

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

11:20 a.m.
Wednesday,
May 30, 2001

Waller Creek Office Building
Room 437
507 Sabine
Austin, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
SHADRICK BOGANY
C. KENT CONINE
JAMES DAROSS, Vice Chairman
VIDAL GONZALEZ
LYDIA SAENZ
NORBERTO SALINAS
MARSHA WILLIAMS

STAFF PRESENT:

DAISY STINER, Executive Director

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1
2 MR. JONES: I'd like to call to order the board
3 meeting of the Texas Department of Housing and Community
4 Affairs for May 30, 2001. And the first thing I would
5 like to do as Chairman of the Board is to welcome our
6 newest member, Mr. Norberto Salinas, our newest board
7 member.

8 (General applause.)

9 MR. JONES: Mr. Salinas is the president of S&F
10 Developers and Builders of Mission, Texas. He is the
11 mayor of Mission, Texas. So we can't wait to go to
12 Mission and we can have a board meeting down there.

13 He is a member of the Anzalduas Bridge Board of
14 Directors, first vice president of the Lower Rio Grande
15 Valley Development Capsule, and vice Chair of the Texas
16 Department of Transportation's Metropolitan Planning
17 Organization Policy Committee.

18 He fills Place 2 and represents the local
19 government. And we look forward to working with you.
20 Thank you for being here.

21 MR. SALINAS: Thank you very much.

22 MR. JONES: With that, I will then turn to our
23 roll call. Mr. Daross?

24 MR. DAROSS: Present.

25 MR. JONES: Barely.

1 MR. DAROSS: Yes, no kidding.

2 MR. JONES: Mr. Bogany?

3 MR. BOGANY: Present.

4 MR. JONES: Mr. Brewer is absent. Mr. Conine?

5 MR. CONINE: Here.

6 MR. JONES: Mr. Gonzalez?

7 MR. GONZALEZ: Here.

8 MR. JONES: Ms. Saenz?

9 MS. SAENZ: Here.

10 MR. JONES: Mr. Salinas?

11 MR. SALINAS: Here.

12 MR. JONES: And Ms. Williams?

13 MS. WILLIAMS: Here.

14 MR. JONES: I determine that we do have a
15 quorum. Mr. Jones is also here. We have eight members
16 present and one absent.

17 Our next order of business will be public
18 comment. We have witness affirmation forms. I have two
19 people who have signed the witness affirmation form saying
20 they would like to make public comment. They are Susan
21 Maxwell and Patty Anderson.

22 Is there anyone else that would like to address
23 the board with public comment? Is there anyone else that
24 would like to address the board? Is there anyone else?
25 Okay.

1 Hearing none, then I would like to call Ms.
2 Maxwell, if you would. Good morning.

3 MS. MAXWELL: Good morning.

4 MR. JONES: Thanks for being here.

5 MS. MAXWELL: It's always a pleasure. I'm
6 Susan Maxwell. I represent the Texas Council for
7 Developmental Disabilities. And we have spoken already to
8 the committee and appreciate their responsiveness to the
9 request from the disability community to look at the
10 Section 8 Public Housing Authority Fund for the fiscal
11 year 2001 and their responsiveness to our concerns. And
12 it was wonderful.

13 The one thing, I guess, that I still would like
14 to make sure -- I'm not sure that it would be so expensive
15 to ask the local housing authorities or the units out in
16 the local areas that serve people with disabilities to
17 just give us a list of how many people with disabilities
18 come forth and just kind of help them to be aware that
19 this community is out there.

20 And so that's one area that we'd like to see
21 and to make sure that all efforts to help collect the data
22 from the local areas always reflects the needs of the
23 people with disabilities. That I know that the department
24 is very active in getting the database started and to make
25 sure that this is done.

1 And we appreciate the staff efforts. And do
2 you have any questions? Thank you.

3 MR. JONES: Thank you so much. Ms. Patty
4 Anderson?

5 MS. ANDERSON: Good morning.

6 MR. JONES: Hello, Ms. Anderson. Good morning.

7 MS. ANDERSON: Good morning. My name is Patty
8 Anderson. And I'm the Executive Director for United
9 Cerebral Palsy of Texas. And I was not able to be here
10 earlier this morning with the program committee.

11 I understand that the committee is making
12 recommendations to the board today to incorporate a number
13 of the recommendations that members of the disability
14 community brought to them this morning, and I want to add
15 our support to that and thank the committee for its
16 consideration this morning.

17 United Cerebral Palsy of Texas is a non-profit
18 organization. We serve people across the state of Texas
19 who have disabilities, and their families. And we are
20 also the lead organization for the Texas Home of Your Own
21 Coalition.

22 Beyond the comments that we did offer this
23 morning through another staff member regarding the Section
24 8 Plan, we also wanted to call to the board's attention an
25 opportunity for TDHCA to work with the disability

1 community in looking at and complying with a Supreme Court
2 ruling that was passed in June 1999.

3 It's referred to as LC versus Olmstead. And
4 what the Supreme Court said was that individuals who had
5 disabilities who are receiving public services for their
6 long-term care and supports have the right to receive
7 those supports in their own homes.

8 Many individuals in our state are receiving
9 services in institutional settings such as nursing
10 homes -- what they call ICFMRs, which are intermediate
11 care facilities, state schools, state psychiatric
12 hospitals, et cetera.

13 With the advent of the Supreme Court ruling,
14 there is a plan that Texas has put together through the
15 leadership of the Health and Human Services Commission.
16 And I have attached that to my testimony for your
17 information.

18 And there has been a number of initiatives that
19 have been brought forward and incorporated in the various
20 pieces of legislation, as well as the budget that has just
21 been passed.

22 Housing is a critical component to enabling and
23 facilitating folks' ability to be able to live in the
24 community when they have other long-term supports. So we
25 wanted to call that to your attention. I think I've

1 mentioned it before, but I know we have a number of new
2 board members.

3 And we'd like to not only invite but strongly
4 encourage the department to work together with the
5 disability community in the implementation and compliance
6 with the Olmstead piece.

7 As I said earlier, the housing is a very
8 critical component, and for folks with disabilities, it's
9 not just a matter of affordable housing, but it's also an
10 issue of finding accessible housing. So thank you very
11 much for your attention this morning. Thank you.

12 MR. JONES: Any questions, board members?
13 Thank you so much. Okay. That will close public comment,
14 unless somebody else would like to speak to us. I see
15 none.

16 All right. I'll move then to Item Number 1 of
17 our agenda, which is the Presentation, Discussion and
18 Possible Approval of Minutes of the Board Meeting of April
19 26, 2001.

20 MR. CONINE: Move for approval.

21 MR. GONZALEZ: Second.

22 MR. JONES: Have a motion made and seconded.
23 Any discussion?

24 MR. DAROSS: Mr. Chairman, on Action Item
25 Number 1 in the minutes, that was the discussion that we

1 had concerning the short recess/adjournment on -- in the
2 meeting on March 27, 2001. And I'm not exactly sure what
3 my words were. But the intended words I don't think are
4 reflected in the minutes as they are written here.

5 And I think I will need you -- I don't have any
6 problem with the rest of the minutes. I would like to
7 make a -- either another motion or question these minutes.

8 Probably another motion might be a good idea, since I
9 don't know what the transcript says.

10 MR. CONINE: Withdrawn.

11 MR. JONES: I don't know. It's on the
12 discussion of what -- how to handle the adjournment of the
13 prior meeting?

14 MR. CONINE: Right.

15 MR. JONES: And here's the deviation that I see
16 in these minutes from what actually occurred. And see if
17 your memory is right, too.

18 Really what we were trying to do was just say
19 that we -- there basically was a mistake in terms used.
20 We meant to take a recess -- thought we did take a recess,
21 and the word "adjournment" apparently had been used.

22 MR. DAROSS: Okay.

23 MR. JONES: Is that what you're driving at?

24 MR. DAROSS: That was my understanding, but
25 what I moved at the time was if there -- if the use of the

1 word -- if that did legally cause to an adjournment, then
2 my motion was to ratify and affirm all actions taken after
3 that action, rather than just refer to your statement
4 concerning adjournment.

5 MR. JONES: Okay. I understand that. I
6 believe -- I think we need to amend the minutes. It's not
7 an agenda item, so I don't think you can make a motion on
8 it --

9 MR. DAROSS: Right.

10 MR. JONES: -- at this meeting. But I think
11 the proper way to handle it would be to amend the minutes,
12 would be my suggestion.

13 MR. DAROSS: Yes, the intent --

14 MR. JONES: Unless legal counsel has another --
15 I think it's clear what we did was we ratified all actions
16 taken after that.

17 MR. DAROSS: And that was the intent of my
18 motion at that time.

19 MR. JONES: And I think you can make that
20 amendment to the minutes, because that's obviously what we
21 did.

22 MR. DAROSS: Right.

23 MR. CONINE: Are you not prepared to make that
24 amendment right this very minute?

25 MR. JONES: Well, I'll move that the minutes be

1 approved with that amendment contained within it.

2 MR. CONINE: Okay.

3 MR. DAROSS: Uh-huh.

4 MR. CONINE: I'll second that.

5 MR. JONES: We now have another motion on the
6 floor and a second. Any further discussion? All in favor
7 of the motion, please say aye.

8 (Chorus of ayes.)

9 MR. JONES: All opposed to the motion, please
10 say nay.

11 (No response.)

12 MR. JONES: The ayes have it.

13 MS. WILLIAMS: Mr. Chair, I abstain.

14 MR. JONES: Okay. Please note Ms. Williams
15 abstained.

16 We then will move to Item 2 on the Agenda,
17 which is the Possible -- excuse me, which is the
18 Presentation, Discussion and Possible Approval of
19 Programmatic Items.

20 And I would turn to the chairman -- or the
21 acting chairman of the Program Committee, Mr. Daross and
22 allow him to present those items.

23 MR. DAROSS: All right. Thank you, Mr.
24 Chairman. The first item on our agenda was the
25 consideration of the Builders Incentive Partnership Pilot

1 Program in connection with the partnership with several
2 entities in the City of Laredo.

3 The committee recommended that the board
4 approve that program, which would provide incentives to
5 builders to build homes at or below \$70,000, but with a
6 guarantee purchase of the home if it not be -- if it were
7 not sold within 30 days after completion.

8 I'll ask Ms. Stiner if she would like to make
9 any other comments.

10 MS. STINER: Only, Mr. Chair, that the
11 committee asks that the staff amend the structure there to
12 include as part of the team the Laredo Realtor's
13 Association. And there was another one that I'm looking
14 at, Number 4.

15 Add to -- listed --

16 MS. MAXWELL: Down payment --

17 MR. CABELLO: Down payment --

18 MR. JONES: That was another one with the down
19 payment assistance.

20 MS. STINER: No. The Down Payment component of
21 that would be repayment upon sale or refinance. Thank
22 you.

23 MR. DAROSS: So our recommendation to the board
24 was with those two conditions in it, that the board of
25 realtors be consulted and added in as a part -- planning

1 process, and that the down payment assistance portion of
2 the program be the same as other down payment assistance
3 programs in the agency. That is, that they be due upon
4 sale.

5 MR. JONES: And the Chair will accept the
6 recommendation as a motion.

7 MR. DAROSS: Right.

8 MR. JONES: Is there a second to the motion?

9 MR. BOGANY: Second.

10 MR. JONES: Okay. The motion has been made and
11 seconded. Further discussion and questions? Hearing
12 none, are we ready to vote? I assume we are. All in
13 favor of the motion, please say aye.

14 (Chorus of ayes.)

15 MR. JONES: All opposed to the motion, please
16 say nay.

17 (No response.)

18 MR. JONES: The ayes have it.

19 MR. DAROSS: The next item on our agenda was
20 the recommendation that we approve the construction of
21 affordable housing and youth training requests for
22 proposals.

23 There have been seven responses given to the
24 agency by the deadline of May 22, 2001. Staff is
25 recommending funding four of them. And I think we ought

1 to ask staff to give us a little bit of detail about the
2 four that we're recommending for approval.

3 MS. STINER: Thank you, Mr. Chair. Mr. Keith
4 Hoffpauir, who is the manager of the Housing Trust Fund,
5 will you make that presentation, please?

6 MR. HOFFPAUIR: Certainly, Ms. Stiner. Good
7 morning, members.

8 MS. STINER: Good morning.

9 MR. HOFFPAUIR: My name is Keith Hoffpauir.
10 I'm the manager for the Housing Trust Fund. And this
11 morning, we are presenting you with our recommendations
12 for funding for construction of affordable housing and
13 youth training.

14 In April, we published an RFT making available
15 \$1 million for organizations experienced in developing
16 affordable housing utilizing at-risk youth. The benefits
17 of this program are twofold. Number one, that these youth
18 have an opportunity to receive support services, and an
19 opportunity to complete their high-school education.

20 The second benefit, the one to the agency,
21 being that we -- construction of affordable housing
22 created out of this activity. Support services that are
23 furnished to these youth include a training stipend,
24 counseling, life skills training, peer tutoring, parenting
25 and childcare skills, gang prevention, and job placement

1 services.

2 Each organization also has an advisory board
3 and a participant council which helps the organization
4 develop its policy and implement the program.

5 The housing constructed under this program has
6 to serve families at or below 80 percent of area median
7 income, and must also be energy-efficient and sustainable.

8 The funds are to be used for interim construction
9 financing associated with the development of this
10 affordable housing through the program.

11 And 25 percent of your loan amount is able to
12 be forgiven as long as the organization shows that it
13 can -- met all the program guidelines and performance
14 criteria contained in the contract.

15 Real quickly, I will go over the organizations
16 that we are recommending for funding. Okay. The first
17 organization is Brownsville Community Development
18 Corporation. They will be training 15 at-risk youth
19 completing six single-family homes. We are recommending
20 that they be funded in the amount they requested, at
21 \$250,000.

22 The second organization is the George Gervin
23 Youth Center. They're located in San Antonio. They
24 propose to train 30 at-risk youth, create four affordable
25 units of housing. We also recommend that they be funded

1 at their request of \$250,000.

2 The third organization is Harlingen Community
3 Development Corporation. They will be carrying out this
4 program in Harlingen and San Benito, Texas. They propose
5 to train ten youth and complete five affordable housing
6 units. We recommend that they be funded in their
7 requested amount of \$248,400.

8 And the fourth organization is Walker-
9 Montgomery Community Development Corporation in New
10 Waverly, Texas. And they propose to train 50 at-risk
11 youth, and complete four units of affordable housing.

12 We are recommending that they be funded in
13 their requested amount of \$234,294. This provides a total
14 number of affordable housing units as a result of this
15 activity of 19. And the number of youth trained is 105.

16 In the previous Programs Committee meeting,
17 there was some concern expressed regarding what might
18 happen if some of the funding sources that were included
19 in the proposal were not to materialize.

20 And although I was not able to recall it from
21 memory at the time of the meeting -- the Program meeting
22 this morning, I've gone back and reviewed the RFP
23 criteria, the information obtained in the RFP package, and
24 under Section 1.2 G and H, we have language in that RFP
25 package that addresses our ability to nullify the contract

1 if anything -- any condition changes that's represented in
2 the application process.

3 I'll be happy to answer any other questions.

4 MR. SALINAS: How did you come about to
5 requesting -- I mean, choosing those four recipients or
6 the four applications, Brownsville? Was it in -- on a
7 need basis? Or --

8 MR. HOFFPAUIR: Well, what we had is a scoring
9 criteria that we developed for this activity, which
10 addressed several factors. A copy of that scoring
11 criteria is located in the back of your board book.

12 We looked at organizational experience, the
13 statement of what they intended to provide, their energy
14 efficiency, their construction activities, their operating
15 budget and their program administration.

16 And on those factors, which we had asked the
17 respondents to include in their package, they were scored
18 and ranked based upon those factors.

19 MR. DAROSS: The committee recommended that the
20 board approve this proposal and I so move.

21 MS. SAENZ: I second it.

22 MR. JONES: We have a motion to second. Let me
23 ask you this. I know, you know, in the past we've had --
24 various reports from, you know, that -- the youth that
25 have been involved in these type situations. And they've

1 been very moving and very effective.

2 Do we keep records to show the results with
3 regard to the training, like how many of the young men and
4 women actually get their high school degrees? How many
5 are actually -- you know, use this training or actually
6 become a full-time employee in this industry?

7 You know, do we have those kind of statistics?

8 MR. HOFFPAUIR: I really can't answer for the
9 first time that the department conducted this program.
10 I'm not sure what was tracked. I would think that it
11 probably was.

12 But I know that in our program activity through
13 the Trust Fund, those will be a performance criteria that
14 we will have in the contract, so that we can -- we as a
15 program want to be able to look back and be able to make
16 that information available as well.

17 MS. STINER: Mr. Chair?

18 MR. JONES: Yes, ma'am?

19 MS. STINER: From the demonstration project
20 that we were demonstrating the YouthWorks program, we
21 issued a report and those kinds of statistics was included
22 in that first report that we issued.

23 As Mr. Hoffpauir says, there will also be a
24 performance measure for the department in this particular
25 program, so we'll be measuring that. But we do have that

1 first report.

2 MR. JONES: Thank you.

3 MR. SALINAS: You all don't go by the area of
4 distress there is? Or -- as I see that in South Texas,
5 you only have CDC in Brownsville, which is, oh, 15 youth.

6 In Harlingen, you have ten. For the whole South Texas
7 area -- so -- you all don't use the distressed areas?

8 I see here South Texas Community College in
9 McAllen had made a proposal?

10 MR. HOFFPAUIR: They did. They --

11 MR. SALINAS: Was it very -- they didn't
12 have --

13 MR. HOFFPAUIR: It was not very good. They did
14 not pass our threshold requirement from the minimum amount
15 of information necessary to review the application, sir.

16 MR. SALINAS: Okay. Can you give me a copy of
17 that. See what happened to them and why they --

18 MR. HOFFPAUIR: Certainly.

19 MR. SALINAS: -- if they need any help as far
20 as making proposals. Because I know they have a
21 tremendous need in that area, especially Proyecto Azteca
22 and San Juan, Texas, you know.

23 MR. HOFFPAUIR: Yes, I would be happy to.

24 MR. SALINAS: Okay. So they'll be notified why
25 they were not chosen. Okay.

1 MR. CONINE: Keith, you mentioned that 25
2 percent forgiveness. Can you explain the mechanics of how
3 that works?

4 MR. HOFFPAUIR: As the -- we'll be making loans
5 to them for their interim construction. And as they
6 complete their performance criteria, if they meet those
7 conditions and complete their criteria, we'll be forgiving
8 25 percent of that loan balance.

9 Those funds are used in the YouthWorks program;
10 those forgiven funds are used for --

11 MR. CONINE: Right. So the concept is that
12 the -- that's in the million bucks we're giving out?

13 MR. HOFFPAUIR: Yes, sir.

14 MR. CONINE: So we're going to get 750 back --

15 MR. HOFFPAUIR: Right.

16 MR. CONINE: -- in theory if everybody -- and
17 they use those costs to cover the cost of the training and
18 everything else?

19 MR. HOFFPAUIR: That is correct.

20 MR. CONINE: Gotcha. Fine. Thank you.

21 MR. JONES: You know, in looking at this thing,
22 it just jumps off the page at you, is that they're all
23 getting roughly the same amount of Housing Trust funds.

24 But boy, some of them are giving us like, five
25 times the bang for the buck with regard to the young

1 people affected and helped, as opposed to what, you know,
2 another entity is doing.

3 And that -- you know, one of them is three
4 times, and one of them is five times. I mean, that just
5 jumps off the page at you when you're looking at, you
6 know, trying to do the most you could with such a limited
7 amount of funding.

8 And I know for something like this, you see
9 it's a very limited amount of funding. Can you address
10 that? I mean, that just almost doesn't make sense.

11 MR. HOFFPAUIR: Well, there are a lot of
12 different costs associated with this type of activity.
13 And why you are going to see -- you know, that was
14 something we looked at from the standpoint of the
15 efficiency or the cost-effectiveness of the application
16 population as a whole, we took an average measure of three
17 items on that.

18 There is varying costs, also, with about --
19 depending on how many units you're going to create. Where
20 your -- I guess to some extent, you know, where your
21 activity is located.

22 This was our first attempt to try and develop a
23 program. We went with -- we tried to follow -- the only
24 model that we could find was the previous model, and we
25 tried to -- in the time we had, we tried to improve on

1 that and clarify some issues and try to make it a little
2 tighter of a program.

3 MS. STINER: Mr. Chair, may I add?

4 MR. HOFFPAUIR: Certainly.

5 MS. STINER: Mr. Chair?

6 MR. JONES: Sure.

7 MS. STINER: When it got down to the final
8 analyses, the comparison was between the number of units
9 that were going to be built. Our funds -- well, we looked
10 at that.

11 But each program varies from agency to agency
12 the way the youth are engaged in a particular building
13 program, as I recall.

14 And Keith, you could help me with this. Not
15 all 50 of those youth in the program would necessarily be
16 involved day to day on this.

17 Some of them will be doing some other things,
18 or within building on the homes. So --

19 MR. HOFFPAUIR: Right.

20 MS. STINER: -- we got down to that criteria.
21 I think this is reflective of the number of juveniles or
22 youth in the program.

23 MR. HOFFPAUIR: This is -- utilizing these
24 funds, this is how many youth I expect to put through this
25 program.

1 MS. STINER: So it depends -- just depends on
2 the speed in which the individual organizations turn the
3 youth around. It won't be that many youth at any one
4 time.

5 MR. HOFFPAUIR: Uh-huh.

6 MS. STINER: So that was a secondary factor to
7 the number of units that were going to be constructed, if
8 I remember our discussions on it.

9 MR. HOFFPAUIR: Another thing I would add --
10 once again, this is our first shot at this. So I was kind
11 of learning as I went by reading through these proposals
12 as well.

13 We gave points for having years of experience.
14 And some of them did have three to five years of
15 experience. But these are -- from what I can tell, these
16 are relatively slow programs to get up and get moving and
17 start developing the population of at-risk kids to bring
18 into the program.

19 MR. JONES: What would the factors be that
20 would cause it -- like the American YouthWorks project --
21 it's going to affect 32 young people. Why would it score
22 so much lower -- 30 points lower than say, the Youth Build
23 Project, which would only affect ten?

24 MR. HOFFPAUIR: One of the things that made a
25 significant impact on American YouthWorks is the fact that

1 they failed to score any points in the energy-efficiency
2 category of the application -- of the RFP package.

3 That was -- I believe that was a 20-point
4 category. So that hurt them quite a bit, just that one
5 category. There were six energy-efficiency measures that
6 needed to be met, and there were six energy-efficiency
7 measures available to them. They had to meet at least
8 four of those six, and they failed to do that.

9 MR. GONZALEZ: I'm curious on the Brownsville
10 that scored a hundred. What's the difference between them
11 and the ones that were scoring in the 90s and 80s?

12 MR. HOFFPAUIR: They did an outstanding job of
13 putting their information together and organizing it and
14 meeting the requirements that were listed in the requested
15 proposal package.

16 MR. GONZALEZ: And number of youth is not
17 incorporated in that? Is that correct?

18 MR. HOFFPAUIR: We looked at number of youth
19 from the standpoint of cost-per-youth based on the amount
20 of money that the Trust Fund is providing. But that was
21 not the sole factor that we scored on.

22 MS. STINER: Will you direct -- pardon me.
23 Will you direct the board to the scoring criteria?
24 Discuss that a little bit more in detail at the back of
25 the books.

1 MR. HOFFPAUIR: Certainly. It's the last tab
2 in the red board books. It's under the tab, Scoring
3 Factor.

4 MR. SALINAS: So you're actually to go do 19
5 units?

6 MR. HOFFPAUIR: Yes.

7 MR. SALINAS: For a million dollars? That
8 would be how much a unit?

9 MR. HOFFPAUIR: Twenty-nine --

10 MR. SALINAS: Fifty? 50,000 a unit?

11 MR. HOFFPAUIR: Uh-huh. On page 1, what I'll
12 point out is at the bottom of the page, we looked at
13 scoring categories and the points associated with those
14 categories, and the organizational experience for the 35
15 possible points.

16 On their statement of work there were 20 points
17 available. Under construction activities, there were ten
18 points available. I'm sorry, that was a ten-point
19 category.

20 Under operating budget, there were 15 points
21 available. And under program administration, there were
22 20 points available. And there were five bonus points for
23 utilizing historically underutilized businesses in the
24 program.

25 MS. STINER: And under each one of those, there

1 were subcategories in terms of the number of points that
2 you could get under that. So --

3 MR. HOFFPAUIR: Sure. I'll be happy to go
4 through that.

5 MR. JONES: Did -- where would -- under which
6 of those would the number of youth involved -- where would
7 you get your points for that? Under which of those
8 categories?

9 MR. HOFFPAUIR: That would be --

10 MS. STINER: Statement of work, as I see it.

11 MR. HOFFPAUIR: -- statement of work is where
12 we looked at the effect that it has on what you're doing
13 with the -- how you're recruiting them, what your
14 selection plan is for selecting these youth, and what
15 measures are contained in that, and did it address
16 construction of affordable housing.

17 It also --

18 MR. JONES: That wouldn't involve the -- just
19 the total number?

20 MR. HOFFPAUIR: No, not just the total number.

21 MS. STINER: That was not a criteria.

22 MR. JONES: So that's never a criteria?

23 MR. HOFFPAUIR: It was -- just strictly the
24 number was not.

25 MR. JONES: Okay. All right. To piggyback on

1 the question the mayor asked, have -- do staff notify the
2 various applicants of what their recommendation is going
3 to be at the board meeting prior to the board meeting?

4 MR. HOFFPAUIR: Yes, sir. We did.

5 MR. JONES: Okay.

6 MR. HOFFPAUIR: So --

7 MR. JONES: So they know what the
8 recommendations are?

9 MR. HOFFPAUIR: Yes, sir.

10 MR. JONES: Okay. And they've known that prior
11 to this meeting?

12 MR. HOFFPAUIR: Yes, sir.

13 MR. JONES: Okay. Thank you, sir.

14 MR. HOFFPAUIR: We faxed letters out to them.

15 MR. JONES: All right. Anything else? I think
16 we have a motion and a second on the floor. Are we ready
17 to vote? Any further discussion? I assume we're ready to
18 vote.

19 All in favor of the motion, please say aye.

20 (A chorus of ayes.)

21 MR. JONES: All opposed to the motion, please
22 say nay.

23 (No response.)

24 MR. JONES: The ayes have it.

25 MR. HOFFPAUIR: Thank you.

1 MR. JONES: Thank you.

2 MR. DAROSS: The next item on the committee's
3 agenda was the Approval of the Annual Public Housing
4 Agency plan as required by 24 C.F.R. 903.3. There was
5 considerable public comment about this.

6 And as result of the public comment, we made
7 some adjustments to the plan. We put X's in the several
8 additional boxes, most of them concerned with access
9 issues. And with those changes, we do recommend that this
10 plan be approved by the board.

11 Staff would go through the -- first of all, the
12 plan overall, and then the changes that were made to it
13 specifically in the meeting this morning.

14 MS. STINER: Mr. Burrell, would you come
15 forward, please, to make that presentation?

16 MR. BURRELL: Good morning, Mr. Chairman and
17 members of the board, and Ms. Stiner.

18 MS. STINER: Good morning.

19 MR. BURRELL: We're recommending that you all
20 approve our Public Housing Agency Plan. This plan is
21 basically a statement of our current operations, of our
22 program participants and our program services, and the
23 strategy that we'll be using over the next year to address
24 the housing needs here in Texas for Section 8 individuals.

25 During the Program Committee meeting this

1 morning, we had several individuals who spoke to us,
2 primarily from the disability community. And during
3 that -- those conversations and comments that were made,
4 we were able to come up with some items which could be
5 included in our public housing plan which we didn't
6 previously have.

7 The first item that we can add would be that we
8 can apply for special-purpose vouchers, which would be
9 targeted to elderly, if they are available, or if they
10 should come available sometime in the near future.

11 The next item which we can include would be to
12 apply for special-purpose vouchers targeted to families
13 with disabilities, if they are available now, or if they
14 should become available in the near future.

15 And the third item would be that we will
16 affirmatively market to local non-profit agencies that
17 assist families with disabilities.

18 And primarily, the way this program works here
19 at TDHCA is that we provide Section 8 vouchers to
20 individuals in small communities where they don't have a
21 public housing agency of their own.

22 In the large cities, such as Houston, Dallas,
23 Fort Worth -- they are large enough to be able to provide
24 their own public housing agency. What we do, is we go to
25 those small nonparticipating jurisdiction areas and we

1 provide the vouchers.

2 We obtain those vouchers from HUD, and we pass
3 them on through -- we use the local operators that
4 actually work with the individuals in the local areas, and
5 we have the contacts with those operators, where they work
6 with the actual tenants or possible tenants where they are
7 going to be using the Section 8 vouchers to obtain the
8 housing.

9 What we do is go ahead and we funnel that
10 Section 8 funding to the landlords with that local
11 operator working as a subcontractor for us. And under
12 this program, we -- even though we were not able to give
13 the Persons With Disabilities organizations everything
14 that they wanted, we have agreed that we will work with
15 them.

16 The board had already addressed that somewhat
17 in the past. Our board chairman had told us that once the
18 sunset was over here in this legislative session, that we
19 could go back and try to work with them under an advisory
20 committee. And so we're going to go ahead and put that
21 committee together, start working with them. And we'll
22 probably meet them within the next couple of weeks.

23 Ms. Hurd, our program manager here for the
24 Section 8 program will actually be getting that arranged
25 so that we can get started. And we're also going to be

1 trying to work with Fannie Mae through a home-ownership
2 program, in our Section 8.

3 Under that particular program, we're trying to
4 get individuals into home ownership who have been under
5 our Section 8 rental program. And initially, when we set
6 up this home-ownership program, we would target persons
7 with disabilities. Those would be the primary ones.

8 But this time, we think we have 25 vouchers
9 which are available here in Texas. And we will go ahead
10 and be working with those to try to get individuals
11 placed. So what we're doing, we're asking that you all go
12 ahead and recommend our plan that we have to date, because
13 we do have to have a plan in place with HUD, and it is
14 time that we get our new plan in.

15 MR. DAROSS: There was also a question
16 raised -- excuse me. There was also a question raised
17 during the committee meeting as to the gathering of data
18 that would give us the information we need in order to
19 make the assessment of this -- of the need here.

20 And at this time, resources of the agency are
21 not such that we could do that type of gathering
22 sufficiently ourselves. But the staff has said that they
23 would be glad to work with the different agencies outside
24 of here to see what kind of information they can provide
25 for us.

1 MR. SALINAS: Would that be local operators?
2 You're saying that you'll find local operators to --

3 MR. BURRELL: I'm not sure I quite --

4 MR. SALINAS: Local operators as far as your
5 Section 8?

6 MR. BURRELL: Yes.

7 MR. SALINAS: Who would that be?

8 MR. BURRELL: There are public housing
9 agencies -- they're not really agencies per se --

10 MR. SALINAS: But as forces?

11 MR. BURRELL: -- but they're local government-
12 type non-profit organizations.

13 MS. STINER: Excuse me. Yes. That is correct.
14 Just may I add, Mr. Chair?

15 MR. JONES: Certainly.

16 MS. STINER: In addition, I just wanted to add
17 data that the department's participation or the
18 department's role as a PHA is quite different from a
19 traditional PHA. In addition to the activities that Mr.
20 Burrell has described to you, we are further restricted in
21 the vouchers that we administer to three contracts we have
22 through three different HUD offices.

23 When this program was first implemented, the
24 department was asked to act as a PHA for those very
25 specific areas. We have a contract with the Houston

1 office, with the San Antonio office, and with the
2 Dallas/Fort Worth. But we are restricted to using those
3 vouchers in those areas right now.

4 What we're describing to you today relative to
5 applying for additional vouchers would be outside of those
6 three contracts. So this has expanded the roles that the
7 department has traditionally played relative to the
8 Section 8 program.

9 But in terms of the local operators, these are
10 usually officials of the city. A lot of times, they're
11 part-timers. We have a real hard time recruiting these
12 administrators. But usually, they are a city secretary
13 that may devote a few hours a week along with the other
14 volunteer work that they do on behalf of a city.

15 Other times again, the reason that they aren't
16 in the programs is because they are so small and don't
17 have the staff. And we've applied on their behalf.

18 So a lot of the work that the locals do, the
19 staff here at the agency end up supplementing that work,
20 because a lot of times, these operators are part-time, and
21 they aren't paid, except for the very small fee that this
22 department is able to provide to them.

23 They are not -- that fee -- that salaries
24 aren't provided for by those local governments. So we do
25 a lot of recruiting. There is a big turnover, and we are

1 considering Mr. Burrell and his staff as to what we could
2 do to increase that fee going out to those operators or
3 try to provide this -- an incentive for them.

4 But I think the basic issue is a lack of
5 capacity at that level. But usually, they are just part-
6 time city officials who volunteer for this.

7 MR. SALINAS: And so those that are responsible
8 for the Section 8 are --

9 MR. BURRELL: Yes, they are responsible. We
10 have them under contract, so they know what they are
11 supposed to do. We give training from time to time.

12 In some cases, we go out to the field and do
13 training. Sometimes, we'll have them come in. But they
14 are aware of what their responsibilities are.

15 MR. BURRELL: Does anyone have any further
16 questions?

17 MR. DAROSS: I move that the Public Housing
18 Agency Plan, as presented by staff, with the additions
19 will be approved by the board.

20 MR. BOGANY: I second.

21 MR. JONES: We have a motion and a second.
22 Further discussion? Hearing none, are we ready to vote?
23 I assume we are. All in favor of the motion, please say
24 aye.

25 (A chorus of ayes.)

1 MR. JONES: All opposed to the motion, please
2 say nay.

3 (No response.)

4 MR. JONES: The ayes have it.

5 MR. DAROSS: And Item 5 on the Program
6 Committee Agenda was pulled.

7 MR. JONES: Well, we'll then complete Item 2 of
8 our agenda, and we will turn to Item 3, which is the
9 Presentation, Discussion and Possible Approval of Report
10 from the Finance Committee. And I'll turn to Mr. Conine.

11 MR. CONINE: Thank you, Mr. Chairman. The
12 first one we had was the Approval of a Proposed Amendment
13 to the Trust Indenture For the Summer Bend at Los Colinas
14 Apartments. And I assume Mr. Onion is going to come up to
15 the front to do that -- give the board a brief -- the two-
16 minute version.

17 MR. ONION: The request was made by the
18 borrower to release the Cross Default Provisions on
19 Summers Bend with other properties that were secured by
20 other issuers in Tarrant County. The -- some of the
21 provisions that -- we have a background of the
22 transactions from 1984 on.

23 As I indicated to the Finance Committee, there
24 is a change to the write-up. The provision that --
25 the change -- the set-aside requirement from 20 percent at

1 80 percent of AMFI to 25 percent at 80 was actually in the
2 second supplemental Trust Indenture, rather than as
3 stated, in the third.

4 And there was an additional requirement put in
5 the write-up that the qualified project period which ends
6 2003 will now be modified to say that the qualified
7 project period will be either 2003 or as long as the bonds
8 are outstanding, which as long as the bonds are
9 outstanding, qualified project period will stay in place.

10 And then also, there is the additional
11 requirement of a principal reduction of \$100,000 as a
12 result of this transaction, as specified in Resolution 01-
13 15.

14 MR. CONINE: Okay. The Finance Committee made
15 a unanimous recommendation to approve this to the board.
16 And I would so move, along with the corresponding
17 resolution that we have. It's Number 01-15-15.

18 MR. JONES: Thank you. Is there a second to
19 that motion?

20 MS. SAENZ: I second.

21 MR. JONES: The motion has been made and
22 seconded. Any further discussions, questions, comment?
23 Hearing none, I assume we're ready to vote. All in favor
24 of the motion, please say aye.

25 (A chorus of ayes.)

1 MR. JONES: All opposed to the motion, nay.

2 (No response.)

3 MR. JONES: The ayes have it.

4 MR. CONINE: Next, we had an application to the
5 Texas Bond Review Board for Reservation of Private
6 Activity Bond Authority. This is our single-family issue
7 of \$180 million. And with that, Mr. Chairman, I would,
8 subject to approval, send a letter over to the Bonds
9 Review Board to reserve our \$180 million.

10 MR. JONES: So we have a motion. Is there
11 second?

12 MR. BOGANY: Second.

13 MR. JONES: The motion has been made and
14 seconded. Further discussions, questions, comments?
15 Hearing none, I assume we're ready to vote. All in favor
16 of the motion, please say aye.

17 (A chorus of ayes.)

18 MR. JONES: All opposed to the motion, please
19 say nay.

20 (No response.)

21 MR. JONES: The ayes have it.

22 MR. CONINE: Next was the Approval for Funding
23 of Additional Down Payment Assistance Program for 55A.
24 And Byron Johnson, I believe, made a presentation and
25 would like -- would you like to come forward and go over

1 that. And we took no action on this particular item. We
2 thought we'd bring it to the board for discussion.

3 MR. JOHNSON: Good morning, Mr. Chairman,
4 board members, Ms. Stiner.

5 MS. STINER: Good morning.

6 MR. JOHNSON: What we are proposing to do is
7 provide an alternative method of financing and
8 distributing funds to low-income or very low-income
9 borrowers -- down payment assistance.

10 We have an in-house Down Payment Assistance
11 Program we refer to as DPAP. And under that program, we
12 fund 5,000, 7,500 and \$10,000 of down-payment assistance
13 to borrowers.

14 We have overwhelming demand with that program,
15 but the problem has been the department has a limited
16 amount of funds available. And we've had problems
17 consistently funding that program.

18 So what we were proposing to do is provide
19 funds for Program 55, which is right now our highest-rate
20 program at 6.95. We have about \$15 million under that
21 program still available.

22 What we are proposing to do was fund sufficient
23 monies to provide down payment assistance at 5 percent of
24 the mortgage amount to borrowers. It will still be very
25 low-income borrowers, and the benefits would be that we

1 would not have to execute second-lien documents.

2 We wouldn't have to pay lenders a \$150 fee.
3 And we wouldn't have to use two sets of income limits.
4 We are also proposing that we limit the funds to Program
5 55 to help with the origination of those funds.

6 Just to illustrate what happens when we don't
7 have down payment assistance funds, in November, we
8 originated \$17 million of loans. In December, we did 14
9 million. January, we did 14 million of new loans.
10 February, we did 15 -- we might as well say 16 million of
11 new loans.

12 As you recall, we had some drastic decreases in
13 interest rates starting in January and February. Plus, we
14 were originating the money. So in March, our funds
15 originated declined to about 5 million. But still, in
16 April, we did 7 million. But towards the end of April, we
17 ran out of down payment assistance funds.

18 And from May 1 through May 22, we only did
19 \$260,000 in new loans. So what the staff was proposing to
20 do was to set up a program that would decrease the amount
21 of assistance, but provide assistance to a wider spectrum,
22 or more borrowers.

23 And we would keep our other two pools of funds,
24 Program 55 and 56, unassisted. So that people who have
25 funds for down payment assistance could have a lower rate.

1 And the rate on Program 55 and 56 is six -- about 6
2 percent.

3 So I'll welcome any questions you may have.

4 MR. CONINE: For the board's information, we
5 had a lengthy discussion led by yours truly, I think,
6 regarding the granting of down payment assistance under
7 the proposed staff proposal, as opposed to the policy we
8 currently have on our HOME Fund down payment assistance,
9 where we do it on a zero-interest second-lien due-upon
10 sale or refinance.

11 My feelings are what that gives us is a
12 tremendous benefit or shot at having those funds back
13 again at some future date when that family moves up and
14 sells that house and gets a bigger and better home.

15 And we get a chance to help more Texans at that
16 time without having additional money. Just we're
17 recycling the money. We've taken that position on our
18 down payment assistance funds for the last several years
19 that I've been on the board.

20 And I think it's appropriate for us to continue
21 in that policy with these funds, so that we can continue
22 to have a shot at getting some of that money back.

23 Some of the staff reported that we had -- now
24 have over \$6 million out there in down payment assistance
25 that has a chance of coming back. Or 200,000 of it has

1 come back, but there's 5.8 million that has a chance to
2 come back.

3 And if you consider that we're using those
4 funds in 5,000, 7,500 and \$10,000 increments, that's
5 potentially a thousand Texans that can be satisfied and --
6 or be -- hopefully attain home ownership by use of that
7 money.

8 So I would like to see us take the staff
9 recommendation and amend it to our existing policy on down
10 payment assistance, so that we can continue in that
11 effort.

12 MR. SALINAS: So that means you will up the
13 ante about 16 million more?

14 MS. STINER: No, sir. Those funding source is
15 fixed. It means that instead of making this part of the
16 new proposal, we'll continue to allocate these funds on
17 the -- our current program of offering these as a second
18 lien at 5-, 7,500 and \$10,000.

19 But the only source of funds that we've been
20 able to identify are the funds that are identified here in
21 the amount of --

22 MR. JOHNSON: \$784,000.

23 MR. SALINAS: But what you're saying is that
24 you wanted to have no second lien on the houses --

25 MR. JOHNSON: Correct.

1 MR. SALINAS: And just go out there and give
2 what? Five percent of the down payment?

3 MR. JOHNSON: Five percent of the mortgage
4 amount. So if the mortgage amount was \$70,000 --

5 MR. SALINAS: It's 3,500.

6 MR. JOHNSON: -- the -- they would receive
7 3,500.

8 MR. SALINAS: And the way we do it now, we have
9 a second lien on the mortgage, and you're paid when? When
10 are you paid that \$5,000 back?

11 MR. JOHNSON: Due upon sale or refinancing.

12 MR. SALINAS: Sale of the house?

13 MR. JOHNSON: Yes.

14 MR. SALINAS: Which they don't sell it, they
15 don't pay us back. Right?

16 MR. JOHNSON: Pardon? I'm sorry.

17 MR. SALINAS: If they don't sell the house --

18 MR. JOHNSON: They don't pay us back.

19 MR. SALINAS: -- they don't pay us back?

20 MR. JOHNSON: Correct. Yes, sir.

21 MS. STINER: Mr. Chairman --

22 MR. SALINAS: So what's your idea of trying to
23 do the non-loan? No second lien?

24 MR. JOHNSON: Documentation. We have to pay
25 the lenders to participate in the program. With the

1 alternative method, there is -- it's a more efficient,
2 quicker way to originate the loan.

3 MR. SALINAS: Pardon me, but your loans have
4 come down quite a bit, to under 260,000 for what month?

5 MR. JOHNSON: Yes, that was from May 1 through
6 May 22.

7 MR. SALINAS: Well, why did you -- do you feel
8 that they went down so much?

9 MR. JOHNSON: We haven't done a real study.
10 But it happened right about the time we ran out of down
11 payment assistance funds. We don't think that the
12 interest rate declined in the general market. And
13 actually, the mortgage rates have not declined. There has
14 been steady increasing.

15 We think the real reason is that we just didn't
16 have the down payment assistance to complement the low
17 rate on the loans.

18 MR. JONES: Ms. Saenz?

19 MS. SAENZ: I just wanted to ask you, how --
20 what would be the difference to the buyer as far as cost?
21 Granting the money or using the second lien?

22 MR. JOHNSON: Off the top of my head, I don't
23 think there is a difference really.

24 MS. STINER: Ms. Morris can --

25 MR. JOHNSON: Ms. Morris can answer that

1 question for you.

2 MS. STINER: Go ahead.

3 MR. SALINAS: Are these first-time home buyers?

4 Or --

5 MS. STINER: Uh-huh.

6 MR. JOHNSON: Yes, sir.

7 MR. SALINAS: Okay.

8 MS. MORRIS: I'm Pam Morris. Now, to answer
9 your question, it's not necessarily in this scenario here
10 a cost to the buyer at all.

11 MS. SAENZ: Okay.

12 MS. MORRIS: When you're using the second-lien
13 program at zero interest, we absorb the cost of really --
14 you know, reviewing the file for processing for the
15 lender's benefit in purchasing those mortgages.

16 That's why we pay the lenders 150 out of
17 proceeds, for their efforts of processing that second
18 loan. If it's built into the bond in the future, then
19 it's typically in the form of a higher interest rate, if
20 you have to pull a subsidy out in order to help them with
21 down payment, if you don't have another source.

22 MS. STINER: But for this -- pardon me, Mr.
23 Chair. But for this --

24 MR. DAROSS: We're talking about this
25 particular one?

1 MS. STINER: Yes. But for this particular one,
2 that is not a --

3 MS. MORRIS: It wouldn't make a difference.

4 MR. JONES: I'm still struggling with this,
5 because I struggled with it, you know, at the Finance
6 Committee meeting. It seemed like Mr. Conine's
7 suggestion -- and boy, I hate to say this, is a no-
8 brainer.

9 I mean -- why is it not exactly correct that we
10 ought to do what he's recommended? I don't understand. I
11 don't understand why you wouldn't do that.

12 MR. JOHNSON: Well, if --

13 MR. JONES: I must be missing something.

14 MR. JOHNSON: If we stick with Mr. Conine's
15 suggestion, then really this recommendation should go
16 away. We should just take the \$784,000 and deposit it
17 into the DPAP program.

18 MR. SALINAS: Uh-huh.

19 MR. JOHNSON: We should not go through the -- I
20 don't want to say effort, but we shouldn't go through the
21 processes to set up the accounts that the Trustee, change
22 the documentation --

23 MR. JONES: I understand all of that.

24 MR. JOHNSON: Okay.

25 MR. JONES: But I'm still struggling why would

1 you be opposed to his suggestion?

2 MR. SALINAS: What --

3 MR. JOHNSON: Because it's not a -- we're not
4 opposed.

5 MS. STINER: Oh, we're not in opposition.

6 MR. JOHNSON: No.

7 MS. STINER: That's for spending all eternity.

8 MR. SALINAS: How much -- what you're saying is
9 that you're going to want to service the loans for the
10 5,000 -- and how much would it cost you to service that
11 second lien for 30 years?

12 MR. JOHNSON: That -- we haven't examined that,
13 but that could be part of the answer. But our approach
14 was just merely to stretch the funds further.

15 Right now, we have 5,000, 7,500 or 10,000. And
16 we keep running out of money. We have to go over here to
17 this corner and find a dollar. We have to go to that
18 corner to get a dime. We've got to go back there to get a
19 nickel.

20 And what we're saying is we're trying to have a
21 consistently funded program to help assist many or more
22 people.

23 MR. JONES: But it's his suggestion, where does
24 it interfere with that?

25 MR. CONINE: The second lien doesn't stretch

1 the money.

2 MS. MORRIS: Well, the second lien does not
3 affect it. No.

4 MR. SALINAS: Okay. So?

5 MS. MORRIS: That, in no way. It's the
6 tiering, I think, is the second element of the request,
7 that we were trying to stretch whatever funds we get
8 further.

9 Because if you look at 5,000 per household for
10 the balance that's available for this particular program,
11 you know, you could ultimately serve 150 households. Then
12 of course, that's cut, every time we raise those limits.
13 And that was the -- mainly the point of trying to switch
14 it to a percentage so that we could stretch the dollars
15 more.

16 MR. SALINAS: But every time you do that, you
17 have a produced taxpayer. You have accomplished
18 something. And there is nothing wrong with having a
19 second lien on the house.

20 MS. MORRIS: Absolutely.

21 MR. SALINAS: You get those people away from a
22 rental home, and you make them responsible taxpayers. So
23 actually -- then with that second lien, they might not
24 sell the house. They keep the house for 30 years, or 35
25 years.

1 MS. MORRIS: Well, they're typically at risk
2 for the first nine years anyway, because of recapture with
3 bonds. So they do typically hold their mortgages within
4 the time frame.

5 MR. SALINAS: I would think so.

6 MS. MORRIS: It's just the amount of assistance
7 that we're concerned with, because it does go very fast
8 when you go up to 10-.

9 MR. SALINAS: And I'm sure there's a big
10 waiting list up there.

11 MS. MORRIS: I think there is.

12 MR. CONINE: Mr. Chairman, I'd like to move
13 approval for Item 3(c), subject to us moving the down
14 payment assistance back to our current policy. And I
15 guess just transferring -- the simple motive is transfer
16 the 700 and, you know, the number? I don't --

17 MR. JOHNSON: Seven hundred what?

18 MR. CONINE: \$784,550 over to the down payment
19 assistance program, and administer it in our current
20 policy.

21 MR. DAROSS: Second it.

22 MR. JONES: The motion's been seconded. Mr.
23 Bogany?

24 MR. BOGANY: I just have a clarification. Are
25 you saying that they can still do the 6.6 if they did need

1 the assistance?

2 MR. JOHNSON: Yes, sir.

3 MR. BOGANY: Okay. And also, we're not going
4 to do the tier, we're just going to go with the 5 percent,
5 or whatever the sales price of the home is?

6 MR. JOHNSON: No.

7 MS. MORRIS: No, I think it's to --

8 MR. CONINE: No, that would -- no, motions go
9 back to the -- the difference -- the purpose of the three
10 different levels was by population in the county, I think.

11 MS. MORRIS: Income limits, maybe.

12 MR. CONINE: We were trying to get more down
13 payment assistance in the rural sections and less down
14 payment assistance in the urban sections.

15 MR. BOGANY: Okay.

16 MR. CONINE: And that's why we have a three-
17 tier structure, which we did several years ago, I think,
18 when we came up with that particular policy. And all I'm
19 trying to do is just keep it the way it is.

20 And I think that that would create a
21 consistency on this board and this department's part of
22 trying to get more money out into rural Texas.

23 MR. JONES: Further discussion, questions or
24 comments? Hearing none, I assume we're ready to vote on
25 the motion. All in favor of the motion, please say aye.

1 (A chorus of ayes.)

2 MR. JONES: All opposed to the motion, nay.

3 (No response.)

4 MR. JONES: The ayes have it.

5 MR. JOHNSON: Thank you.

6 MR. CONINE: Next item is the Review of the
7 Status of the Building Reconfiguration Project Through to
8 Exceed the Capital Expenditure Budget for Fiscal Year
9 2001.

10 Ms. Stiner, would you like to take a stab at
11 this? I think the board probably needs to be brought up
12 to speed on this one.

13 MS. STINER: Yes, sir. As Mr. Gonzalez comes
14 forward, just for the board's review, I presented to the
15 board a budget last August, I think it was, that included
16 some dollars for reconfiguring our building.

17 At that time, we had no way of knowing that
18 General Services would pass a requirement that all
19 employees at a state -- of the state is restricted to 153
20 square feet of space. We'll talk to you a little bit
21 about that.

22 But in order to bring the department into
23 conformance with that particular requirement, the
24 department needs to vacate the third floor of this
25 building by August 31, 2001.

1 In order to do that, we need permission to
2 exceed our capital budget. Mr. Gonzalez can go into
3 further detail about some future considerations that we
4 may want to -- that we will be bringing back to this
5 board.

6 Right now, we'd like to focus on the authority
7 to exceed our capital budget by this amount of dollars in
8 order to bring us in conformance with our General Service
9 requirement. Mr. Gonzalez?

10 MR. GONZALEZ: Good morning, Mr. Chair, members
11 of the board, Ms. Stiner.

12 MS. STINER: Good morning.

13 MR. GONZALEZ: John Gonzalez, Director of
14 Administration. We had approval from the board last
15 August, 2000, to apply for and budget for the
16 reconfiguration of the building.

17 Our lease expired last year. So we had to
18 renegotiate the building. At the same time, knowing that,
19 we also were going through sunset and we knew that we were
20 going to be given a sunset bill. And even with that, we
21 still don't know exactly how we're going to wind up.

22 What we're asking from the board this time is
23 to send a letter of request or waiver. We'll waiver our
24 limit of expenditure of budget in the amount of \$275,000.
25 We need this amount of money because we still don't

1 really actually know what we're going to have to
2 reconfigure.

3 We are going to lose the third floor, which is
4 about 9,600 square feet. And that's a loss of about
5 \$116,000 in lease payments that we've had to make for the
6 building. So that will adjust our expenditures from that
7 standpoint.

8 The -- in the presentation that I just gave you
9 on, I think on the second page, there is a -- or first
10 page, there's some areas there that we were looking at to
11 kind of help us plan on what it was going to cost for us
12 to reconfigure the building.

13 The affect on the agency is the movement of the
14 Community Development Block Grant Division to ORCA, the
15 Office of Rural Community Affairs, and the possibility of
16 the Manufactured Housing Division, which is also going to
17 be its own division, attached administratively to the
18 agency.

19 We don't know where they're going to be. And
20 we're going to have to budget in accordance with that
21 unknown. We need to make sure that we have enough funds
22 to reconfigure where we need to. We don't think we're
23 going to need all the funds. But we will need some funds
24 this year, and we will need some funds next year.

25 MR. CONINE: I think what the Finance Committee

1 wanted the board to understand, that this is a
2 recommendation that comes through the pre-sunset -- you
3 know, this was something we had to do anyway. And we need
4 to go ahead and get the money to meet the time deadline
5 between now and August 31.

6 But the -- we will be back to you later on when
7 we figure out the issues at sunset, and the possible
8 potential removal of a couple of our working divisions
9 within the agency. They may be other places, or maybe
10 they're separate from us.

11 We just don't know exactly at this point in
12 time. So this is kind of a first step in what we need to
13 do to get our facilities in line with what we've been
14 instructed to do. For that, I guess I would move for
15 approval of Mr. Gonzalez's letter requesting the
16 additional funds of \$275,000 per the --

17 MR. JONES: There's a motion on the floor. Is
18 there a second?

19 MR. DAROSS: Second.

20 MR. JONES: Further discussion, comments,
21 questions? I assume we're ready to vote. All in favor of
22 the motion, please say aye.

23 (A chorus of ayes.)

24 MR. JONES: All opposed, nay.

25 (No response.)

1 MR. JONES: The ayes have it.

2 MR. GONZALEZ: Thank you.

3 MR. CONINE: Mr. Chairman, I may have omitted a
4 resolution number from the item that we approved. Let's
5 see, the item, 3(b). And if I could add that the Board
6 Resolution 01-16 be approved for the issuance of the
7 Application of the Texas Bond Review Board.

8 MR. JONES: It will be calmly considered; the
9 board will make that amendment.

10 MR. CONINE: Thank you. Concludes my report.

11 MR. JONES: And also there hearing no
12 objection. It's my understanding from some comments staff
13 members have made to me, that we need to go back, Mr.
14 Daross -- Judge Daross, to Item 2(d).

15 Although my memory of what happened just being
16 in the audience at the Programs Committee is in accordance
17 with yours. But apparently, we need to readdress Item
18 2(d). So it would consider the board would do that. Ms.
19 Stiner?

20 MS. STINER: Ms. Morris, will you come forward
21 please?

22 MS. MORRIS: Good morning. Pam Morris of the
23 Housing and Finance Program Structure. And I as well
24 don't have my full board book from last month. I have
25 part of it. And it didn't state we had a Programs

1 Committee. So I wasn't sure, and I thought it might be
2 better just to cover it just in case.

3 There was an item on the agenda requesting a
4 LURA Amendment on a HOME Project, Commonwealth Apartments
5 in Nacogdoches. And we are requesting, after review of
6 the recommendation and meeting with the project owner,
7 which is also the borrower, the project manager, and then
8 TDHCA staff, that we remove the recommendation.

9 We requested that the borrower close on the
10 permanent mortgage, of which they have not done to date.
11 And until that is established and they are basically in
12 compliance with their loan, then we can look to see if
13 they have a hardship on the program, and look at their
14 financial feasibility and see if there is any
15 recommendation that should be made with regard to lowering
16 their restriction if their unit's under LURA.

17 MR. JONES: Thank you.

18 MS. STINER: Thank you.

19 MR. JONES: We don't need to take any further
20 actions?

21 MS. STINER: No action.

22 MR. JONES: Okay. Great. We will then move to
23 Item 4 on the agenda, which is the Presentation,
24 Discussion and Possible Approval of Low Income Housing Tax
25 Credit Items.

1 I'll make a couple of comments, particularly to
2 our new board members as we enter into the always
3 enjoyable and reaffirming low-income tax credit season,
4 which is always something that is -- just to the new board
5 members, I just want to assure you you will enjoy it. And
6 it will be a really delightful experience.

7 Having said that, I'd also like to say this.
8 That we did -- and I want to remind the board members,
9 because I know you all know it. But I would just restate
10 the fact that we do have an ex parte rule during this tax
11 season, where board members are not to communicate
12 individually with developers.

13 And I do assume that everybody got my letter,
14 just how I'm handling correspondence, to make sure that
15 any correspondence that might come to me from a developer
16 is screened by my secretary and it's turned in to the
17 agency. So unless we make a mistake, that won't come up
18 to me.

19 And you all, I know, are handling that any way
20 you want to. And I know you're handling it correctly.
21 But since this is a new part of our procedures, it's new
22 for the developers, it's new for the board. I just wanted
23 to bring that up once again.

24 And with that, with regard to the items on the
25 Low Income Housing Tax Credit Items, I would turn it over

1 to Ms. Stiner.

2 MS. STINER: Thank you, Mr. Chair. The first
3 item on the agenda is Approval of the Determination Notice
4 for a tax-exempt line allocation for Arbors at Creekside
5 Apartments in Austin, Texas.

6 Mr. Chernon Njie, who is the manager of the Tax
7 Credit Program is here to answer any questions that you
8 may have on the presentation that was included in your
9 board book, and just do a brief summary of the request.

10 MR. NJIE: Good morning, board members. I'm
11 Chernon Njie, Manager of the Tax Credit Program. I think
12 the chairman was being modest. We've actually had a
13 smashing time with the program.

14 The first item on the agenda is the --

15 MR. JONES: Smashing time.

16 MS. STINER: Smashing.

17 MR. NJIE: Smashing time.

18 MR. JONES: We're going to remember that.

19 MR. NJIE: The first item on the agenda is
20 Project Number 01424, The Arbors at Creekside. This is
21 176-unit elderly property in Austin, Texas. It is
22 utilizing tax-exempt financing as well as tax credits.

23 The issuer of the bonds is the Austin Housing
24 Finance Corporation. Staff is recommending an annual
25 allocation amount of \$525,100. The recommendation is

1 subject to a dozen conditions. Basically what is going on
2 here is that the original general partner is being
3 replaced by a new general partner.

4 There is a time and deadline of June 8 to close
5 the loan -- to close the bond so we don't have all the
6 time to come back to the board to address all of these
7 before the closing deadline. Hence, the conditions
8 outlined here for us to move forward with the transaction.

9 There is a representative of the Austin Housing
10 Finance Corporation, which is the incoming general partner
11 in case any questions arise. The project is consistent
12 with local needs. There is no opposition. And with that,
13 we will recommend that the board approve this
14 recommendation.

15 MR. JONES: Any motion?

16 MR. CONINE: Can I ask a question first?

17 MR. DAROSS: I have a question.

18 MR. JONES: Sure. You may do whatever you'd
19 like to.

20 MR. CONINE: Is -- you say there's no local
21 opposition. This was a replacement of the '99
22 transaction. Did we go back out to the locality some two
23 years later now? Are you basing the no local opposition
24 on the '99 information that you had?

25 MR. NJIE: Oh, no. This is a 2000 resolution.

1 Are you looking at the grant from the Arbors at
2 Creekside?

3 MR. CONINE: Maybe I saw '99 in here somewhere.
4 Okay. But --

5 MR. NJIE: Well, yes, the --

6 MR. CONINE: I guess my point is, did you go
7 back out to the local community even though they knew it
8 was coming?

9 MR. NJIE: That is correct. Every time when
10 our petition was submitted, we would notify the local
11 representative as well as the city. And the developer is
12 also required to publish the notice in the newspaper. So
13 all of this -- that was done. And I think you're
14 referring to the '99 applications and 9 percent tax
15 credits.

16 MR. CONINE: Ah.

17 MR. NJIE: Yes.

18 MR. CONINE: I read it in here somewhere.

19 MR. NJIE: Yes, it went into the bond lottery,
20 and was successful in getting a high-level number. And
21 the credits are being issued pursuant to that bond number.

22 MR. CONINE: Move for approval, Mr. Chairman.

23 MR. DAROSS: I had a question, first. Well,
24 not first, but I'd like to have an answer to it anyway.
25 On page 5 of the underwriting analysis, where it talks

1 about supportive services, this says that "the applicant
2 intends to provide services in classes, cultural and
3 recreational activities and health fairs."

4 That's pretty vague. And it doesn't sound like
5 a lot of the support services that I've seen in other
6 applications as we've approved, such as credit counseling,
7 home ownership duties, things like that. I mean, I hope
8 we're not going to be funding these folks to teach them
9 square dancing or something like that.

10 I'd like to see a little bit more specific kind
11 of support services addressed.

12 MR. NJIE: That is one of the conditions that
13 we've had for the approval. We will have an opportunity
14 to review the services to make sure that they are
15 appropriate for an elderly population. And so we will
16 review that and it will be part of the restrictive
17 covenant governing the project.

18 MR. DAROSS: And I'll second the motion.

19 MR. JONES: Motion has been made and seconded.

20 Further discussion, comments, questions? Hearing none, I
21 assume we're ready to vote. All in favor of the motion,
22 please say aye.

23 (A chorus of ayes.)

24 MR. JONES: All opposed, nay.

25 (No response.)

1 MR. JONES: The ayes have it.

2 MS. STINER: Mr. Chair, the second item is
3 Approval of Extension Request for Closing of Construction
4 Loans on ten of the developments that received an
5 allocation of tax credits in 2000.

6 The listing is there. Mr. Njie -- a memo to
7 the Executive Directors in the board book that I'll ask
8 him to summarize. I guess I think we've also provided in
9 the write-up the reasons that the owners are requesting a
10 extension at this particular point in time. Mr. Njie, do
11 you have --

12 MR. NJIE: Yes. When we allocate tax credits,
13 we establish certain benchmarks. The first one is to
14 close the construction loan within 150 days. The second
15 one is to commence construction within a year. And the
16 third item we establish is to complete the project by the
17 end of October 31 of the second year of the allocation.

18 We have ten projects listed here that are
19 seeking an extension of the first benchmark, which is to
20 close the construction loan. The reasons stated are
21 varied. They have to do with the delays in the permitting
22 process, to internal changes in the general partner, to
23 timing issues regarding the equity on the permanent loan
24 closing.

25 Typically, with these transactions, the

1 construction loan is closed also in conjunction with a
2 firm commitment called a take out, a permanent financing,
3 as well as the closure of the partnership. That is the
4 investment portion of the transaction.

5 We have reviewed all these requests for
6 extensions, and are making the recommendation to the board
7 to grant the requests. In the event that they are not
8 able to comply with the extension deadlines at some point
9 in July or in September, we will be able to recover the
10 credits and reallocate them to 2001 applicants.

11 I have provided copies of the letters that we
12 have received from the applicants providing details of the
13 reasons for the extension requests. And we have talked
14 with some of them personally. I think that we are
15 confident that most of these transactions have delays in
16 processing.

17 If the past is any [indiscernible], they will
18 close and move on toward the projects. And with that,
19 I'll answer any questions you may have.

20 MR. CONINE: So we're formally extending the
21 deadline from what date to what date?

22 MR. NJIE: From June 15.

23 MR. CONINE: To July 15?

24 MR. NJIE: To -- on the second page, there are
25 several dates. Some are asking for the one-month

1 extension. Others are asking for a 90-day extension, or
2 the 60-day extension. So the dates are provided for you
3 on that schedule.

4 MR. CONINE: What happens to the credits on
5 these extension dates that go beyond July 31, which was
6 our statutory deadline to determine credits for the 2001
7 season? What happens to those if they don't close?

8 MR. NJIE: If they don't close, we have a
9 waiting list. When the board meets in July, there will be
10 a recommendation and a waiting list for 2001 applicants in
11 the event --

12 MR. CONINE: These extensions are going beyond
13 that.

14 MR. NJIE: That is correct. They're going
15 beyond that. But what I'm saying is we have until the end
16 of the year to allocate and make decisions.

17 MS. STINER: Yes, it's really come December 31.

18 MR. NJIE: That is correct. So until December
19 31, and even beyond that.

20 MR. CONINE: Okay. I understand. Thank you.

21 MS. SAENZ: Do you need a separate motion for
22 each one, or can they be --

23 MR. NJIE: That is entirely up to the board. I
24 can --

25 MR. JONES: I think you can do them all

1 together if you want to.

2 MS. SAENZ: I move that we take a staff
3 recommendation, for extension on the project.

4 MR. DAROSS: Second.

5 MR. JONES: We have a motion. We have a
6 second. Further discussion, questions, comments?

7 MR. CONINE: Is this an unusually normal --
8 high number of extensions before us?

9 MR. NJIE: Well, I --

10 MR. CONINE: And why are we -- what's causing
11 it?

12 MR. NJIE: Well, it's a number of things. I
13 think the equity market has softened a great deal. And in
14 fact, one of the -- on at least two of the projects,
15 they're citing the California utility issue as one factor,
16 because Edison Capitol is one of the major investors in
17 tax credits.

18 So that is part of the process. It's not clear
19 to people we have fewer than this. But I think the
20 players are knowledgeable people, and we have confidence
21 that they will proceed.

22 MR. JONES: Further questions, comments,
23 discussion? Hearing none, I assume we're ready to vote.
24 All in favor of the motion, please say aye.

25 (A chorus of ayes.)

1 MR. JONES: All opposed to the motion, please
2 say nay.

3 (No response.)

4 MR. JONES: The ayes have it.

5 Item 5 on the agenda is the Appointment of
6 Board Members to Committees of the Board. That's already
7 been done. And Dolores can give you a copy of all those.

8 I think the Chair has already made those appointments.
9 And I don't think there is any action that the board needs
10 to take on that.

11 I would just remind everybody that our
12 subcommittees are the Finance Committee, the Programs
13 Committee, the Audit Committee, the Manufactured Housing
14 Committee, and the Evaluation Committee of the Executive
15 Director.

16 If anybody has any interest to serve on those
17 committees, they certainly can be rearranged, and I would
18 certainly be delighted to discuss that with anyone on the
19 board who would like to discuss that with me.

20 Also, I would -- just also for the new board
21 members, say that the Low Income Housing Tax Credit
22 Committee acts due to action that the board took as a
23 whole, and it does not act as a subcommittee. It is the
24 board as a whole that acts on all those matters.

25 So with that, the next item on our agenda is

1 the Executive Director's Report.

2 Before we begin that, if I could, Ms. Stiner,
3 I'd like to address a couple of things, just as far as
4 housekeeping for the board.

5 We had tried to find a date for our June board
6 meeting in light of the fact that we do have new board
7 members and make that date as convenient for as many
8 people as possible. And the date we're looking at now is
9 June 12, Thursday, June 12. So that's the proposal.

10 MR. GONZALEZ: Twelve?

11 MR. JONES: It's a Tuesday.

12 MS. SAENZ: Twelfth?

13 MR. JONES: Yes. And the reason we've moved it
14 up is because the Bond Review Board meets on the 20th, and
15 we have to meet in front of them. And if you don't like
16 this date, it is Dolores's fault. She gave it to me.

17 June 12. So I'll tell you what. Get back to
18 Dolores, and if we have to reschedule it, we will.

19 MR. GONZALEZ: I won't be able to attend that
20 date, but that shouldn't change the date, though.

21 MR. JONES: Unless -- we'll try to do that.
22 The second issue that I wanted to raise with regard to
23 board meetings -- we've put off the board training session
24 that we need to have with HUD officials, as well as just
25 the general training session, until we got our new members

1 in place. And they are now in place. So we are ready to
2 move forward with that.

3 I would like to see us try to do that this
4 summer, either in June or July. Probably, we're going to
5 have to do it on a weekend, in you know, maybe a Friday
6 and a Saturday, and combine it with perhaps, the July
7 board meeting or something like that.

8 I think there were a couple of issues that you
9 know, obviously, what I would like just to tell the board
10 my thoughts on it. And anybody that thinks I'm astray,
11 you all let me know.

12 But my thoughts on it was obviously for the new
13 board members and all of us, general descriptions of the
14 programs briefly from staff so we know what we're -- you
15 know, doing.

16 So we know what's involved, and we know what
17 kind of items are coming up before the board and who is in
18 charge of those need to be done. We've done that before,
19 and obviously, it needs to be done again.

20 I will say this. What I see there is an
21 opportunity for there to be a brief discussion of that,
22 because we're going to run out of time in a hurry. I know
23 the last time we did this, we had a tendency to get real
24 bogged down.

25 My hope would be that we would run through it

1 fairly briefly, and that each board member would come away
2 with knowing who they need to talk to with the Executive
3 Director, in order to get all their questions answered.

4 I don't think that in meetings like this we'll
5 ever be able to answer all the questions that are going to
6 come up on as detailed a workings as our department is.

7 Secondly, as I think everyone knows, our sunset
8 legislation was approved Sunday afternoon. We now have
9 it. I'm sure that everybody understands it totally. And
10 i'm sure that nobody does.

11 I think it's going to be very important,
12 though. The next two years are going to fly by for this
13 department. It's very important that I think the board be
14 aware of the contents of the legislation, and that the
15 board start working with staff on formulating the plan to
16 how we're going to live with it, because like it or not,
17 we're going to be living with this legislation over the
18 next two years.

19 And let me tell you, I would predict that in
20 two years we're going to be asked a whole bunch of
21 questions as to how well we did in abiding by it. And so
22 I think it's very important that the board be informed of
23 the legislation and its contents and how we plan to affirm
24 it and move forward with it in the next two years. And I
25 would think that needs to be a big part of this meeting.

1 The third item is this. I would love to see
2 the Governor's Office involved in this meeting. And I as
3 Chair am going to invite the Governor's Office to just
4 be -- you know, as high a presence in this meeting as they
5 can possibly have so that we can also have input from
6 them.

7 Obviously, we're part of the Executive Branch,
8 and have input from them on where they're seeing us going.

9 So that's kind of my idea about that meeting. I would
10 kind of close with this.

11 Having gone through sunset, I know Mr. Conine
12 spoke. Others on the board spoke during sunset, were very
13 much involved in that process.

14 Ms. Stiner is very much involved in this
15 process. I was very much involved in the process.

16 I think we would all agree on this. That the
17 number-one comment that was made about the workings of the
18 board were to the effect -- was to the effect that we
19 needed to be a more policy-determinative body, as opposed
20 to being involved so much in projects and operations.

21 Now, you could argue, if you went through that
22 process as much as we all did, that that's certainly not
23 what we talked about, you know, in front of the
24 legislature.

25 But I think that comment, at least to me, has

1 some ring of truth, has some validity to it to the extent
2 that I think all of us on the board feel that we don't get
3 involved in policy -- the major policy issues surrounding
4 this department as much as we would like to. And that we
5 do tend to get bogged down in more detailed operations
6 than we would like at times.

7 And I think that's another thing that the board
8 probably at this meeting it's a good thing for us to
9 address. And in doing so, I think would be very much
10 addressing what was brought up before the sunset
11 commission and what was brought up before the legislature
12 with regard to the workings of this body.

13 So those are my ideas to go about that
14 particular training session, or whatever we want to refer
15 to it as. I encourage any board member to call me or get
16 with me. I know we can't stop post on the agenda. We
17 can't take any action on that item here today, since it's
18 just a report. But call me and give me your input as we
19 seek to plan that. And we'll try to plan it at
20 everybody's convenience. And Dolores has told me that
21 that's real easy to do. That she can find the date that's
22 convenient for everybody at the stab of a finger. And so
23 she'll be -- try to do that.

24 MR. DAROSS: Friday and Saturday, that might
25 even be easier.

1 MR. JONES: Okay.

2 MR. DAROSS: There next week.

3 MR. JONES: All right. So those are just a
4 couple of items that I wanted to kind of throw out before
5 the board.

6 Ms. Stiner, I think we are now at the Executive
7 Director's Report.

8 MS. STINER: Thank you, Mr. Jones. And that's
9 a good segue into the first report that we're going to
10 brief you on. And that's on legislation. Michael Lyttle,
11 who is Director of Communications and Government Relations
12 will give you a report on legislation that's finally
13 passed for this particular session.

14 MR. LYTTLE: I don't have it memorized. Good
15 afternoon, Mr. Chairman, members of the board, and Ms.
16 Stiner. Yes, Dolores is passing out Senate Bill 322,
17 which I'm very pleased to say is our sunset bill, which
18 has passed both the Senate and the House. And now we go
19 to Governor Perry for his signature.

20 There were just sort of some interesting facts.
21 There were about 5,700 bills that were filed in this past
22 77th Legislative Session. About 1,600 of those passed, or
23 nearly 30 percent.

24 But in my opinion, the two most important ones
25 were Senate Bill 1, which is the appropriations bill for

1 our agency and for state government in general. And what
2 you hold in front of you now, which is the sunset bill.

3 I can tell you that this piece of legislation
4 is the culmination of years of blood, sweat, and tears on
5 behalf of some of you, agency management staff,
6 legislators and their staffs, the Governor's Office, and
7 the many housing advocates.

8 There were some, I would say, close moments
9 here at the end in terms of negotiations on our bill. But
10 I think we owe a real debt of gratitude to people like
11 Chairman Bill Carter from the House Committee on Urban
12 Affairs, and his committee clerk, Donna Chatham.

13 And as well, I've got to tell you, John
14 Henneberger from the Texas Low Income Housing Service
15 worked really, really hard on working with the different
16 members, and working on behalf of getting this bill passed
17 as well, along with some other folks. And we're very
18 pleased.

19 Not every state agency had it this easy with
20 their sunset bill. You may have seen in the media that
21 the Texas Department of Economic Development is in some
22 serious water now -- deep water. And so is the General
23 Services Commission. So it really could have been much,
24 much worse for us. I'm pleased.

25 I think we have reason to be optimistic and

1 hopeful with this bill, and really we developed a
2 network -- a group of all the people I just mentioned
3 working together to get this bill passed and to move
4 forward. And I'm sure that we can keep that group
5 together and really keep moving in the right direction.

6 The -- we are still clarifying our
7 appropriations totals at the moment, and funding. And as
8 well as the FTE council. You're working with the
9 Legislative Budget Board on that right now. That's still
10 to be determined. The amount that we thought we'd be
11 getting doesn't appear to be in Senate Bill 1.

12 But just so folks don't think that we're the
13 only ones being picked on, a number of agencies that had
14 sunset bills are facing the same situation. For example,
15 the Railroad Commission, which has three elected officials
16 as their commissioners -- they had about \$1.1 million in
17 funding attached to their sunset bill. But they didn't
18 get any of that through their -- through S.B. 1 in
19 appropriations.

20 So as Comptroller Rylander's estimates of
21 revenue continue to drop, it would be tighter and tighter
22 for all of us to try to figure out how to enact these
23 measures.

24 But we are working in conjunction with our
25 legislative oversight people, with the Governor's Office,

1 with the LBB, to figure out how we're going to manifest
2 these changes and do it with the funds that we do have.

3 I just want to mention that we are going to
4 give you a full report on the sunset bill, what it means
5 exactly for our agency, as well as the other pieces of
6 legislation that were filed over the course of the next
7 several weeks as we sort of digest everything and figure
8 out how it's going to go across the board.

9 We hope to have a report to each of you by the
10 middle of June. And so just be on the lookout for that.
11 If there is any questions, I will be glad to answer them
12 now.

13 MR. JONES: Thank you.

14 MR. LYTTLE: Great. Thank you.

15 MR. JONES: I appreciate it.

16 MS. STINER: Thank you, Mr. Lyttle. In
17 addition to Oversight Committee of Urban Affairs, we
18 worked very closely with the Oversight Committee on the
19 Senate side and to Intergovernmental Relations Committee
20 that was chaired by Senator Matlock, as well as the
21 sponsors of the legislation.

22 So we also want to acknowledge everybody who --
23 included the agency. We would add a wrap-up of the bill a
24 few evenings ago with the thing that was refreshing about
25 this process is that our oversight committees was very

1 inclusive of the agency in terms of trying to arrive at
2 some final negotiated provision.

3 So we're always thankful for that. I'm not
4 trying to sell you that this would be easier to implement
5 because of that, but we're going to work very hard over
6 the course of the next two years, of course, to implement
7 this.

8 But as Mr. Jones stated a few minutes ago, I
9 think the training -- well, this session will be an
10 excellent opportunity to discuss with the board and have
11 the board provide direction to the department in terms of
12 the implementation schedule and plan for making sure that
13 at the end of the two-year period, which we know will come
14 very fast -- that the department is in full compliance
15 with our sunset legislation.

16 So I just want to take this opportunity to
17 thank the staff for this tremendous undertaking and
18 exercise over the last two years. I want to say two and a
19 half, but it must have seemed like two and a half. But
20 over two years.

21 And they have put in extraordinary hours,
22 extraordinary effort in terms of responding to not only
23 our oversight committees, but also the sunset staff. So
24 I'd like very much to recommend the staff to the board and
25 ask you to please join me in a show of appreciation for

1 the hard work of the staff during this process.

2 (General applause.)

3 MS. STINER: The last report is our
4 Neighborhood Partner -- a report on our Neighborhood
5 Partnership Program. Ms. Morris is here.

6 For those members of the board who are new,
7 this was a program that was implemented several years ago.

8 It is winding down, but we have a portfolio of loans that
9 we want to just make a brief presentation to you on. And
10 Ms. Morris will talk to you about how we're proposing to
11 close out that particular program.

12 MS. MORRIS: Certainly. Thank you. There was
13 a report prepared, and, Mr. Jones, your report has removed
14 the title project from it, just so you know.

15 MR. JONES: Thank you.

16 MS. MORRIS: The Neighborhood Partnership
17 Program was originated from the HOME Program. And it kind
18 of was split up into two parts. There were --

19 MR. JONES: If I could, I'd also like to leave
20 the room for this report. I know it's just a report item,
21 and it's not going to be voted on. But I'd like to just
22 not participate. Thank you.

23 MS. MORRIS: The program had two sections to
24 it, so to speak. There was a process by which it went
25 through direct awards to local cities and communities in

1 the effort of providing interim construction funds in a
2 revolving way for home purchase or home building, and then
3 had down payment assisted to -- and ultimately helped the
4 borrower.

5 The other side of that was the Texas State
6 Affordable Housing Corporation had a number of HOME Awards
7 at the time, of which they as well were responsible for
8 encouraging the Neighborhood Partnership Program, and had
9 some commitments in their portfolio, so to speak, that
10 they honored.

11 As their funds had been absorbed, or
12 originated, and when we split off from Texas State
13 Affordable Housing and weren't doing their administrative
14 work at the time, the commitments came back in to the
15 department, and we honored those commitments that they had
16 in their particular portfolio of commitments.

17 Then as well, like I said, there were the HOME
18 Awards that had direct commitments just through a HOME
19 contract. For the most part, all of these have expired.
20 There are a few that are still open. On the list of HOME
21 Awards, there is about five contracts out of this list of
22 about 34 that are still open for the next few months to
23 continue to draw against.

24 The development ones that we've done have paid
25 off, with the exception of two. One of them is a Rites of

1 Passage one that we did for lot purchases here in Austin
2 for a development called the Hills of Decker Lake at
3 Walnut Creek. And that loan has got a principal balance
4 on it of about \$235,000. And we are looking to recoup
5 those loans as timely as we can.

6 And then the other one that is still on the
7 books with regard to a development loan is M&R Concepts in
8 Tyler, Texas. And that loan as well has a balance. And
9 we are trying to make every effort to collect on that debt
10 as well.

11 That is -- basically, the summary has just
12 given you an idea of how the program operated. For the
13 most part, it was successful in assisting the families and
14 the communities that it was intended for.

15 There were a few, as we experienced with the
16 HOME Program in general, there are always a few that don't
17 fully originate the funds. And they are deobligated
18 eventually. And that's a reflection of any balance that's
19 remaining on this report.

20 MS. STINER: The only thing I might add --
21 thank you, Ms. Morris, is that again, during the time that
22 the program -- the pilot program was instituted, there was
23 more flexibility -- the agency had more flexibility in
24 terms of how to direct its HOME funds.

25 Those funds now are very targeted, and so we

1 will not have the ability to continue some of the programs
2 that were initially funded with HOME funds. So this is
3 one of them.

4 But because all of the funds -- all of the
5 other developments have repaid with the exceptions of the
6 ones Ms. Morris pointed out to you, this is the close of
7 that program. And we just wanted to make that
8 presentation to the board at this particular time.

9 And I guess we can get Mr. Jones. That
10 concludes the reports to the board for this particular
11 session.

12 MR. JONES: Are we through with your report?

13 MS. STINER: Yes, sir. Great.

14 MR. JONES: All right. Okay. You know, are we
15 ready for the Executive Session?

16 MS. STINER: Yes, sir.

17 MR. JONES: Good deal. Okay. On this May 30,
18 2001, at a regular board meeting, the Texas Department of
19 Housing and Community Affairs held in Austin, Texas, the
20 Board of Directors adjourned into a closed Executive
21 Session, as evidenced by the following.

22 The Board of Directors will begin its Executive
23 Session today, May 30, 2001 at 12:55 p.m. The subject
24 matter of this Executive Session deliberation is as
25 follows. Personnel Matters, secondly, Consultation with

1 Attorneys concerning Pending Litigation Cause Number 98-
2 11816, Hershhal E. Blankenship et al. versus the Texas
3 Department of Housing and Community Affairs in the 53rd
4 District Court of Travis County.

5 Number 3, Personnel Matters regarding duties
6 and Responsibilities in Relationship to Budget Under
7 Section 551.074, Texas Government Code. And with that, we
8 will go into Executive Session. If the spectators would
9 please leave.

10 (Whereupon, a recess was taken.)

11 MR. JONES: The Board of Directors has
12 completed its Executive Session of the Texas Department of
13 Housing and Community Affairs on May 30, 2001 at 2:00 p.m.

14 I hereby certify that this agenda of an
15 Executive Session of the Texas Department of Housing and
16 Community Affairs was properly authorized pursuant to
17 Section 551.103 of the Texas Government Code posted to the
18 Secretary of State's Office seven days prior to the
19 meeting pursuant to 551.044 of the Texas Government Code,
20 and that all members of the Board of Directors were
21 present with the exception of Robert Brewer, and that this
22 is a true and correct record of the proceedings pursuant
23 to the Texas Open Meetings Act, Chapter 551, Texas
24 Government Code. And I will sign that as Chair of the
25 Board. And with that, we have concluded the Executive

1 Session, and I believe we have concluded our agenda. If
2 there is no objection, I'll adjourn the meeting. The
3 meeting is adjourned.

4 (Whereupon, at 2:02 p.m., the Board Meeting was
5 concluded.)

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MEETING OF: TDHCA Board Meeting
LOCATION: Austin, Texas
DATE: May 30, 2001

I do hereby certify that the foregoing pages,
numbers 1 through 84, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Penny Bynum before the
Texas Department of Housing and Community Affairs.

06/05/01
(Transcriber) (Date)

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