owner. The property is tired and in great need of a complete rehabilitation.
The MFDL funding presents a perfect opportunity for the housing authority to leverage City of Austin dollars to finance the substantial rehabilitation and pair with 100 percent HAP contract on the property through the RAD conversion in 2016.

This is a worthwhile and compelling project with all 30 units set aside for extremely low income families. Families pay only 30 percent of their income toward rent. Eastern Oaks serves as a safety net between conventional tax credit housing and homelessness. The average income of a family is $12,753, the average tenancy is six years. The property maintains 100 percent occupancy with a waiting list. Due to the very minimal rental income, Eastern Oaks can't support any debt. It's dependent on raising sources to complete this rehab.

There is $20 million in MFDL funding available under this set-aside and only $6 million in applications, including this application. We want to help TDHCA spend this money. As an early advocate of this set-aside, I identify Eastern Oaks as a deeply impactful targeting that's exactly the type of project that should be utilizing this funding.

The southeast Austin neighborhood that surrounds Eastern Oaks is full of hardworking parents, multi-generational families and cultural diversity.
While the community has always been close, it has
developed a very strong voice and even has its own city
council member, Delia Garza in District 2, representing
it.

There's two undesirable characteristics.

Poverty, the threshold is 40 percent. If you use the
current ACS data, the rate for that census tract is 42
percent. If Eastern Oaks was literally across the
street, we would not be up here talking about poverty
since the poverty rate for that tract has been
consistently below 25 percent and well below the 40
percent threshold.

Schools. AISD has put together an innovative
and success-driven turnaround plan for Mendez Middle
School under SB 1822, Failure is not an option. Mendez
was one of a handful of AISD schools that received 2017
AISD bond funds with $2.7 million invested in repairs,
improvements and modernization. This school is not meant
to be shut down.

I just want to say we can't lose this project
and it doesn't make sense to do so. The project has been
providing families with affordable housing for 40 years
and we're just asking the Board to approve the
eligibility waiver so the project can continue doing so
for the next 40.
Now I'd like to introduce Ashley.

MS. JACKSON: Good morning. Hi. My name is Ashley Jackson, and I have been a resident of Eastern Oaks for five years. I work full-time, I have a 12-year-old daughter and a 9-year-old son.

The Eastern Oaks community is great. I never have to worry about safety issues when it comes to my kids, me. We work well as a community as a whole. These renovations are something that we really need, especially if it's going to help with energy efficiency, it will help with our utilities. A lot of things there is really old, I love it but a lot of stuff is really old, to be honest.

I just came here today to be the voice of the residents of our community. The renovations, like I said, are really, really important to us all. We have conversations about it every day, every night, every single time we can, hey, we need to try to see what we can do to see if we can push through. I understand poverty, I work full-time, I'm a single parent, I get it, I struggle, but at the end of the day, we deserve it. Everybody wants a beautiful home, everybody wants something they can walk into and be like, That's nice, that's mine, I own that, I work hard for that. I may pay a little bit of rent, yes, you know, I pay a little
something, it may not be a lot, but I survive and I love it there. And I appreciate everything that the housing authority has done for me and my kids because we have a home, it's our home and we love it.

And as I said, I'm here to voice for my community, Eastern Oaks, and we really need these renovations, we really do.

MR. GOODWIN: Thank you.

MS. JACKSON: You're welcome.

MR. GOODWIN: Any questions?

(No response.)

MR. ONION: Good morning, Board. My name is Robert Onion and I'm with the Housing Authority of Travis County.

As you've heard, Travis County has worked very hard to preserve this property for the subsidy and now we have a long-term HAP contract. We now need to preserve the asset itself. If given the opportunity, we will completely rehab this property and position it for preservation for the next 30 years. You know, as Jen has stated, this is for 30 percent and below, extremely low, and a lot of times people say, well, what does that really mean. I'm a numbers person and so if you've got a family, they come in, $8,000 is what they make a year, they pay $200 a month in rent for a two or three bedroom
in the City of Austin. Unheard of. And like Jen said, this is the safety net between the 9 percent and homelessness.

This property is there, it's a development, it's not a site that you're deciding whether or not to invest in, it's a development that's already there. As Jen said, directly across the street is a different census tract that gives you different results, and had the staff been able to use 2016, I think they might have come with a different conclusion about this. But ultimately, I need your help because this asset is worth preserving.

The City of Austin has done a strategic housing plan which indicates by 2025 there's going to be need for 20,000 units at 30 percent and below. Let's not lose this opportunity. I ask you today to use your discretion as a Board and approve our request. Thank you.

MR. GOODWIN: Any questions?

MR. BRADEN: I have a question. So I assume the property is 100 percent occupied?

MR. ONION: If it's not 100 percent occupied, it's somebody in transition that we need to go to the waiting list and do, so it's a 30-day turnaround.

MR. BRADEN: And you have a waiting list,
obviously.

MR. ONION: A year waiting list.

MR. BRADEN: Okay.

MR. GOODWIN: Any other questions? Additional comments?

MR. KARAM: Good morning. It's a pleasure to be here this morning. I'm Eddie Karam. I am a member of the board of the Housing Authority of Travis County.

I'd like, with your indulgence, to read into the record a letter of support from Michelle Wallace, executive director of the Office of Innovation and Development of Austin Independent School District. She wrote this letter to Mr. Tim Irvine, the executive director of TDHCA.

"Dear Mr. Irvine:

"The purpose of this letter is to provide additional information in response to the staff write-up on Eastern Oaks Apartments included in the board book for the November 8, 2018 meeting of the TDHCA Board of Directors. This letter is a supplement to the initial letter provided by AISD, dated July 16, 2018, and included with the initial funding application for Easter Oaks Apartments. Below are excerpts from the board book with additional information requested provided by AISD to address TDHCA concerns."
"Mendez Middle School will continue with open enrollment and all students attending Mendez Middle School will benefit from the STEM classes offered at the school. Senate Bill 1882 that governs the establishment of a charter school to improve school performance requires that the charter school requires open enrollment. Please see attached Senate Bill 1882.

"As indicated in the original letter, Senate Bill 1882 gives a two-year reprieve from state accountability ratings in order to allow for the turnaround plan of the new charter school operator to take effect and begin to impact the school accountability and the ratings. For Mendez Middle School, the accountability exemption will apply to the 2019 and 2020 rating. In 2021 the school is no longer considered exempt, however, Senate Bill 1882 does allow an additional exemption under a subsequent contract if approved by the commissioner."

And it refers to Senate Bill 1882 attached.

"As indicated in the original letter, AISD feels assured that the Texas T-STEM partnership at Mendez Middle School will result in an improved academic program that will benefit students living in Eastern Oaks Apartments."

There's a list of indicators why the
program -- what the success of the program includes:

"Veteran staff with a resume of successes transformed schools similar to Mendez Middle School and a program that builds upon learning anchors already in place at Mendez Middle School, including Project Lead the Way and a STEM program, feeding both high schools. A community partner in Communities in Schools that is immersed in the surrounding neighborhood and will understand the unique needs of Mendez and be able to view the academic record through an inclusive lens. The school already has a very involved PTA, as well as an active neighborhood that is invested in the success of Mendez Middle School, and it's important as the singular middle school in operation by AISD.

"At this time AISD can reasonably expect that Mendez Middle School will have a Met Standard rating by the time Eastern Oaks Apartments is placed in service."

That's the real crux of this letter.

"The midyear update for 2018-19 school year can be provided in January. AISD is supportive of the Housing Authority of Travis County's goal of rehabilitating Eastern Oaks Apartments."

Basically, that's the point of the letter is just supporting what we're trying to do out there and save all these residents their homes, like they said, for
another 40 years.

MR. GOODWIN: Thank you.

Any questions? Anyone else want to speak?

Cynthia.

MS. BAST: Good morning. Cynthia Bast of Locke Lord, representing the Travis County Housing Authority.

I'm asking for a reversal of the motion that is on the floor to approve the staff recommendation that would deny funding for this site. To be clear, under your rules I do not believe that we need any sort of waiver of your rules, rather, your rules provide that you can find a site eligible for redevelopment, despite the presence of these undesirable neighborhood characteristics if using your funds is consistent with two things: one, preservation of existing occupied affordable housing to ensure it is safe and suitable; two, a determination that the undesirable characteristics are not of such severity that they should make the site ineligible.

I believe you have everything you need in your board packet to come to this conclusion. I've done many of these, and honestly, I think this is one of the most compelling packets and thoroughly prepared packets that I have seen.

With regard to poverty, your rules give a
variety of mitigating factors, one, of course, being whether there has been a five-year decrease in the poverty rate. Your staff rightfully pointed out that part of the data that we are asking to use here is the 2012 to 2016 ACS five-year estimate for poverty because it does show the poverty rate going down. Now, your rule says that if that data is not available as of October 1, 2017, it shouldn't be used. That makes sense in a competitive context where you're trying to make sure that everybody is on the same playing field, but honestly, in this circumstance when we're trying to understand what's really happening in this neighborhood right now, using aged data doesn't make sense, and so we're asking you to consider the fact that data does show this poverty rate is decreasing.

We're asking you to look at the job growth that is proven up in the board packet, along with the gentrification issue. One of the things that your staff is concerned about is that this poverty rate is still high but yet incomes are rising and educational attainment is improving, so what's going on here that there's this perceived imbalance? And the answer is gentrification.

On page 699 of your board book it refers to a University of Texas study about gentrification in Austin
that has been recently completed, and that study showed that Eastern Oaks was susceptible to gentrification and vulnerable. Why? Because of how displacement works. The greatest displacement we've had in Austin right now east of I-35 is in the central city near downtown, so when that gentrification happens and those people are displaced, where do they go? They go south. So what's happening? Maybe there's some poverty increase as they're moving south until the gentrification pattern catches up, and that's what we believe is going on.

Finally, very briefly on the schools. I do believe that you have extremely good evidence that this school will turn around. We are working with a new law here, a new law in 1882 that allows this to happen. We are working with the T-STEM coalition which is specifically recommended and promoted by the Texas Education Agency as a turnaround model. If you look in the board book at the resumes of the people that are going to implement this, they have a track record of doing this in other locations.

Everything is there in accordance with your rules to allow you to come to this conclusion that this site should be eligible for this very specific funding that is needed for this circumstance. We need to preserve this existing occupied affordable housing, we
need to make sure that it's safe and suitable for the long term, and the characteristics are not of such severity that you should deny this funding. Thank you.

MR. GOODWIN: Okay. Any questions?

(No response.)

MR. GOODWIN: Any other speakers?

MR. CICHON: Good morning. Gerry Cichon, CEO of the Housing Authority of the City of El Paso.

So housing authorities, we got here, some of us, 80 years ago and we are now being charged with fixing what generations before us have created. Under the rules it would be great if we were next to the country clubs, it would be great if we were next to the affluent areas, but we're not. We are where we are.

The families that we house are extremely low income. A hundred percent of them at this site are less than 30 percent of AMI. They're going to be there next year whether you fund them or not, they're going to be there the year after that and the year after that. The question is are you going to help housing authorities who are stuck with the inner city properties who are trying to really do something to fix a problem that is affecting all communities across the United States.

In El Paso we have exactly the same problems. I have properties I would love to put a 9 percent on but
I can't and I don't know what to do with it because the gap is way too high. The money that we need to fix it isn't there, but you have the money to fix this one. This is one that you can turn around and help those families because it will become worse, they will live in blight, and we have chance to do something about it. RAD is a way to fix the crumbling, aging housing stock that's happening across the United States, and housing authorities are different, we're not the same as a normal developer.

And I would ask you to listen to Ms. Bast. She was absolutely correct in how she talked about the preservation aspect of what RAD is. I believe that you can do this, and from the housing authority who is going through something like this, I respectfully ask that you do so.

Thank you.

MR. GOODWIN: Any questions for Gerry?

(No response.)

MR. ALCOTT: Tim Alcott with the San Antonio Housing Authority. Nice to see you all again.

MR. GOODWIN: Good morning, Tim.

MR. ALCOTT: As a housing authority, of course, I had to come up and speak to support my fellow housing authority, but it is a challenge for us as well.
Thirty percent and below, 100 percent of the units are 30 percent and below, we can't go out and buy land and make the numbers work. And so I heard everyone else speak already, I did hear all their comments and I won't spend a lot of your time up here, but I do ask you to support this because this is the only way we're going to be able to provide housing for people with these income numbers because we can't go out and buy land and still get the numbers to work and serve 100 percent at 30 percent and below, so this is serving a population that would not otherwise be served.

Thank you.

MR. GOODWIN: Any questions? Any other speakers?

MS. THOMASON: I have a question for Marni. I believe there was a comment that there's funding in excess of what's being requested.

MS. HOLLOWAY: Yes.

MS. THOMASON: What happens if we don't spend it?

MS. HOLLOWAY: The funds that would be used on this development are National Housing Trust funds -- TCAP. Okay. The TCAP funds, if we don't use them we would just roll them over to next year. Those funds are income that's received from loans that were made years
and years ago and don't carry the federal commitment
deadlines that our HOME or our National Housing Trust
Fund do.

MS. BINGHAM ESCAREÑO: I have a question, Marni.

Marni, the letter that was read into the
record from Austin ISD, did we just recently receive
that?

MS. HOLLOWAY: Yes.

MS. BINGHAM ESCAREÑO: Did that come after?

MS. HOLLOWAY: After the book was posted.

MS. BINGHAM ESCAREÑO: Okay. And part of what
was read into the record was that it will have open
enrollment?

MS. HOLLOWAY: Yes.

MS. BINGHAM ESCAREÑO: Does that answer a
question for you? I think I read in the board book that
at some point there was some question of whether or not.

MS. HOLLOWAY: Right. It does answer that
question. It raises another question because this will
be a charter school and not a regular public school,
which in the past we have not considered charter schools.
So it raises other questions but the language in the
letter about it will be open enrollment and there's a
reasonable expectation answers a couple of the questions
that we were not able to get to before the book was posted.

MS. BINGHAM ESCARÉNO: Gotcha. Okay. And so if this were a new development, new units, then that would be a really serious consideration. If this 100 percent occupied existing rehab --

MS. HOLLOWAY: With the federal assistance there, there is provision in the rule for the Board to use -- to consider that in making an eligibility determination.

MS. BINGHAM ESCARÉNO: Thank you.

MR. VASQUEZ: Marni, just so I can make sure I understand this, this pool of funds that we're looking at being available to rehab this project, as was stated, the money is there.

MS. HOLLOWAY: Yes.

MR. VASQUEZ: There's extra money. By giving this project funds, we are not taking it from somebody else at this point.

MS. HOLLOWAY: Not in the current round. And if for some reason the Board finds this site to be ineligible, those funds would just roll over to next year's NOFA, but as I said, using the TCAP funds we don't have the federal commitment requirements, those deadlines that we have on some of our other sources.
MR. VASQUEZ: So it's not like our 9 percent rounds that we're saying, okay, this one is going to get it or that one is going to get it.

MS. HOLLOWAY: Right. That is not the situation here.

MS. BINGHAM ESCAREÑO: Mr. Chair.

MR. GOODWIN: Yes.

MS. BINGHAM ESCAREÑO: I'd like to withdraw my motion.

MR. GOODWIN: Okay. Who seconded it?

MR. BRADEN: I want to withdraw my second.

MR. GOODWIN: Okay. I kind of felt that coming. No need to read the tea leaves. So do I have another motion?

(General laughter.)

MS. BINGHAM ESCAREÑO: Before I make a motion, may I ask, Beau or Marni, do we need to communicate anything specific around the approval of the request? Did it come in as a request for waiver?

MS. HOLLOWAY: There was a request for waiver. Our packet that's used to provide this information to us has a box that you can check requesting waiver. All of them have come in with that box checked and they haven't necessarily included the information that would support that waiver request, so we are actually making a change.
for next year's packet to clarify that, so it's hopefully a little bit clearer to folks who are sending us information.

MR. IRVINE: But bottom line, for purposes of forming a motion, if you want to do this you would simply say that based on the record, including the testimony provided today and the letter from AISD read into the record, we find the site eligible.

MS. BINGHAM ESCAREÑO: That.

(General laughter.)

MS. BINGHAM ESCAREÑO: Mr. Chair, I'd like to make a motion that based on the testimony today and the letter that was read into the record by AISD that the Board find this application eligible.

MR. GOODWIN: That motion. A second?

MR. BRADEN: Second.

MR. GOODWIN: Okay. Any additional discussion?

MS. HOLLOWAY: No.

MR. GOODWIN: Did you want to speak, ma'am?

MS. HICKS: (Speaking from audience.) No.

(General laughter.)

MR. GOODWIN: I'll call for the question. All those in favor say aye.

(A chorus of ayes.)
MR. GOODWIN: Opposed?

(No response.)

MR. GOODWIN: Okay. Thank you, Marni.

MS. BINGHAM ESCAÑO: Thank you, Ashley.

MR. GOODWIN: Thank you. Cynthia, thank you.

Ashley, thank you.

(Applause.)

MR. GOODWIN: 5(b).

MS. HOLLOWAY: All right. Item 5(b) is Presentation, discussion and possible action on the determination notice for housing tax credits with another issuer, and an award of direct loan funds for application 18407, Sphinx at Sierra Vista Senior Villas which is in Fort Worth.

This development would create 272 units serving an elderly population, 13 of those units would be restricted at 50 percent of AMI, and the remaining 259 will be at 60 percent of AMI. Among the tax credit units there will be 27 direct loan units. The application has a carryforward certificate that will expire on December 31 of 2020. The proposed issuer of the bonds is the Tarrant County Housing Finance Corporation.

This application was previously approved in March, but due to changes in the financing, a new application was submitted that included the request for
direct loan funds. This prompted staff to re-review the application for credits based on the updated financing exhibits and the new sources. As a result of the updated review, staff is recommending that $3,600,000 of direct loan funds be provided at zero percent interest with a 30-year amortization. This is structured as a second lien construction to perm loan with a 15-year term. The zero percent interest rate is required in order for the transaction to remain feasible, and it is within the Board's purview to approve this lower rate.

The applicant's compliance history is designated as a Category 4 and it was found acceptable by EARAC with the conditions outlined in your board materials. EARAC also recommended the issuance of the determination notice with the condition that closing occur within 120 days.

Staff recommends that the issuance of a determination notice in the amount of $1,652,337 in 4 percent housing tax credits and $3,600,000 of NSP-1 PI funds be approved, with the conditions recommended by EARAC, and that the Board authorize extension of the determination notice, if necessary, subject to updated previous participation review if it is required.

MR. GOODWIN: Any questions?

(No response.)
MR. GOODWIN: So you're moving to approve this?

MS. HOLLOWAY: Yes.

MR. VASQUEZ: Could you clarify for us again what happened between the first approval and then suddenly having to come requested another fund source?

MS. HOLLOWAY: Right. When this was originally approved in March, it was just a 4 percent credit transaction. As they were working towards closing, they realized that they needed to change their financing structure and came back in with this request for direct loan funds in order that the development be feasible.

MR. VASQUEZ: So they made representations that it was feasible at the beginning.

MS. HOLLOWAY: Back in March, yes.

MR. VASQUEZ: And we approved it based on that presentation.

MS. HOLLOWAY: On that application, yes.

MR. VASQUEZ: And then after we approved it, they said, Oh, no, we need $3.6 million more.

MS. HOLLOWAY: As they were working towards closing. I would point out that this is not unusual. We have actually on the consent agenda earlier today approved several awards that were 9 percent deals that
were coming back looking for additional financing. I believe the applicant is available if you have any questions.

MR. GOODWIN: Motion to hear comments? Did you want to speak, sir?

MS. BINGHAM ESCAREÑO: I'll move.

MR. GOODWIN: You moved it.

MS. THOMASON: Second.

MR. GOODWIN: Second. All in favor say aye.

(A chorus of ayes.)

MR. OJI: Good morning, Board.

First of all, I just want to thank you guys for the last agenda item. I was really very moved the way you reversed that and voted for the housing authority, so thank you. You guys did a fantastic job. Thank you so much.

My name is Jay Oji, I'm the applicant. We are taking the recommendation from staff. The issue is on the Multifamily Direct Loan we applied for $4 million. Everyone knows in the 4 percent bond round we've gone from equity pricing going from a dollar all the way down to 88 cents. That's a huge gap going on, so we came back in August with an application to bridge this gap and we applied for $4 million in direct loan. We have CitiBank as our interim lender and permanent lender in the deal.
and we have the Royal Bank of Canada as our equity partner in the deal. The financing that we have submitted to TDHCA as of August said clearly that the $4 million gap in the Multifamily Direct Loan would get the deal funded, however, our recommendation from staff they dropped the $4 million request to $3.6 million, so we are short $400,000.

We've been talking with staff, with our lenders to see why this is the case. Our permanent loan is a 35-year amortization and staff is recommending a 30-year amortization. Usually the second loan does not have a lower amortization time compared to the permanent. So we're accepting the recommendation from staff but we're asking that the Board consider us coming back asking the Board to direct staff to give us what we requested for because our lenders are not comfortable closing on this deal, which we are already in the process of closing, we are almost pulling our permit to close the deal to start construction. But with $400,000 out of the deal, with the developer fee deferred almost 90 percent developer fee, the deal doesn't really work with the lenders so they're not as comfortable now as they were when we applied for the $4 million.

So that's really what I've been talking to
staff to take a look at this. We're not asking for anything else, just the $4 million in Multifamily Direct Loan that we applied for.

MR. GOODWIN: So you're saying the 3.6 million doesn't help you because if that's all you get, your lenders aren't going to fund the deal.

MR. OJI: Well, the 3.6- is based on the numbers that they had in August. As you know, interest rate is going up, so if you apply today, if anything we should be looking for more, so we need to close now. The $3.6 million now shortens the $400,000 out of the deal so it makes it worse, basically. So we're asking you to reconsider giving us the $400,000 on top of the $3.6 million that staff is recommending.

MR. GOODWIN: Marni, do you mind telling us why you cut it from 4 million to 3.6-?

MS. HOLLOWAY: Certainly. As the application was being reviewed by our Real Estate Analysis Division, they actually originally came forward with a recommendation for 2.9 million, I believe, at a higher interest rate and the development was feasible within our box, within the box that REA works within. In discussions with the applicant, we got to the point of moving from 2.9- to the 3.6- and reducing the interest rate, and the development is feasible within that box.
Providing additional funds to the development at this point would take it outside of the box that's created by our REA rules.

MR. GOODWIN: Okay. Any questions for Marni?

MS. THOMASON: You said it's typical to have projects come back and ask for more. Is it typical that it's double? I mean, the amount that they come back and ask for more, what is the typical?

MS. HOLLOWAY: It depends on the transaction, it may be a million, it may be a million and a half. We've had transactions come back that we were actually replacing the original proposed first lien lender, we've had transactions come back that are looking for additional funds. Every deal is like a snowflake.

MR. GOODWIN: So if we approve staff's recommendation today for the 3.6 million, can they come back if they can prove that it gets into the box for an additional 400,000?

MS. HOLLOWAY: They could. So this award is proposed to be NSP-1 Program income funds which is actually a federal source. If they came back, we would have to be looking at TCAP funds, I believe, because once they close on all of their financing, they've made these choice-limiting actions so that we have trouble getting additional federal dollars into the deal. But yeah, they
could come back with another application.

MR. IRVINE: Would it be more workable to just continue to engage in dialogue for the next month and bring it back then?

MS. HOLLOWAY: This is the first time I think I'm hearing that changes in interest rates or whatever are impacting this transaction. I know that the applicant has been working with REA through this process right up into last week. If those changes have happened that makes the deal infeasible, yes, of course, it would be better for us to get to a good solid conclusion before moving forward, but I believe that they have closing deadlines from other parties in the transaction.

MR. OJI: Yes.

MR. BRADEN: But did we just hear that 3.6 doesn't get you there, that if you don't have 4 it doesn't work?

MR. OJI: The 4 million, like I said earlier, is what the lenders are underwriting to get the deal done. It's tight as it is, so everyone is working towards that based on what was submitted to TDHCA. If you now scale it back, then it doesn't do it -- in other words, it gets riskier, and as it gets risky the interest rate is going back up, so it will get even more risky. So we can't even wait till next month because, you know,
it's already gone up 25 basis points from last month, so
if we try to table this to reconsider this next month, we
don't know what the interest rate is going to be. So the
point is the 3.6- doesn't get us there, 4 million gets us
there at least a little bit with more comfort to get the
deal done.

I'm not sure if I answered the question.

MR. BRADEN: Well, the problem this Board is
having is our staff is telling us our current metrics say
3.6- should be sufficient. Now, if they're not up to
date, the logical conclusion we'll table it for a month,
let our staff get up to speed with what you're doing, but
you're telling us, well, if you table it, it might be
more than 4-.

MR. OJI: That's correct, yes.

MR. GOODWIN: But if the 3.6- doesn't help
you, if we vote with what staff is recommending because
it fits within our box but it doesn't help you, I'd think
the next best thing would be to be working with staff to
hope that maybe you could get something figured out
between now and next month.

MR. OJI: I think the problem with that is we
have a cap of $4 million. The problem is if we wait till
next month and we don't tie in our financing right now,
another 20 basis points in interest rate might eat up the
$400,000 anyway, so we might be needing $5 million, so
why do I need to wait for that?

MR. IRVINE: I mean, you basically just said
that 3.6- doesn't work, your deal doesn't work with that,
but you want to go ahead and close on that, which in
effect means that we're closing on a deal where we've
committed loan funds and we know it doesn't work. I
would almost be inclined on the spot to change staff's
recommendation to deny.

MR. BRADEN: What we're struggling with us is
let's assume the choices are 3.6- or zero, I mean, it
sounds like you're arguing for zero.

MR. OJI: No, I'm arguing for the 3.6- but
with a recommendation from staff that we substantiate the
need to come back to substantiate the need for the
$400,000 additional, as underwritten by our lenders.

MR. VASQUEZ: Mr. Oji, just one other point,
your lender has not given you an interest rate fix, even
locking it way before we even got to this point? I'd
imagine every lender that I've ever dealt with has
guaranteed me what the rate is going to be for a period
of time.

MR. OJI: They did. The issue is from the
time we got the letter submitted to TDHCA, rates are
going back up.
MR. VASQUEZ: But I'm saying they locked it before the rates went up.

MR. OJI: Yes.

MR. VASQUEZ: So rates going up shouldn't impact your future calculations if the lender did give you a lock on the rate.

MR. OJI: That's correct, but the cost of construction is also going up. I'm a little confused on this, I'm looking for some help. We want staff recommendation to go forward. The problem we have is that 3.6- doesn't quite get us there, we need the $4 million that we have asked for. If that's what the recommendation is, we're willing to go. I'm only asking the Board to allow staff to pursue the additional documentation.

MR. GOODWIN: I don't think anything stops you from working with staff in the future to come up with an additional $400,000 if we have it and it fits and it underwrites. But what I'm unclear about is does the 3.6 million give you a transaction that you can close and move forward with? Yes or no?

MR. OJI: It is.

MR. GOODWIN: Or is it one to hand back and go well, let's scrap this deal, throw it in the trash?

MR. OJI: No. It helps, but I'm having
difficulty right now. I mean, they're still underwriting
the deal, that's all I'm saying, they're having
difficulty.

MR. GOODWIN: I'm reading the tea leaves of
these Board members, nobody wants to go against our
underwriting department of Real Estate Analysis that has
done this evaluation and says the most we can give you
under these set of numbers is $3.6 million.

Am I reading that right, Marni? Yeah. And so
I think that's where the problem is. And I think Mr.
Braden was bringing up are you saying to us the 3.6 --
and we surely don't want to give you 3.6- if it won't get
the project built and then we just are delaying the
problem down the line because you really needed 4-.. If
that's the case we'd rather say no, let's keep our 3.6
million, give it to somebody else.

MR. VASQUEZ: And you said you needed a longer
amortization than we've been putting in here as well?

MR. OJI: Right, because the lender --
typically the lender gives you a 35-year amortization, so
when you have a second loan in a deal that's shorter than
the permanent deal, they don't like that. So if they did
a 35-year amortization, that would have supported the $4
million.

MR. VASQUEZ: Of course, that's a 15-year term
with the 30-year amortization, so the tail-end doesn't really matter.

MR. OJI: Well, but the amortization is what make the sizing of the debt to 4 million, not the 15-year time per se.

MR. GOODWIN: Is there a way, Marni, to make this loan 35 years as opposed to 30 years?

MR. OJI: That's the amortization.

MS. HOLLOWAY: Yes, there is. I am not able to stand here and tell you right now exactly how that impacts the entire transaction to take that amortization out to 35 years.

Regarding the $4 million, if we provided $4 million into this transaction, then it would require deferral of 100 percent of the developer fee, which in our conversations with debt and equity they were not comfortable with. An we've been talking with the lenders, we've been talking with the equity providers, we've been working with the numbers that were given to us, and if they had changed, we would have considered those in the underwriting process.

Unfortunately, Brent is not here, he's not feeling well. We're getting some text messages.

Tom, let me put you on the spot, even though you were planning on being here.
MR. CAVANAUGH:  Good morning. I'm Tom Cavanaugh with the Real Estate Analysis Division. And I've been involved in this but I was out the last week so I'm not completely up to speed, but when we underwrote this deal, our original conclusion, based on our guidelines and our rules, was we were going to recommend 2.9 million which required 100 percent, or 99 percent of the developer fee to be deferred. That fits our guidelines and our rules. But we spoke with the applicant and we understood that that made the lenders and the equity uncomfortable with the entire developer fee deferred, so we came up with the back and forth and some discussion and with Program we came up with recommending the 3.6 million and it still fit within our box and it fit within our guidelines, and we understood that everyone was comfortable with that level.

MR. GOODWIN:  Okay. Until this morning you didn't know that they still felt like they needed 4 million.

And under the 3.6- is any of the developer fee deferred?

MR. CAVANAUGH:  It is. I don't have the number here. It is a substantial amount, I'm not sure how much. Like I said, when we went all the way down to 2.9- that was requiring to defer the entire thing, so I
guess the 600,000, $700,000, it's no longer deferred, so whatever that percentage is, I don't know.

MR. GOODWIN: Thank you, Tom.

One more speaker.

MR. FISHER: Bill Fisher, Sonoma Housing Advisors, and thank you, Board members.

I'm here in support of Jay and his special needs development in Fort Worth. It serves 100 percent elderly population. With the contribution of your funds, many of these units are now being targeted at a much lower rent level. Most of the bond transactions that do not require additional loan proceeds from you are all targeted at or below 60 percent, so one of the things that's happened is we take on additional sources to try and have a balanced transaction, which we have sufficient sources to pay all the uses. That is a feasible transaction. The farther away we get from that, then the less feasible it becomes.

I want to specifically answer Mr. Vasquez's question because it's relevant. We proved the deal back in the first quarter, here we are six months later, why would we need to come up with additional resources. Construction costs have gone up, interest rates have gone up. This is a deal in Dallas-Fort Worth, and I know some of you are from this market. We have thousands of units
under construction. You can't get a contractor to hold a price for more than 30 days. Our bond transactions inherently have a longer timeline, so during that time constructions costs have moved up and interest rates have moved up as well, which has squeezed the loan proceeds on it.

What I think Jay was trying to tell the Board was, look, we applied for $4 million in conjunction with the lender and the investor, using a 15-year term and a 35-year am, which is what their first lien loan is. I do believe, from Jay's testimony, that they have a rate lock. So I think what he's trying to tell the Board is, look, I have a feasible transaction that fits in the box that was presented in the application, so I think it's more of a question which is why aren't we funding it that way. Why would we even go down to 2.9-? Because, again, we're striving to get a balanced sources and uses.

I certainly predict you'll see a lot more of the bond transactions now, because rates have moved up, asking for Multifamily Direct Loan funds. And one of the good things is the Department has funds and one of the good things is we get more targeted units, and particularly in a special needs property like this. We are now taking many of these units, 27 -- I guess it would be closer to 30, if you funded the full $4 million,
that would serve seniors at the HOME rents which I think are typically at or below 50.

You know, so can Jay make the deal work with 3.6-? They can. What his request for the Board is really why aren't we funding my app which was for $4 million with a 35-year am which underwrites in your box and gives us more balance in the sources and uses, and the balance in that sources and uses makes it more likely that the transaction will close with a lender and investor.

I think what he was trying to tell Mr. Vasquez was, look, the lender and investor have worked with staff and they've underwritten the deal based upon this multifamily app to you all at $4 million, zero interest, 35-year am. So it's really the changes that staff is initiating, bring it down to 30, that's creating some dynamics and I think some confusion on the part of the Board.

So the request today is to fund Jay's application which is for a $4 million Multifamily Direct Loan, 35-year amortization, zero interest, subject to it fitting in the REA box, which we are confident that it does. And then us going forward, as Mr. Vasquez pointed out, we have a rate lock and he can take advantage of the rate lock. If we defer much longer, then his rate lock
will expire and then we'll be subject to other consequences which we're trying to avoid.

So this is a development that Jay and the City of Fort Worth have worked on for more than a year, it's permit ready, it serves a special needs population, your funding is going to generate targeted units which is good for our mission here at TDHCA, and I'd ask the Board to consider funding Jay's application as presented, subject only to REA confirmation that it fits in the box.

And with that, I'm happy to answer any questions.

MR. GOODWIN: Marni.

MS. HOLLOWAY: If I may, this underwriting report was published in your board book a week ago, and Mr. Oji, of course, knew about it and I believe saw it prior to that. His appeal rights for -- his ability to appeal that underwriting report, I believe, have tolled at this point.

MR. OJI: Sorry?

MS. HOLLOWAY: Your ability to appeal the underwriting report.

MR. GOODWIN: Is expired?

MS. HOLLOWAY: Is expired.

MR. GOODWIN: Okay. Any questions from any other Board members?
(No response.)

MR. GOODWIN: If not, do I hear a motion?

MR. IRVINE: Might I offer an additional staff thought?

MR. GOODWIN: Sure.

MR. VASQUEZ: Please.

MR. IRVINE: If you, like I, enjoy getting deals done, one way you might approve it would be to authorize staff to increase amortization up to 35 years, as needed, and to approve it at 4 million but with the last 400,000 not to be advanced unless REA confirms that the full 4 million conforms to our rules. The problem with that is that it would potentially leave you in a position where you have made a $3.6 million loan, committed funds, and the deal doesn't work. So I kind of circle back to where I was originally: until we know what deal truly works, I kind of think it's premature.

MR. GOODWIN: Which means you sound like you're talking in favor of tabling this item.

MR. IRVINE: Well, Mr. Oji says, though, that will cause him problems with his other lenders.

MR. GOODWIN: Well, if 3.6- causes him problems with his other lenders and tabling causes problems, we don't want to lend 3.6 million to somebody who can't get a project done and make it work, and at the
same time --

MS. HOLLOWAY: And as discussed, there would be an opportunity for them to come back with another application for additional financing if, in fact, the other $400,000 is required to make the deal feasible moving down the road. But based on the information that was presented to us in the application, based on the conversations with the applicant as we moved through the application review and underwriting process, this is the deal that fits in our box. And I would point out again, we originally started at 2.9 million with, I believe, I think it was a 3 percent interest rate, it might have been 2, and in conversations were able to get to a comfort level at 3.6 million at zero percent interest.

MR. BRADEN: Mr. Chair.

MR. GOODWIN: Sure.

MR. BRADEN: So, Marni, on the 35-year amortization, can we say now that would fall within our metrics, or is that something that would also have to be reviewed?

MS. HOLLOWAY: I can't tell you right now exactly what happens to the deal with a 35-year amortization. If we go to that amortization, I don't know that we're -- I can't tell you for sure that we're still within our DCR box.
MR. BRADEN: I guess I'd be inclined to do the 3.6- at 35, if that makes sense, but if we're saying we're not even sure the 35 --

MS. HOLLOWAY: Standing here right now today, I can't tell you that, no.

MR. FISHER: (Speaking from audience.)

MR. IRVINE: You can't speak unless you come to the mic.

MR. FISHER: Mr. Braden, I think that's a good idea. I'll ask Tom to come up and address it because you want to hear it from him, but the change in a longer amortization is going to help with the debt coverage ratio and it will clearly help. So if the Board is not inclined to go to 4- per his original app, the three million six at 35 is certainly going to make a positive difference, and we'd ask you to do that.

MR. CAVANAUGH: I don't have the numbers in front of me exactly. If we go from the 30 to the 35 years, the debt coverage ratio is going to go up slightly. Potentially it would go over the 135 which would be our upper limit, and that would be an issue that address our rule. I don't think it would go there, I don't think that's what would happen, but I don't have the numbers in front of me to tell you for certain.

MR. VASQUEZ: I do. It actually makes about a
$1,500 a month -- $1,400 a month difference if you amortize it at 35 instead of 30.

MR. CAVANAUGH: So I think it's a minor difference.

MR. GOODWIN: Okay.

MS. THOMASON: But am I understanding that the 3.6 -- this may be a question for the applicant -- is the 3.6- going to get you where you need to be to close the deal?

MR. OJI: The 3.6- would get me there but it's tough. That's why we're looking for $4 million, 35-year amortization. That's based on the rates we're talking about. It makes the debt coverage ratio better for us.

MR. IRVINE: When do you plan to close?

MR. OJI: In December, next month. We are marching towards closing.

MR. IRVINE: When in December?

MR. OJI: I think about the 15th right now.

MR. IRVINE: So you could theoretically push this a month.

MR. OJI: Yes.

MR. VASQUEZ: Just one other question. Would not $400,000 of additional equity in the deal solve the problem as well?

MR. OJI: It could, but if you've been
following what's been going on, the equity price has been
going down also. So I got a commitment for a certain
number of dollars since the credit, and I've been
negotiating -- that's what I was telling you earlier,
I've been negotiating to see if we can get a little bit
more equity in the deal. We can't, and that's why --

MR. VASQUEZ: If your equity partners don't
want to put more money in the deal to make it work,
you're asking us to put more equity in the deal.

MR. OJI: I'm not asking to put more equity in
the deal, I'm asking to put more money that I will pay it
back.

MR. VASQUEZ: Effectively.

MR. OJI: All I'm saying is --

MR. VASQUEZ: But your partners, you're
telling me, are not willing to put in --

MR. OJI: They are willing, that's why we've
been having this conversation. I mean, they had a long
talk with RBC, Andrew and RBC Bank here has been talking
about this all week, and with CitiBank yesterday they had
a long conversation. The deal works, it's just a very,
very tight deal. We would prefer to have our $4 million
request at 35-year amortization, it meets our debt
coverage ratio better. If we can't do that, then the 3.6
million works, it's just very, very tight and they're
struggling with it. We're going to close the deal but it's brutal, that's all.

MR. GOODWIN: Okay. Your motion?

MR. BRADEN: I'll make a motion to do the 3.6–with a 35-year amortization.

MR. GOODWIN: A second?

MS. BINGHAM ESCAREÑO: I'll second.

MR. GOODWIN: Okay. It's been moved and seconded. Any further discussion?

(No response.)

MR. GOODWIN: All in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

MR. VASQUEZ: Aye.

MR. GOODWIN: Okay. We move on to item 3(a), Presentation, discussion and possible action to grant certain authority to the director of Administration and designating an acting director.

MR. BRADEN: Mr. Chair, I'd like to make a motion.

MR. GOODWIN: Okay.

MR. BRADEN: I make a motion that effective immediately, in the event that the executive director is on leave, in accordance with the Department's personnel policies and procedures, David Cervantes, the director of
Administration, be authorized, empowered and directed for
and on behalf of the Department to execute, deliver and
cause to be performed such acts and deeds, approvals,
documents, instruments and writings as the executive
director is authorized to undertake on behalf of the
Department, and that during any leave by the executive
director, all authority granted to the executive director
which has not yet been exercised or carried out is deemed
to be granted to the director of Administration, and that
with the understanding that the requirements of Texas
Government Code Section 2306.038 have been fulfilled,
David Cervantes be designated as the acting director of
the TDHCA effective December 1, 2018.

MR. GOODWIN: Do I hear a second?
MR. VASQUEZ: I second.
MR. GOODWIN: Any discussion?
(No response.)
MR. GOODWIN: All those in favor say aye.
(A chorus of ayes.)
MR. GOODWIN: Opposed?
(No response.)
MR. GOODWIN: Okay. Thank you, Mr. Braden.
3(b) Administration, and Mr. Acting Director.
MR. CERVANTES: Thank you very much. I wasn't
sure how to present this item in terms of director of

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Administration or acting director, so we'll put a slash in there, I suppose.

I believe this is your final item. As a companion to item 3(a), item 3(b) in your agenda is the Presentation, discussion and possible action to adopt the resolution regarding designating signature authority and superseding previous resolutions.

On June 28 of '18 you adopted a resolution that reflected the Department's structure at that point in time. Today's proposed action will once again update the resolution to reflect the current organizational structure, working titles and operations. It will also ensure continuity with respect to the processing of transactions as noted in sections 2 through 5 of the write-up.

With that, I will close and respectfully request your approval to adopt the current resolution.

MS. BINGHAM ESCAREÑO: Move to so resolve.

MR. GOODWIN: Second?

MS. THOMASON: Second.

MR. GOODWIN: Moved and seconded. All in favor say aye.

(A chorus of ayes.)

MR. GOODWIN: Opposed?

(No response.)
MR. GOODWIN: Okay. Thank you very much.

MR. CERVANTES: Thank you very much.

MR. GOODWIN: We're at a point where we have to say so long, goodbye, farewell to someone who's been the heart and soul of this organization. I was at dinner with him last night when some very, very nice things were said by some staff members that he is really a hard person to replace. I know a lot of you encountered Tim in many different roles and many different capacities, and my suspicion is you've always been treated with respect, and my suspicion is you've always been treated fairly, even when he said no to you, which he is very willing to do though you may not want to hear it, and it's going to be a big hole.

And we've got a couple of things -- Michael, do you want to bring over here? -- to present to Tim.

This is a proclamation from the governor, Governor Greg Abbott. I'll read that proclamation to you.

"Greetings. Know ye that this official recognition is presented to Tim K. Irvine, Executive Director, Texas Department of Housing and Community Affairs.

"Congratulations on your well-deserved retirement after over 19 years of service to the people
of Texas. Public service is an honor for the foundation is in the public trust. Daily state employees earn this trust, demonstrating dependability, imitative, and wise stewardship of public resources. Their endless dedication highlights that this State's greatest asset lies with the people who call it home.

"I commend you, your many contributions and unwavering commitment to the State of Texas, highlighted by your seven years of dedicated service as Executive Director of the Texas Department of Housing and Community Affairs. First Lady Cecilia Abbott joins me in sending best wishes for an enjoyable and fulfilling retirement."

Signed, Greg Abbott, Governor of the State of Texas.

(Applause.)

MR. GOODWIN: And we have another letter. We'll let you read the letter, Michael.

MR. LYTTLE: Okay. The next item is a flag that was flown over the Texas Capitol on November 1 of this year. It includes a special certificate with the seal of the Senate of Texas. It reads, "Senate of the State of Texas. This certifies that the Texas Flag herewith presented to Timothy K. Irvine on the occasion of your retirement by State Senator Royce West was flown above the State Capitol of the Sovereign State of Texas.
on November 1, 2018."

Again, in honor and recognition of Tim's retirement, from the Texas Senate, and specifically Senator West, we want to provide it to you.

MR. IRVINE: Thank you so much.

(Applause.)

MR. GOODWIN: We have several people who I think would like to say something. We have a former chairman of this Board. Has he stepped out? I don't have my glasses on. Are you going to come up and say something. Never stopped you before.

(General laughter.)

MR. OXER: Mr. Chairman, members of the Board, those of you I know and those of you who I don't yet but I'm happy to see. My name is John Paul Oxer, and everybody calls me J. Paul, or at least that's to my face. I come to you to make a few comments, representing no one except perhaps a fellow colleague on life's path back to the garden, just with some observations to make.

Based on your experience that I just watched you go through and the experience that I've had -- I stand here more as an informed citizen by the experience that I had, recognizing that what you do is really hard, and I know it's hard, and to everybody behind me, their part is hard too, I know it is because I helped make it
that way. Particularly for the pay scale that I know most
of you up there who volunteered for this job and were
highjacked or shanghaied into it, I know that that pay
scale, being substantial -- as you mentioned last night,
Leslie -- that can't be the reason that you show up, nor
is it the tuna fish sandwich that you get if you happen
to stay through lunch.

So there's another reason to do this, and this
is really hard work, but one of my favorite quotes from
Emerson is that the greatest reward of doing a really
hard job really well is in the doing. And so as I've
said before, I don't have really anything to say,
certainly not anything new, but I will replay one things
that I've said several times, including 22 months ago,
and that is that it is a hallmark, as well as a
fundamental moral obligation of a truly civilized society
that we freely choose to deliver some measure of our
resources towards helping meet the basic human needs of
those least able and most vulnerable among us in a manner
that protects their humanity and respects their dignity.
And those resources include not only the financial
resources that you have access and control over but the
other things, the intellectual resources and the intent
and time and energy.

And so on day like today when I sat where you
are, J.B. -- and by the way, you have my greatest respect, you knew what the job was like and you still took it.

MR. GOODWIN: No one else up here wanted it. Right, Leslie?

(General laughter.)

MR. OXER: Leslie, you have my enduring affection for all the time you've put in here because, you know, there were times when I thought, holy cow, how are we going to do this, and Leslie would say, Mr. Chairman, take it away.

So knowing that it's hard, the investment of the time and effort has been one of those things, and Tim, you were compensated being up there but I recognize and knew early on and saw over those years that it wasn't just the money, it was what you said, what you thought, what you believed and put your heart and soul in, and I think the agency and the state and everybody in this room and everybody that knows you has benefitted from that.

So thanks for you what you did. Good job, pal.

MR. IRVINE: Thank you.

(Applause.)

MR. GOODWIN: Does anybody else have anything they want to say?
MS. LATSHA: I'm Jean Latsha, and I can't believe you didn't ask me to come up here before J. Paul, I can't really follow any of that.

But I just wanted to publicly say thank you, Tim, for your service to the state but also for when I worked with you, for inviting me to lunch all the time, inviting me into your home, listening to us professionally and personally. Just thank you, and I wish you the best, you and your family.

MR. IRVINE: Thanks.

(Applause.)

MS. SISAK: On behalf of TAAHP and DMA, we thank you for your service, and you know, based on my personal interaction with you, you're a man of principle, and you've led the Department based on strong principles that you believe in, and in this day and age I really appreciate that because it's, you know, rare -- let me just put it that way.

Thank you so much.

(Applause.)

MR. MOREAU: I wanted to say thank you personally, and thank you from our residents.

MR. ECCLES: I'm sorry. Can you sign in and introduce yourself?

(General laughter.)
MR. MOREAU: Walter Moreau with Foundation Communities.

Some of our residents at Capital Studios are just a block away and you've gotten to meet them and know them. It's been commented that you've treated everyone with respect and integrity. I have witnessed as well creative problem-solving, trying to figure things out, and at a core value you do this work because of love for your neighbor and trying to help other people, and thank you.

MR. IRVINE: Thank you.

(Applause.)

MR. GOODWIN: I think it would only be appropriate to let the man of the day have the last say before we adjourn.

MR. IRVINE: Thank you.

Well, actually, I think that the thanks go to you. The staff, the team, obviously they come in here every day and they work so hard because they really care and they really want to get it right. The development community and all of those who advise and help them, you do the hard work. And the quarter of a million great, fantastic Texans who live in those properties, I am so happy that you're out there looking out for them. Let's do more of it.
And I don't want to forget Community Affairs. Even though this meeting tends to devolve into discussions of financing, Community Affairs programs are really, really important. There are a lot of Texans out there that do encounter things that are challenges that they just can't meet alone, and I'm so happy that we're here to help meet them and to do it, as has been said, in a way that recognizes their dignity. So thanks to Community Affairs for that.

It's been a great ride, it's been a ton of fun, and I actually don't think I will leave a hole at all because I've always believed in surrounding myself with people who are way smarter than I am, and there's a ton of talent here and there will be no hiccups.

Last but not least, this Board, to a person the best Board that I've ever worked with. You know, obviously folks like J. Paul have had a tremendous impact on this whole operation, but the work that you guys do is really, really valuable. It's not just wading through details and being Solomon to split the baby, but it's being thoughtful about policy and giving this team the clear guidance and direction that helps make the programs always a little better than they were before.

So blast working with, and the door is always open, the whiskey bottle is on the counter, and if you
don't know the directions, if you've ever gotten an email from me you've got my home number. So look forward to seeing you. Thanks.

(Applause.)

MR. GOODWIN: Motion to adjourn.

MS. BINGHAM ESCAREÑO: So moved.

MR. GOODWIN: Second?

MS. THOMASON: Second.

MR. GOODWIN: All in favor aye.

(A chorus of ayes.)

MR. GOODWIN: See you in a month.

(Whereupon, at 10:23 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: November 8, 2018

I do hereby certify that the foregoing pages, numbers 1 through 91, 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.

DATE: November 14, 2018

(Transcriber)

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