

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

10:30 a.m.
Thursday,
August 8, 2002

Capitol Extension Auditorium
1400 North Congress Avenue
Austin, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
ELIZABETH ANDERSON
C. KENT CONINE
VIDAL GONZALEZ
NORBERTO SALINAS

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director
BROOKE BOSTON
DAVID BURRELL
HOMER CABELLO
RUTH CEDILLO
DAVID GAINES
KEITH HOFFPAUIR
CURTIS HOWE
BYRON JOHNSON
ROBERT ONION
LISA VECCHIETTI

A G E N D A

<u>ITEM/SPEAKER</u>	<u>PAGE :</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	7
PUBLIC COMMENT:	
Lee Sloan, President Kensington Park Neighborhood Association Austin, Texas	9
Dora Brown, Southeast Corner Alliance of Neighborhoods, Austin, Texas	15
Chris Richardson, Woodway Village, Austin, Texas 19	
Carlos Herrera, President El Dorado Housing, Austin, Texas	29
Paul Robbins, Austin, Texas 31	
Glenn Repp, Mayor, Duncanville, Texas	69
Gary Fisher, Duncanville, Texas	73
Kent Cagle, City Manager City of Duncanville, Texas	76
David Bates, Duncanville, Texas	79
Kathryn Thompson, Treasurer Duncanville Homeowners Association Duncanville, Texas	81
Peter Thorne, Duncanville, Texas	81
Carla Fahey, Dallas, Texas	85
Bill Fisher, Vice President Southwest Housing Development Corp., Dallas, Texas	86
Ronald Gebauer, Duncanville, Texas	90
Steve Martin, Duncanville, Texas	94

Jerry Cook, Superintendent, Duncanville ISD
Duncanville, Texas 97

Cheryl Potashnik
Southwest Housing Development Corp., Dallas, Texas 103

<u>ITEM/SPEAKER</u>	<u>PAGE :</u>
Mark Jones, Dallas, Texas	107
Jeff Spicer, Director of Development Southwest Housing Development Corp., Dallas, Texas	110
Jim Hyatt, City Council member, Duncanville, Texas	111
John Moore, Duncanville, Texas	113
Jill Waggoner, Dallas, Texas	117
Brian Potashnik, President Southwest Housing Development Corp., Dallas, Texas	120
James Betterson, Treasurer Glen Oaks Homeowners Association, Dallas, Texas	142
Brian Potashnik, President Southwest Housing Development Corp., Dallas, Texas	144
Sam Ellison, Austin, Texas	150
Craig Alter, Vice President Southwest Housing Development Corp., Austin, Texas	154
Shelly Ann Lemkowitz, Austin, Texas	157
Martin Gonzales Austin Housing Finance Corporation, Austin, Texas	161
Robert Kelly Hunt Building Corporation, Fort Worth, Texas	163
David Longoria, Partner, Cricket Hollow Townhomes Willis, Texas	184
Brian Cogburn, Willis, Texas	187
Maureen Jouett, Mayor, Killeen, Texas	193
Dorothy Morgan, Judge, Washington County, Texas	197
Sara D. Flores, City Council Member, Killeen, Texas	199
J. Brown, District Coordinator, Bell County State Senator Troy Fraser's Office, Killeen, Texas	201
Marc Caldwell, Killeen, Texas	204

Eugene Mendoza, Houston, Texas

207

<u>ITEM/SPEAKER</u>	<u>PAGE :</u>
Cynthia Bast, Locke, Liddell and Sapp Socorro, Texas	210
Tom McMullen, San Antonio, Texas	212
Sam Brewster, Mayor Pro Tem, Socorro, Texas	217
Tim Johnson, Socorro, Texas	219
Jay Oji, Developer, Dallas, Texas	220
Elliot Stone, Royal Castle Companies	222
Rose Garcia, Tierra del Sol Housing Corp. El Paso, Texas	225
Tom Wilkinson Washington County/Brazos Valley Consortium	243
Gilson Westbrook St. John Colony Neighborhood Association	251
Barry Palmer, Houston, Texas	256
Item 1 - Presentation and Discussion of Report from Member Norberto Salinas on Visit to El Paso and Surrounding Colonias	35
Item 2 - Presentation and Discussion on Status of Central Database	44
Item 3 - Presentation, Discussion and Possible Approval of Report from Audit Committee on:	
- Status of Prior Audit Issues	56
- Summary Status of Internal/External Audits	57
Item 4 - Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:	
a) Issuance of Four (4) Percent Determination Notices to Tax Exempt Bond Transactions with TDHCA as the Issuer:	146

<u>ITEM/SPEAKER</u>	<u>PAGE</u> :
b) Issuance of Four (4) Percent Determination Notices to Tax Exempt Bond Transactions with Other issuers:	148
c) Approval of Requests to Extend Deadline for Closing the Construction Loans for:	171
d) Approval of the Staff Recommendations for Issuance of Forward Commitments for FY 2003 LIHTC Allocation Round	178
e) Approval of the Staff Recommendations for Issuance of Waiting List for FY 2002 for the Low Income Housing Tax Credit Program	235
Item 5 - Presentation, Discussion and Possible Approval of Financial Items:	
a) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Clarkridge Villas, Dallas, Texas, in an Amount not to Exceed \$14,700,000 and Other Related Matters	64
b) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Wheatland Villas, Dallas, Texas, in an Amount not to Exceed \$14,900,000 and Other Related Matters	64
c) Approval of Recommended Firms to Provide Trustee Services for the Department's Single Family Mortgage Revenue Bond Issues and Other Related Matters	139
Item 6 - Presentation, Discussion and Possible Approval of Programmatic Items:	
a) Approval of Recommendations for the Bootstrap Awards from the Office of Colonia Initiatives for:	238
CDC of Brownsville:	\$ 800,000
Pharr Housing Dev.:	\$ 312,000
LaGloria Dev. Corp:	\$ 405,560
Community Action Social Svcs:	\$ 142,594
Community Svc. of South TX:	\$ 156,000

Lower Valley Housing:	\$1,080,000
Alianza Para El Desarrollo:	\$ 103,806

<u>ITEM/SPEAKER</u>	<u>PAGE</u> :
b) Approval of Washington County/Brazos Valley Consortium HOME Program Allocation	241
c) Approval of Resolution for Designation of Role and Signature Authority for the Texas Department of Housing and Community Affairs Environmental Responsibilities	249
d) Approval of Housing Trust Fund Awards	252
e) Approval of Amendment to the 2002 State of Texas Consolidated Plan-One Year Action Plan Submitted to the U. S. Department of Housing and Urban Development (HUD) as it Relates to the HOME Investment Partnerships Program	265

REPORT ITEMS

Executive Director's Report:

EXECUTIVE SESSION:

CLOSING REMARKS/ADJOURNMENT: 277

P R O C E E D I N G S

1
2 MR. JONES: I now call to order the board
3 meeting of the Texas Department of Housing and Community
4 Affairs, August 8, 2002.

5 The first order of business is to determine a
6 quorum.

7 Ms. Anderson?

8 MS. ANDERSON: Here.

9 MR. JONES: Mr. Bogany is absent.

10 Mr. Conine?

11 MR. CONINE: Here.

12 MR. JONES: Mr. Gonzalez?

13 MR. GONZALEZ: Here.

14 MR. JONES: Mayor Salinas?

15 MAYOR SALINAS: Here.

16 MR. JONES: We do have a quorum -- and Mr.
17 Jones is here. So we do have a quorum with five members
18 present and one absent. And I will certify that.

19 (Pause.)

20 MR. JONES: The next order of business is
21 public comment. And we do have a number of witness
22 affirmation forms. Pursuant to the legislation under
23 which we operate, you'll have an opportunity to either
24 speak now and provide public comment now or you may delay

1 it until the time of the agenda item in question.

2 The first witness affirmation I have is from
3 Mr. Spicer.

4 Jeff Spicer?

5 MR. SPICER: I'll delay.

6 MR. JONES: Excuse me?

7 MR. SPICER: I'll wait until the time of the
8 presentation.

9 MR. JONES: Okay. That would be great. I
10 notice that you're set down for Agenda Items 4 and 5. So
11 you would want to talk at the time of Agenda Item 4?

12 MR. SPICER: Correct.

13 MR. JONES: Thank you, sir.

14 Mr. Bill Fisher?

15 MR. FISHER: The same thing, Mr. Chair. I'll
16 wait until the two agenda items.

17 MR. JONES: Mr. Gonzales?

18 MR. GONZALES: I'll wait.

19 MR. JONES: Thank you.

20 Mr. Kelly?

21 MR. KELLY: Item 4(b), please.

22 MR. JONES: Okay.

23 Lee Sloan?

24 MR. SLOAN: Yes.

1 MR. JONES: Thank you, sir.

2 MR. SLOAN: Excuse me. I have some handouts.

3 MR. JONES: You can just give them to Delores.
4 She'll take care of them for you. Okay?

5 (Pause.)

6 MR. SLOAN: Chairman Jones and members of the
7 Board of TDHCA, my name is Lee Sloan. I am president of
8 the Kensington Park Neighborhood Association of Southeast
9 Austin and also a member of the steering committee of
10 SCAN. SCAN is the Southeast Corner Alliance of
11 Neighborhoods of Austin.

12 I'm here today on behalf of Kensington Park and
13 SCAN to raise some serious concerns about the Pleasant
14 Valley Courtyards Project, TDHCA Number 02073, as it's
15 currently configured. First, however, I want to take a
16 few minutes to clear up some misconceptions, and then I'll
17 get on to our concerns. So you can hold off on the
18 packages for just a second.

19 First, it has been rumored that the only reason
20 that I appear here before you is because I have some
21 financial interest in another LIHTC project in the area.
22 I'd like to set that record straight.

23 My son, Nathan, and his family live about a
24 half-mile away from me. Nathan is employed by Deutsche

1 [phonetic] Telecom. He is not dependent on me, but his
2 property is under contract to another LIHTC project, the
3 Woodway Village project. Neither my -- I nor my wife are
4 a party to this sale, and neither she nor I will profit
5 from it.

6 In fact, when Woodway first appeared, I told
7 Nathan straight up and down that we probably were going to
8 be opposing this thing because we were tired of having
9 trash projects dumped in our area out there, and he said
10 he understood. He said that if he didn't sell it to
11 Woodway, he'd probably end up selling it to somebody else.

12 But the Woodway developers came, and they
13 worked with our neighborhoods. We visited other projects
14 they had built and were impressed with the quality and
15 lay-outs. We got the developer to set aside large green
16 belts along the McKinney Falls Creek for the City of
17 Austin to have in the future, and because they worked with
18 us and offered quality development sensitive to the area
19 of Kensington Park along with seven other neighborhoods
20 and, also, with SCAN, ended up supporting the Woodway
21 project.

22 And that brings me to a second point. Contrary
23 to rumors and attacks from opponents, the neighborhoods of
24 southeast Austin and SCAN are not a NIMBY group. We

1 currently -- have worked with and support three other
2 affordable housing units in our area this year alone.
3 That would be Woodway Village, Woodway Square and the
4 Villas of Cordova.

5 We would like to work with the applicant, Mr.
6 Herrera, but he has been unavailable to meet with us and
7 neighbors, with the neighborhoods and SCAN except for an
8 11th-hour meeting that we had last night. We don't know
9 at this point the quality of his product, but we do know
10 that the site plan that he has submitted to TDHCA is
11 fatally flawed. And I would now like to address that.

12 You will notice in the handout I gave you --
13 if you turn to the second page, there is a plastic
14 overlay. The plastic overlay is a copy of the site plan
15 submitted by the developer -- and we got this off the
16 TDHCA web site -- filed with TDHCA. This is overlaid on a
17 map of the area. The map is from the City of Austin.

18 On the map, the zonings for the various tracts
19 in the area are indicated. And in yellow on the handout
20 sheet, you have the 100-year flood plain of the McKinney
21 Falls Creek. If you align that overlay -- sort of switch
22 it around so it aligns, you'll see -- the first point is
23 that there are some five and possibly seven buildings that
24 have footprints in the flood plain.

1 These -- one, two, three, four -- five
2 buildings in the center section are all in the flood
3 plain, all in the yellow area. And there's, I think, two
4 more down here in this bottom part that are touching the
5 yellow.

6 In a July 17, 2000 letter to State
7 Representative Maxey from Edwina Carrington, the Executive
8 Director of Housing of TDHCA, she states there is a TDHCA,
9 quote, "Prohibition against constructing the footprint of
10 a building in the flood plain." TDHCA does not allow
11 buildings in the flood plain. This lay-out is not
12 allowed. And this site plan is simply invalid, I believe.

13 A second point is: When we got to looking at
14 this overlay, we noted that part of the land in the
15 crossed hatch area with the building -- you will note that
16 there's part of the land, part of the site, in this cross-
17 hatched area, sort of in this area right here. It turns
18 out that that land is not owned by or under the control of
19 the applicant; it is owned by Woodway Village. And the
20 reason that I know that is that this map came from our
21 zoning.

22 With Woodway Village, this is a project we
23 worked long and hard on. And these are in fact the
24 boundaries of the Woodway Village project.

1 Earlier, this application was rejected because
2 it was discovered then that there was also land not owned
3 or under contract that had been included in the site plan.

4 And now we have a second instance of that happening.

5 The third point is: The applicant has claimed
6 in his appeal, which we got off the web site, that
7 there -- this rezoning is required because this site has
8 MF-2, MF-3 and LO zoning changes. In actuality, the site
9 plan as it is currently filed has MF-2, MF-3, LO, CS, RR
10 and SF-2 zoning on it. I mean this is a real mish-mash
11 here.

12 From our dealings with the city, I can assure
13 this board that the City of Austin will not allow such
14 rezoning. These zonings were put in place some 15 years
15 ago with the city, and they have held fast. The most
16 recent attempt by another project -- LIHTC project, the
17 Kingfisher Creek project, to rezone a piece of land here
18 resulted in a seven/zero rejection by the city council.

19 And on top of that, the neighborhood plan for
20 this area of Austin, a plan we worked on for about a year,
21 was finalized last night. The current zonings for these
22 properties therefore were reconfirmed and are effectively
23 locked in place.

24 In summary, this site plan has over half of its

1 buildings' footprints in the flood plain. That is simply
2 not allowed by TDHCA. Second, the site plan, again,
3 apparently incorporates land not owned or under control of
4 the applicant. And, third, the site plan requires zoning
5 that, just simply, ain't going to happen. This proposed
6 project needs to be sent away for serious overhaul.

7 And, finally, to Mr. Herrera, I would say the
8 neighborhoods would still like to work with you. Pull
9 this flawed project and this unworkable site plan and come
10 talk to us. Come and work with us like we started last
11 night, and we'll put together a good project with you.
12 And then, when we've got that, I will assure you that we
13 will be here to support you and to move forward with good,
14 quality affordable housing for Austin.

15 Thank you for your time and consideration.

16 MR. JONES: Thank you, Mr. Sloan.

17 There's a Ms. Brown.

18 Dora Brown, yours was attached to his.

19 MS. BROWN: I clipped those together so that we
20 would be called in this order and our presentations would
21 make a little more sense perhaps.

22 MR. JONES: Thank you, ma'am.

23 MS. BROWN: Good morning.

24 MR. JONES: Before you start, Ms. Brown --

1 MS. BROWN: Yes?

2 MR. JONES: -- I have -- we are continuing to
3 receive witness affirmation forms. And we literally have
4 dozens of people that would like to speak to us today, and
5 we want to hear from everyone. And I think we're just
6 going to have to impose a time limit. Even with a time
7 limit of three minutes per speaker, we will be listening
8 to hours of testimony from the speakers. So I always hate
9 to do that. I apologize to everybody that wants to speak,
10 but unless the board wants to overrule me, the Chair would
11 at this point institute a three-minutes-per-speaker time
12 limitation.

13 And I apologize to everybody for that, but I
14 don't know how we'll ever be able to handle this very
15 efficiently without such a time limit. So I would start
16 imposing that.

17 And, Delores, could you help me with the time
18 limits? Thank you.

19 Thank you, ma'am.

20 MS. BROWN: Thank you. And I understand the
21 reason for the time constraints.

22 My name is Dora Brown. I'm a member of the
23 steering committee of SCAN, the Southeast Corner Alliance
24 of Neighborhoods in southeast Austin. SCAN consists of

1 the neighborhood associations in Zip Code 78744;
2 approximately 40,000 people live in our area.

3 Unfortunately, we have no choice but to oppose
4 the tax credit application of Pleasant Valley Courtyard.
5 We have been frustrated in our attempts to meet with the
6 developer. Three representatives of SCAN spoke with Mr.
7 Carlos Herrera, the developer, a time. Four times, he
8 agreed to meet with us; four times, he was a no-show.
9 Finally, last night, he and four advisors met with a few
10 representatives of SCAN.

11 At least a dozen times during that meeting, he
12 and his advisors stated flatly that they do not have a
13 site plan. When we showed them the site plan that Mr.
14 Sloan presented to you -- and it's from your own files --
15 they dismissed it and assured us repeatedly that that
16 site plan should be thrown away; that's not what they're
17 really going to build. Well, what can we make of that?

18 Their application clearly does contain a site
19 plan: A bad one, we think. And that site plan is the
20 only one that apparently exists, and that's all that we
21 have to go on.

22 As you've already seen and heard, the Pleasant
23 Valley proposal should never have been before this board
24 in the shape it's now in. It provides for development on

1 property that the developer does not own. It provides for
2 structures in the 100-year flood plain -- not near it, not
3 around it, not adjacent to it, but within the 100-year
4 flood plain, in clear violation of this organization's own
5 rules and regulations.

6 Now, Mayor Salinas, if you -- as you have
7 stressed in the past and as we all know, zoning is not a
8 matter that should come before this board; that's the role
9 of the city's, City of Austin in this case. But we want
10 all of you to be aware that zoning is the key to the
11 survival of this project. Even if the tax credits remain
12 allocated to Pleasant Valley, there's little likelihood
13 that it will be constructed if it is not a well-planned,
14 appropriately located, environmentally sensitive project
15 that offers safety, security and amenities to the tenants.

16 The proposal calls for zoning changes by the
17 City of Austin that won't be approved. They would have to
18 change rural residential, local office and single family
19 designations to dense, multifamily housing.

20 And while I certainly can't speak for any
21 council member or planning commission, SCAN has had
22 considerable experience with those bodies. Six times in
23 the last year or so, SCAN representatives have appeared
24 before one or the other of those bodies on zoning matters,

1 four times in favor of zoning changes that would make
2 possible sound, well-thought-out affordable housing, and
3 two times in opposition. Our views have prevailed each
4 time, six times in a row.

5 Now, I'd like to claim that our brilliant
6 presentation swayed opinion, but, in fact, it was simply
7 that reasonable minds came together in recognition of good
8 proposals or bad ones. So please don't waste the
9 taxpayers' funds on a project that is not going to be
10 built. There are so many worthwhile projects seeking
11 funding. Why expend any of these funds when Pleasant
12 Valley Courtyard as it's presently constituted will surely
13 stagnate and die?

14 SCAN remains willing to work with the
15 developer --

16 MR. JONES: Ma'am?

17 MS. BROWN: -- to bring forth a plan that we
18 can all live with.

19 MR. JONES: Ma'am, I'd like --

20 MS. BROWN: My three minutes are up?

21 MR. JONES: Yes.

22 MS. BROWN: All right.

23 MR. JONES: Thank you, ma'am.

24 MS. BROWN: Thank you, very much.

1 MR. JONES: Thank you so much.

2 Mr. John Moore?

3 MR. MOORE: I'm John Moore, President of Glen
4 Oaks Homeowners Association, Dallas, Texas. I had thought
5 that this discussion was going to come later, at our
6 particular project.

7 MR. JONES: If you want to delay, you certainly
8 may.

9 MR. MOORE: Yes.

10 MR. JONES: You have a choice: You can either
11 speak now at the first of our meeting or you can speak at
12 the time of the agenda item, whichever you'd prefer, sir.

13 MR. MOORE: I'd like to speak at the later
14 time.

15 MR. JONES: Thank you.

16 MR. MOORE: Thank you.

17 MR. JONES: That'll be fine.

18 Mr. David Longoria?

19 MR. LONGORIA: I'd like to wait. Thank you.

20 MR. JONES: Thank you, sir.

21 Mr. James Kirkpatrick?

22 MR. KIRKPATRICK: I'll wait for the agenda
23 item.

24 MR. JONES: Mr. Bryan Cogburn?

1 MR. COGBURN: I'll wait for the agenda item.

2 MR. JONES: Mr. Jay Brown?

3 MR. BROWN: I'll wait.

4 MR. JONES: Mr. James Betterson?

5 MR. BETTERSON: I'll wait.

6 MR. JONES: Mr. Chris Richardson?

7 MR. RICHARDSON: Good morning.

8 MR. JONES: Good morning.

9 MR. RICHARDSON: My name's Chris Richardson.

10 I'm here about two matters, basically. We've just been
11 given our move-forward on our full percent tax credit you
12 heard about from a couple of the neighbors a minute ago,
13 Woodway Village. It's on Michael's Crossing close to
14 Pleasant Valley Courtyards.

15 We actually control the land that they brought
16 up that's in question that encroaches. When we got our
17 notice, I contacted our surveyor to go out and start on
18 his topo, reviewed the site plan with him that was on the
19 internet that was the subject of some discussion last week
20 at the award and gave him these coordinates so he could
21 map out just where they were, to be sure we had closure on
22 our back side that we have rezoned to SF-2.

23 We have down-zoned some MF-2 and MF-3 to SF-2
24 to work with the neighbors on an overall plan for the

1 area. And that's how we gained their support and
2 approval, as described by Ms. Brown and Mr. Sloan.

3 But the surveyor just as late as mid-day
4 yesterday gave me some information that shows 1.1 acres of
5 our site as shown on their site plan. And now I
6 understand that they may be reworking their site plan, but
7 I felt like we should bring it to your attention. There
8 was another situation where part of it went to Kingfisher
9 Creek, and then, now, this shows up as far as my site.
10 You heard some of the zoning problems, but I just felt
11 like it should be brought to the board.

12 And we're -- you know, we've got the
13 concentration issues. We worked hard to have a high-
14 scoring project last year, you know, and were given the
15 reason that the Austin market was very soft. We didn't
16 put any in Austin hardly last year. So we didn't go back
17 in the 9 percent.

18 We submitted it in the bond round, got a good
19 number, felt like we would be reached and felt like with
20 the -- what we knew about the zoning effort in the area,
21 there would be little or no chance of around us properties
22 being zoned multifamily. So that's one reason we didn't
23 go back in when we had a good number in the 4 percent
24 round lottery. We elected not to resubmit in the 9

1 percent.

2 So we were one of the high scorers last year
3 and certainly understand the reasons for not getting it
4 last year but felt like you should know about this. Thank
5 you.

6 MR. JONES: Thank you, sir.

7 MR. CONINE: I've got a question.

8 MR. JONES: Sure, Mr. Conine.

9 MR. CONINE: Can you help me out with the color
10 code here?

11 MR. RICHARDSON: All right. The color code is
12 based on several different items. The yellow is low
13 office, which -- you know, the city indicates that they
14 won't change that zoning to multifamily. The RR is the
15 flood plain and was, you know, the area in the low.

16 Where it crosses over our hash-marks, our
17 property goes to the center of the creek. And the red
18 hash-marks over the green is where their survey that was
19 on the internet that I pulled of the internet -- and their
20 coordinates on there show that that would come down,
21 encroaching on what we have under contract.

22 MR. CONINE: And your property is the 14-acre
23 piece that's in --

24 MR. RICHARDSON: Our property is the 14-acre

1 piece, the SF-2. Our entire tract consists of 30 acres.
2 This is a picture of it. I didn't have extra copies of
3 it. This is the 14 acres. Up here on Knuckols' Crossing
4 is where we had rezoned for our Woodway Village project,
5 160 units, to go up there.

6 MR. CONINE: Well, this is showing Bobby
7 Pospacill [phonetic], or whatever --

8 MR. RICHARDSON: Right.

9 MR. CONINE: -- on both -- what looks like both
10 tracts --

11 MR. RICHARDSON: Right.

12 MR. CONINE: -- on --

13 MR. RICHARDSON: Well, you've got zoned --

14 MR. CONINE: -- this color tract up here and
15 the bottom 14-acre tract.

16 MR. RICHARDSON: Well, let me approach, and
17 I'll let you see.

18 MR. CONINE: Do we have common sellers here
19 maybe that --

20 MR. RICHARDSON: You've got a father and a son,
21 Bobby Pospacill and Joe Pospacill. Do you see the, "Joe,"
22 right beside the -- above the 9.9 in the far right-hand
23 corner of the -- it's actually two in a family, sellers.

24 MR. CONINE: Oh. Okay. I see where it's cut

1 off on my sheet.

2 MR. RICHARDSON: Right.

3 MR. CONINE: So we have a common seller and an
4 engineer that didn't -- either didn't quite draw a sales
5 contract correctly or --

6 MR. RICHARDSON: Apparently, yes.

7 MR. CONINE: So this --

8 MR. RICHARDSON: I don't know all the details
9 on their side. But I mean I looked for -- I don't know
10 Mr. Herrera. I looked for -- I remember when I came up
11 last week. But I looked for him and didn't see him. So I
12 was going to talk to him ahead of time, too.

13 But this is a copy of what we have under
14 contract, the full 30 acres. And we had it completely
15 surveyed, worked with the neighbors, walked the sites,
16 agreed to set-backs on the creek, down-zoned SF-2 and, you
17 know, changed some zoning on the multifamily to work with
18 them and have it submitted, and have been reached on
19 the -- in the bond lottery and are moving forward.

20 MR. CONINE: Now, this discussion, though, is
21 on a tax -- a 9 percent credit that we did last meeting.
22 Is --

23 MS. CARRINGTON: Last week.

24 MR. CONINE: -- that correct?

1 MS. CARRINGTON: Yes.

2 MR. CONINE: So it's kind of hard to unwind
3 what we've already wound, but -- all right. I'll save
4 some questions for later on.

5 MR. RICHARDSON: Okay.

6 MR. CONINE: Okay.

7 MR. JONES: Thank you, sir.

8 MAYOR SALINAS: Has this project been approved
9 by the City of Austin?

10 MS. CARRINGTON: Well, it was approved by the
11 board last week as -- for an allocation of 2002 credits.

12 MAYOR SALINAS: I know.

13 MS. CARRINGTON: So they have met all of our
14 requirements.

15 MAYOR SALINAS: I understand. But is -- how
16 about the planning and zoning or the zoning with the city?

17 MR. RICHARDSON: Mine has been zoned.

18 MAYOR SALINAS: Are they going to get -- you
19 know that if you don't get the approval of the zoning,
20 they won't give you a permit.

21 MR. RICHARDSON: That's right.

22 MAYOR SALINAS: Right?

23 MR. RICHARDSON: It's a popular area, too.

24 MS. CARRINGTON: Yes, it sure is.

1 MAYOR SALINAS: I mean I know this is not the
2 guidelines to get any approval here. But even if we did
3 approve this project, you know, if planning and zoning
4 does not work with you and if the zoning does not work for
5 you, I mean this project --

6 MR. RICHARDSON: Now, my project's zoned. I'm
7 moving forward. I --

8 MAYOR SALINAS: You've got --

9 MR. RICHARDSON: I have zoning for the -- with
10 the conditional overlay that I will do the things that are
11 shown on this map.

12 MAYOR SALINAS: So you got the city --

13 MR. RICHARDSON: Right. My zoning is in place
14 and ready to move forward.

15 MAYOR SALINAS: Which one is not?

16 MR. RICHARDSON: It's called Woodway Village.
17 It's in the -- it was in last year's 9 percent round. We
18 submitted for a bond and have been reached on bond.

19 MAYOR SALINAS: Okay.

20 MR. RICHARDSON: Okay. Thank you.

21 MR. JONES: Thank you, sir.

22 Ms. Shelly Ann --

23 MS. LEMKOWITZ: Lemkowitz.

24 MR. JONES: Thank you, ma'am.

1 MS. LEMKOWITZ: I'd like to speak at the --
2 when the issue comes up.

3 MR. JONES: Thank you.

4 Mr. Sam Ellison?

5 MR. ELLISON: I choose to speak at the time it
6 comes up.

7 MR. JONES: Mr. Melvin Warren?

8 MR. WARREN: The same for me.

9 MR. JONES: Mr. Jay Oji?

10 MR. OJI: Mr. Chairman, I choose to speak when
11 the agenda item comes up.

12 MR. JONES: Thank you, sir.

13 Mr. Robert Voelker?

14 MR. VOELKER: I'll speak on Item 4(b) and (d)
15 when you get to them.

16 MR. JONES: Mr. Littlejohn?

17 MR. LITTLEJOHN: I would prefer to defer my
18 comments until after the staff presentation of 4(d).

19 MR. JONES: Mr. Johnson?

20 MR. JOHNSON: I'll speak on Item 4(d) when you
21 get there. Also, we have Sam Brewster, Rose Garcia and
22 Cynthia Bast. Thank you.

23 MR. JONES: Thank you.

24 Mr. Carlos Herrera?

1 MR. HERRERA: Good morning.

2 MR. JONES: Good morning.

3 MR. HERRERA: My name is Carlos Herrera. I'm
4 President of El Dorado Housing. I'm glad I was here this
5 morning. I was not aware that there would be either this
6 agenda item or that this item would come back up. I don't
7 have an answer to everything, because I don't have any of
8 my packages or anything with me, but I do want to respond
9 to two or three mentions that were made.

10 I have met with this group prior to the 11th
11 hour last night. I did meet with them last night until
12 all the way up to 11 o'clock. I am aware of all the
13 concerns that there are about this. I've talked to them.

14 The indication was not to scrap any item; the
15 indication was to work with them through the issues and
16 concerns that they have, because I have the right to
17 appeal to the city for the rezoning. That's part of the
18 process. I've followed that process. I'm at a certain
19 point in it and am still trying to resolve all of the
20 issues that have come up.

21 At the last meeting, I did have, as in the
22 packages as required in the application, letters of
23 support from all the elected officials who are acutely
24 aware of all the issues that surround this, as they would

1 be as representatives of that district.

2 In addition to that, at the last meeting, the
3 commissioner for that district, Margaret Gomez, was here;
4 she had to leave. I think her name was called out twice.

5 She gave me a letter yesterday to submit today, simply to
6 say that she was here and had submitted this. It was not
7 read into the record.

8 So I would like to turn in that to you, Mr.
9 Chairman.

10 MR. JONES: Thank you, sir.

11 MR. HERRERA: Beyond that, I am in the process
12 of meeting with the group to make sure that whatever the
13 zoning issues are and whatever it's going to take to
14 present my case to the city council or the planning
15 process is what I'm doing now. I'm going to continue that
16 until it's concluded one way or the other. Thank you.

17 MR. JONES: Thank you, sir.

18 Any questions?

19 (No response.)

20 MR. JONES: Thank you, sir.

21 Mr. Eugene Mendora?

22 MR. MENDOZA: Mendoza.

23 MR. JONES: Excuse me.

24 MR. MENDOZA: No. I'll speak at the item.

1 MR. JONES: Thank you.

2 Mr. Marc Caldwell?

3 MR. CALDWELL: Mr. Chairman, I'll defer until
4 the item, as well.

5 MR. JONES: Mr. Elliot Stone?

6 MR. STONE: I'll defer until the item comes up.

7 MR. JONES: Maureen -- how about the mayor of
8 Killeen?

9 MS. JOUETT: Jouett.

10 MR. JONES: Excuse me.

11 MS. JOUETT: J-U-W-I-T is the phonetic
12 pronunciation. I'll defer until Item 4, please.

13 MR. JONES: Thank you.

14 MS. JOUETT: Thank you so much.

15 MR. JONES: I'm sorry, Mayor.

16 Ms. Sarah Flores?

17 MS. FLORES: The same.

18 MR. JONES: Mayor Repp?

19 MAYOR REPP: We're here to address 5(a) on the
20 agenda, sir. Thank you.

21 MR. JONES: Mr. Gary Fisher?

22 MR. FISHER: I'll defer until later.

23 MR. JONES: Mr. Cagle?

24 MR. CAGLE: Defer.

1 MR. JONES: Mr. Bates?
2 MR. BATES: Defer until later.
3 MR. JONES: Ms. Kathryn Thompson?
4 MS. THOMPSON: I'll wait for the Agenda Item
5 5(a), sir.
6 MR. JONES: Mr. Peter Thorne?
7 MR. THORNE: I'll wait for Item 5(a).
8 MR. JONES: Mr. Ron Gebauer?
9 MR. GEBAUER: I'll wait, too, please, sir.
10 MR. JONES: Mr. Steve Martin?
11 Mr. MARTIN: Defer until 5(a), please.
12 MR. JONES: I hope you're funny.
13 (Laughter.)
14 MR. JONES: Ms. Carla Fahey?
15 (No response.)
16 MR. JONES: Carla Fahey?
17 MS. FAHEY: Defer until later, please.
18 MR. JONES: Okay.
19 Jerry Cook?
20 MR. COOK: Defer.
21 MR. JONES: Tom Wilkinson?
22 MR. WILKINSON: I'll defer until the item.
23 MR. JONES: Judge Morgan?
24 JUDGE MORGAN: The same.

1 MR. JONES: Mr. Westbrook?

2 MR. WESTBROOK: Defer.

3 MR. JONES: Mr. Palmer?

4 MR. PALMER: I'll defer until the item.

5 MR. JONES: And Mr. Robbins?

6 (No response.)

7 MR. JONES: Mr. Paul Robbins?

8 MR. ROBBINS: Commission members, my name is
9 Paul Robbins. I'm speaking to Item (b), 02-413, Pleasant
10 Valley Villas, Austin, Texas.

11 I have a lot to say in a short time, so let a
12 picture be worth a thousand words. I will try and get one
13 of my neighbors who's testifying later to give this -- a
14 smaller copy of this to you to enter in the record. But I
15 met with people from Southern Union Gas yesterday and
16 asked them to show me where the active gas lines were on
17 this proposed property.

18 May I approach?

19 MR. JONES: Sure.

20 MR. ROBBINS: You'll note that in the middle of
21 this proposed property is the planned extension of
22 Pleasant Valley Road. This road does not currently exist,
23 but it is a right-of-way. And you'll note that part of an
24 active -- what I think what I have been told is an active

1 pipeline is running right through that road.

2 The other part of this Southern Union Gas
3 simply has no knowledge of. And the representatives at
4 Pacific Gas and Electric, who currently owns this
5 pipeline, cannot tell me exactly where it is, but you can
6 tell from this map that at least a good portion of it runs
7 in the right-of-way.

8 Again, I will ask one of my neighbors to give
9 you a smaller copy of this for the record. Did you all
10 see this?

11 (Pause.)

12 MR. ROBBINS: I'm sorry. Did you see this, Ms.
13 Groneck?

14 MS. GRONECK: I will.

15 MR. ROBBINS: Let it be known that I did offer.

16 Okay. My point to you is that to -- I spoke
17 with a representative from Pacific Gas and Electric
18 yesterday, and he told me that under no circumstances
19 would they allow a stretch of pipeline like this, a huge,
20 expansive pipeline, to be covered by a street. And this
21 is a very expensive thing to relocate. It might be
22 cheaper to relocate the street.

23 I personally do not believe this cost has been
24 accounted for because one Pacific Gas and Electric

1 official I spoke with, as I said, didn't say anything
2 about it. He told me he had never been contacted by the
3 developer about this. And the City of Austin -- one of
4 the supervisors reviewing this project was totally
5 unknowledgeable about this when I contacted him.

6 Now, I realize that I'm going to be accused of
7 being obstructionist by the developer, that this is a
8 last-minute ploy to keep him from getting the lottery. So
9 let me just say my understanding is that you all have
10 another meeting that you may schedule for later in August,
11 so this may be accounted for in that time gap, but if it
12 can't be, that is not my problem. That is -- it's the
13 developer's cost.

14 Thank you for your time. I'll try and get you
15 a copy of this.

16 MR. JONES: Great. Thank you, Mr. Robbins. I
17 appreciate it.

18 All right. I have now gone through all the
19 witness affirmation forms that I have and will call on
20 those people who deferred until the agenda item at the
21 time of the particular agenda item.

22 With that in mind, we will then turn our
23 attention -- well, let me do this first. I would like to
24 thank Senator Barrientos for graciously providing this

1 room to us today. And thank you to both him and his
2 office for doing that.

3 Also, we have several guests with us. Paul
4 Hudson is here from the governor's office.

5 Paul?

6 MR. CONINE: He's back there in the back.

7 MR. JONES: Okay.

8 I can't hear you. That's a pretty small wave
9 there, Paul.

10 You know, he's kind of --

11 Raise your eyebrows.

12 All right. From Senator Lucio's office, we
13 have Stephen Rosales and Perla Cavazos.

14 We're glad to have you all. Thank you so much.

15 We have Julie Street from the House Committee
16 on Urban Affairs.

17 Thank you for being here, Julie.

18 We have Stacy Gunkel from the lieutenant
19 governor's office.

20 Thank you for being here.

21 We have Marcelo Guerara from the Sunset
22 Advisory Commission.

23 Thank you. We appreciate you being here.

24 And Alex Vidales from Senator Shipley's office,

1 thank you for being here.

2 Thank you so much.

3 All right. We will then turn to Item 1 on our
4 agenda, which is Mayor Salinas talking to us about his
5 visit to El Paso.

6 Mayor?

7 MAYOR SALINAS: As you know, in our February
8 meeting, we were in El Paso, and we were approached by
9 about a hundred people that had problems in the colonias
10 as far as Fort Hancock is concerned. They've asked us to
11 follow it back on a meeting that --I asked Chairman
12 Jones -- and if we could follow up on the problems and I
13 would probably take a tour into El Paso and look at the
14 colonia problems. And I did that on July 9.

15 And I met with -- a three-day agenda -- Anibal
16 Oligue, who works for the Department of Housing for our
17 office up in El Paso, which -- I have to say that he does
18 a wonderful job and has had a lot of good comments from
19 the people in El Paso. On Tuesday, we met with the
20 officials of the city of Socorro which we knew that we
21 wanted to see about their projects and about their needs.

22 And sure enough, I understand that there is
23 some developers coming into the city of Socorro as far as
24 building maybe something to 800 lots and also having

1 affordable homes here. And I think that the County of EL
2 Paso has offered about \$11 million to do that affordable
3 home program in the city of Socorro.

4 The following meeting, at 3:15, we met with
5 Alianza Para El Desarrollo Comunitario [phonetic] -- it's
6 a colonia nonprofit -- which gave me an overall about the
7 problems that they have with the colonias in El Paso. One
8 of the problems that I saw was that -- this colonia
9 initiative or -- colonia problem started back into 1986.

10 And one of the problems is that the County of
11 El Paso and Hudspeth County, which is the neighboring
12 county, have never followed the modern rules that were
13 approved by the legislature back in 1986 or '87, maybe
14 simply because -- maybe they didn't think that it was a
15 problem. But it is a problem when it comes to colonias
16 that do not have any water and that do not have any
17 streets and do not have any septic tanks or if people have
18 septic tanks and they have no streets.

19 One of the things is that the [speaking
20 Spanish]. And one of the reasons that these people have
21 formed these nonprofits is because the county has not come
22 forward to help them. So in essence, Alianza Para El
23 Desarrollo Comunitario is a nonprofit, and they take on
24 and do applications. I think you'll see one of them being

1 approved here today, recommended by the initiative that we
2 have with the colonias.

3 We had a very long conversation and got a lot
4 of knowledge about the problems that they have in the
5 colonias. And later that afternoon, we met with the new
6 state representative in [speaking Spanish], who has heard
7 a lot of good comments about the agency in El Paso. As
8 you can see, the agency has done a very good job within
9 the city limits of El Paso. I mean, you have affordable
10 homes, and one of the best projects this agency has done
11 has been in El Paso with the SWAR [phonetic] program and
12 some of the projects that we've done in El Paso.

13 For no means are we criticizing anybody in El
14 Paso. We're just criticizing the initiatives that --
15 nobody has come out to help the rural areas, which is the
16 colonias. You'll find that Huerco [phonetic] is a colonia
17 30 miles away from any water line in the system. I know
18 that Sen. Shipley is probably introducing some legislation
19 to relocate those people, but my recommendation to Sen.
20 Shipley would be just to -- that probably some will move
21 and probably some will stay and you will still keep the
22 problems.

23 And one of the things that I would like to
24 recommend is that the colonia initiatives department talk

1 to the health department and probably do a water system
2 there with a well. It has been done before in other
3 areas, and I think that would be the best thing.

4 The other meeting that we had that same -- that
5 day with Lucente Quinteria was -- one of his comments was
6 that he was very pleased with the agency and that he was
7 willing to come and work together with Ms. Carrington and,
8 also, with the ORCA board as far as trying to bring some
9 help to the people in the colonias.

10 The next day, we toured the city of Socorro,
11 which has a lot of prosperity. And I'm sure that the
12 developers there are looking at that small city for some
13 investments.

14 The next meeting we had, at 11 o'clock or 12
15 o'clock, was the Ayuda [phonetic], a colonia nonprofit
16 organization in Fort Hancock. And those are the people
17 that met us at the city of EL Paso, and those are the
18 people that took me through the tour. And this is -- the
19 first thing we saw was that the people there does not have
20 any electricity, does not have any water and do not have
21 any kind of services at all.

22 And later that day -- well, we took the tour.
23 And they had no pavement. And one of the things that we
24 need to enforce is to send the attorney general a

1 recommendation that he needs to step to the plate, and he
2 needs to start suing some of these developers for doing
3 some illegal subdivisions.

4 And I understand that they have not started any
5 kind of planning department in the County of Hudspeth and
6 Fort Hancock. I know that the County of El Paso has got a
7 one-year plan already that they have been involved in in
8 trying to help. But one of the recommendations that I
9 would ask the people from ORCA board -- and probably a
10 recommendation from us -- is that we go ahead and send a
11 recommendation that -- the county commissioners in
12 Hudspeth County have filed an application to the ORCA
13 board for assistance on these colonias in Fort Hancock.

14 One of the things that I would recommend to
15 this board is to send a letter of support for that
16 project. The governor's office has been very supportive
17 and has said -- and I gave him a name of City Commissioner
18 Brewster to be on that regional review committee. I don't
19 know who else is there, but I know Commissioner Sam
20 Brewster knows the area well.

21 And there was another mayor, out of Vinton, who
22 has also had a lot of problems as far as water systems.
23 And they also need some help from this -- from the ORCA
24 board and, of course, from this agency.

1 We had a tour of all the El Paso colonias and
2 then, later on, met with the county judge of El Paso. And
3 the same thing -- she told us that they had already
4 started the planning department in El Paso a year ago and
5 that they were in the process.

6 But I can see that something is probably going
7 to get done there. I think the last meeting that we had
8 there triggered them to start doing something. They have
9 a great economy. They have four bridges. And you can see
10 why their attitude is toward their economic growth, which
11 is very, very well.

12 And I just think that they -- it's an oversight
13 on their behalf. But I think it's an oversight on the
14 attorney general's office part that -- they need to step
15 to the plate and start filing some kind of lawsuits
16 against developers that are doing illegal subdivisions. I
17 think we needed that some years ago. And I thought
18 everything was going, but I think they're still in that
19 area.

20 We also met with the El Paso County
21 commissioner to talk about La Colonias Park, which now has
22 sewer and water. And I think County Commissioner Teran in
23 El Paso is more than willing to do a lot of help to these
24 colonia areas. And I think that the meeting that we had

1 in February triggered him to work with us. And he told us
2 that anything that he can do to support the initiative of
3 trying to bring everybody water and sewer would --
4 especially lights -- that he is going to be there.

5 And he has also offered that monies for the
6 home -- first-time home buyers over in Socorro. I think
7 the county is -- has about \$11 million that it's going to
8 translate into homes there in Socorro. So he was very,
9 very supportive and said that he's there to help. I think
10 he has been there one term or he's going on his second
11 term, but I think we have a good friend in Commissioner
12 Teran and he will be there for us and help us. Of course,
13 you know, this agency cannot do very much.

14 We also met with the two county commissioners
15 in Fort Hancock in that county, Hudspeth. And they have
16 already applied. One of the reasons is that they don't
17 want to waive the rules for some people that are already
18 there, that have been there for the longest time. And all
19 they need to do is act on the commissioner's court to
20 waive some of those rules so people can get connected on
21 the water and get connected on the lights.

22 I told them that if they would do that, this
23 agency would be more than supportive of sending probably a
24 letter of recommendation to the ORCA board and to look at

1 that project real closely, because I think it's probably
2 one of the worst projects that I've ever seen. And I come
3 from south Texas.

4 So we also met with Michael Wyatt. I also
5 asked him why he has not enforced some of these rules. He
6 works for Texas Rural Legal Aid. He said that their
7 funding was not there for that. So we come back again to
8 work with the attorney general and see what can be done.

9 All I think that -- it was a three-day long
10 trip. Anibal had appointments for us -- for me. Those
11 three days, I worked very closely with him, and I just
12 have to say one thing about that young man. He does know
13 what he's doing, and I think he's going to be a good asset
14 for us for a long time. And he knows the people there,
15 and he knows the problems. So I think now that he can get
16 some kind of guidance from Ms. Carrington as far as what
17 he can do with the ORCA board and what he can do with
18 our -- with Homer that works for our agency.

19 So that's my report. If you all have any
20 questions, I'll be more than glad to answer any other
21 questions.

22 MR. JONES: Any questions?

23 (No response.)

24 MR. JONES: I just have a comment. I -- for

1 those of you that were there at our El Paso board meeting,
2 I think everyone would agree that it was a very, very
3 productive board meeting. And the reason it was, I
4 believe, so productive is because of the mayor and the
5 insight the mayor could give not only the board but, also,
6 the public. And this kind of follow-up I just think is
7 terribly important for us to make progress in some of the
8 areas we so desperately want to.

9 And I just thank you, Mayor, for doing this.

10 MAYOR SALINAS: Sure.

11 MR. JONES: I think the follow-up is even more
12 important than the input you gave at the board meeting.
13 And I think that was just extraordinary and really helped
14 us move forward in many areas. So thank you, very much,
15 for what you've done.

16 MAYOR SALINAS: Thank you.

17 MR. JONES: We really appreciate it.

18 I will then turn our attention to Item 2 on the
19 agenda.

20 Mr. Gonzalez?

21 MR. GONZALEZ: We'll call on Mr. David Gaines.

22 MR. GAINES: Good morning, Mr. Chairman,
23 members of the committee and Ms. Carrington.

24 First, I'd like to clarify the capacity in

1 which I'm speaking. I'm speaking as an interested party
2 and a facilitator of information, not as an auditor or
3 director of internal audit, because the project is not
4 subject to audit at this point, not as chairman of the
5 project's steering committee or on behalf of the project's
6 steering committee, because the committee has not been
7 afforded the opportunity to review and approve the
8 information at this point.

9 So having said that, I'd like to refer you to
10 the first page in your handout of the board materials.
11 This basically just represents a summary example of the
12 GANT chart that's used by the project team in managing the
13 project. The details extend beyond 2,500 lines, and I
14 don't believe you'd like to go into that discussion. The
15 duration start and finish dates that were established
16 toward the end of 2001 need to be updated from what you're
17 seeing in front of you.

18 For discussion purposes, I'd like to turn you
19 to the next page, which is the central database project
20 status report that has been developed by the project team.

21 And it identifies the key project deliverables and
22 milestones. Curtis Howe, the department's newly-announced
23 Director of Information Systems, is going to provide you
24 an overview of this information.

1 Curtis?

2 MR. HOWE: Chairman Jones, members of the board
3 and Ms. Carrington, I'd like to first say that it's a
4 pleasure to represent the information systems division
5 today. We have a talented staff of 19 developers, systems
6 administrators, programmers, a DBA and a web master. And
7 the staff has a wealth of experience in projects of big IT
8 initiatives like the one that we're discussing here today,
9 and they bring that wealth of experience to the project.

10 I'd also like to point out that Walt Vega
11 [phonetic] our project manager, is here with us today.
12 And he is the software development manager and central
13 database project manager.

14 I know you have a very busy agenda today, and
15 so I would like to hit on the very -- I tend to get into
16 very detailed discussions about a project like this. And
17 I --

18 MR. JONES: I think you're going to find that
19 the board members are going to have some questions for
20 you.

21 MR. GAINES: Okay.

22 MR. JONES: So if you would, kind of hit the
23 high points. And then I would like to delve in depth with
24 the questions that the board members have.

1 MR. GAINES: Absolutely.

2 MR. JONES: So if you'll just kind of introduce
3 this, I'll let them chase rabbits.

4 MR. GAINES: Okay.

5 MR. JONES: Thank you.

6 MR. GAINES: The first point that I'd like to
7 point out on this project schedule: This is our first
8 stab at putting together the project status report in this
9 format, and we welcome your comments on this format.

10 We tried to put something together that would
11 tell you what the major components of the system are, when
12 we expect to have those major components delivered or, if
13 they've already been delivered, when they were and the
14 costs and consultant resources associated with those
15 milestones. And I'll use the words milestones or
16 deliverables interchangeably.

17 The one thing that I would like to point out
18 overall about this plan is that we have made a very
19 conscious effort to focus the structure of the central
20 database project and align that with the agency's
21 reorganization. The agency, of course, as you know, is
22 reorganizing along functional lines. And as you'll see
23 later on, in the functional deliverables for this project,
24 the components are built along functional lines, for

1 instance, a fund allocation and contract module that
2 encompasses many program areas much like the structure of
3 the new -- the proposed structure of the new -- after our
4 reorganization.

5 I would also like to point out that on the
6 project plan there are some rooms for improvement. And in
7 addition, we welcome your rooms for -- any suggestions.
8 The key thing here is that when we define a component or
9 module as complete -- I want to be very clear about what
10 that definition means right now and where we need to
11 improve upon that.

12 The -- if we say that a project has been
13 complete or we project it to be complete by a certain
14 date, we mean that we will have gone through a design
15 process for that component, that users will be involved in
16 testing that component, that we'll go through coding of
17 the application and that we'll have a delivered functional
18 product that includes depopulating data from existing
19 systems. That is the definition of completion.

20 What we have left out on this and that we need
21 to do a better job on is, from that point forward,
22 focusing on what it takes to get people to actually begin
23 using the system: The training and the whole functional
24 deployment plan. And in future versions of this document,

1 we will include a separate percentage completion date and
2 a date that we expect users to begin using the system.

3 Having said that, I would like to say that we
4 anticipate being able to align those dates with the dates
5 that we currently have for the delivery of the application
6 by having the functional user team work in parallel with
7 the design team in developing the deployment strategy.

8 The major milestone that I would like to focus
9 on before you ask questions comes -- well, first of all,
10 let me go through -- the first three pages of this project
11 report focus on milestones and components that have been
12 delivered. I could go into detail on those, but I would
13 just like to -- I would just state that you can read
14 through those and get a summary of what has been
15 delivered.

16 The heart of the presentation today is on page
17 4. If you flip to page 4, we talk about the fund
18 allocation and contract module. This is the -- this is a
19 big component which benefits the agency in a number of
20 ways, and we expect to have a delivered product by January
21 2003 for the fund allocation and contract module.

22 To summarize what benefits we gained from that
23 module, the sponsor will be a major milestone. It will
24 allow the agency to track funds from their source to

1 contract through the draw and budget process, it will
2 provide us the ability to track program income and
3 deobligated funds from source to final use, and it will
4 provide the ability to track expiration dates of funds to
5 ensure that funds are used.

6 And this module will apply to many different
7 program areas, including HTF, HOME and, to some extent,
8 LIHTC and Section 8, although those areas have additional
9 needs. The idea behind our design is that we will provide
10 a module that can be used by all areas and all programs,
11 but we focused the development work on one central module
12 that encompasses all those areas. After that point, the
13 project plan covers the deliverables for the following
14 year, which include the application module, a program
15 module and several others which you can read through in
16 the report.

17 Having gone through that overview, I'd like to
18 open it up for any questions.

19 MR. JONES: Thank you.

20 MR. HOWE: You're welcome.

21 MR. JONES: Board members?

22 MS. ANDERSON: Curt, I have a couple of
23 questions.

24 MR. HOWE: Sure.

1 MS. ANDERSON: But first, Curtis,
2 congratulations --

3 MR. HOWE: Oh, thank you.

4 MS. ANDERSON: -- on your designation as
5 Director of Information Systems. I'm also glad to see
6 Walt Vega here today -- who I know is your software
7 development lead manager. I know that this is a very
8 major system for the agency that's going to bring us and
9 our staff a lot of capability.

10 I was interested in your comments on, you know,
11 when a module is complete and when it's sort of not
12 complete, because your definition -- I understand your
13 definition from an information systems perspective. But,
14 of course, what -- I think what the agency staff and the
15 board are interested in is when -- and the legislature and
16 the taxpayers is when -- you know, they think it's
17 complete, I think, closer to the time that people actually
18 start to gain business benefit from it.

19 So I would ask -- you've made reference to
20 updating the project plan. I would ask that the next
21 iteration of the project plan be expanded or whatever we
22 need to do to it to have that be -- as you said, you're
23 going to have your functional teams kind of working in
24 parallel. Let's get all of that documented on the

1 project -- on the Microsoft project plan if we can so we
2 can all see that, because that's really what we're --
3 that's the prize we're focused on. Okay?

4 MR. HOWE: Yes, Ms. Anderson.

5 MS. ANDERSON: Writing the code's important,
6 but getting people using it is really the prize there.
7 And I did feel like the plan was kind of -- needed
8 additional detail in that area.

9 I would also like to request that we see an
10 updated plan in the -- at the September board meeting and
11 that, along with that, we get a real clear sense of these
12 functional areas, which functional areas will be complete
13 by December or January. For example, the fund allocation
14 module that's, as you say, I think is going to be a great
15 capability for the agency, if we need to make -- we need
16 to have that project plan be sure that we're protecting
17 the resources that we need to really deliver that. If
18 you're saying January, let's get the detailed planning to
19 protect the resources to make sure we really have it in
20 January.

21 And if other things -- you know, as you go
22 through that process, if other things need to, you know,
23 get shifted around, you know, the -- take your focus on
24 something that strategic and important and make sure you

1 deliver to it. So if we can sort of hear your plan for
2 how you all intend to do that in September, that would be
3 great.

4 I know those weren't really questions; those
5 were really comments. But I know it is a tremendous
6 undertaking for the agency, and a lot of people -- a lot
7 of Liz Carrington's staff from all over the department
8 were working on it. And I think it's something that all
9 of our communities and constituents -- it's going to make
10 it easier to do business with the agency and, you know,
11 make our record keeping accurate and meaningful. And so I
12 appreciate your work on it.

13 MR. HOWE: Thank you, very much.

14 MR. JONES: Any other questions or input?

15 (No response.)

16 MR. JONES: Thank you, sir.

17 MR. HOWE: Thank you.

18 MR. GAINES: Following that report, you'll see
19 a status of funds report. And this is money in and money
20 out associated with the project. I won't discuss the
21 narrative details that have been provided. We've
22 previously discussed those. But in summary, the first
23 page identifies the sources of funds.

24 And the sources of funds consider only those

1 funds appropriated to the database under the department's
2 capital budget appropriations. The expenditures for the
3 staff's payroll-related costs and the related financing
4 from general appropriations to finance the information
5 services division are not reflected here. And much of the
6 work, of course, is coming from those efforts and those
7 funds.

8 Page 2 highlights the expenditures and
9 obligations of funds through July 31 and the resulting
10 unexpended and unobligated balances as of that date. And
11 that is reported at the bottom of the page.

12 Page 3 highlights the current planned usage of
13 those funds, and these are kind of moving targets because
14 reservation of those funds hasn't been formalized by the
15 steering committee or proposals from the IS division on,
16 Yes, this is how we're going to do it. Those are
17 tentative numbers that are kind of moving back and forth.

18 As the committee -- the steering committee reserves those
19 funds, they'll be designated as such, preliminary plans
20 for the use of those funds.

21 A funds issue not reflected in the status of
22 the report but will be reflected in future status reports
23 is the expected date that funds are expected to run out
24 considering our current burn rate, if you will. And as

1 mentioned at the last meeting, that date is -- was
2 estimated then at March of 2003, which leaves us a six-
3 month time frame that the department and the steering
4 committee and the project committee need to develop
5 strategies on how to continue to make progress during that
6 interim to the new fiscal year, whereby new appropriations
7 kick in.

8 That's -- the board asked for strategies for
9 that in the future, and -- at the last meeting. And the
10 discussion was that we'll work on those, it's on our radar
11 screen, and we'll be providing those as they're determined
12 finalized.

13 There are several other reports that are
14 included with your materials, and I just wanted to bring
15 your attention to them. The first report is on the
16 staffing and projects of the information services
17 division.

18 This gives you an overview of other ISD
19 projects and demands on those resources. As you can see,
20 there's a lot going on in the division besides this
21 project. Curtis Howe plans on discussing this report or a
22 similar report in greater detail with you in connection
23 with the board training that's going to be conducted later
24 this month.

1 Following that report is the schedule that has
2 been established by the project team identifying the
3 estimated time frames and dates that the functional areas
4 of the department are going to need to be available to
5 work with the project team in defining the system
6 requirements. These are moving dates, as we haven't
7 received final input from the functional user team as to
8 whether these dates are acceptable or if it's going to
9 work into their schedules.

10 Also, expect possible further changes as the
11 reorganization settles down and we have new leaderships.
12 Right now, we're getting consensus on this date or that
13 date, but a few weeks from now, we may be dealing with
14 other parties. And that's probably something we need to
15 develop in that strategy on trying to --

16 MS. ANDERSON: That's why I --

17 MR. GAINES: Absolutely.

18 MR. JONES: Surely.

19 MS. ANDERSON: That's why this updated base-
20 line project plan is -- that makes it even more important.

21 You know, if you don't have a plan, any road will get you
22 there. And we just have to get it in as much detail. And
23 I know that we're talking about taking busy people out of
24 things they're doing on a day-to-day basis to make the

1 investment in planning, but this is what makes large
2 technology projects succeed.

3 And if you -- and it's the only way I know of,
4 also, to know how you're staging the resources, both the
5 human resources and the financial resources, to hire the
6 contractors that we're using that are helping us so
7 important -- playing major roles in helping us build it.
8 It's the only way to get all those pieces.

9 MR. GAINES: Absolutely.

10 MS. ANDERSON: And so I just ask that we -- and
11 I would ask Ms. Carrington to the extent possible to
12 support, you know, Curtis and Walt and David in
13 getting -- in taking the time necessary in the next 30
14 days or so to get -- let's get a real base-line plan
15 updated so that you all can all say, you know, We're
16 comfortable with this, and we're -- we can make this
17 happen.

18 MR. GAINES: And that's very challenging for
19 the reasons you spoke to. And many Number One priorities
20 in the department are demanding the same resources we need
21 to move forward on this project.

22 MR. JONES: Just remember to tell them, though,
23 that if they help now, they won't need to complain about
24 the system later after it's built.

1 MR. GAINES: The system will correct everything
2 else, yes.

3 MR. JONES: Yes.

4 MR. GAINES: Yes.

5 Now, that's, from 50,000 feet, where we're at.

6 And we welcome input going forward in the future. Are
7 there any questions you have at this time?

8 MR. JONES: Board members, input, questions,
9 anything else?

10 (No response.)

11 MR. JONES: Thank you so much.

12 MR. GAINES: Thank you.

13 MR. JONES: We appreciate it.

14 All right. We will then move to Item 3 on our
15 Agenda, the Audit Committee.

16 Mr. Gonzalez?

17 MR. GONZALEZ: Yes. And we'll probably call on
18 David Gaines again just to summarize some of the stuff
19 that he presented today -- just a quick summary. But we
20 did meet earlier.

21 And, David, we'll let you --

22 MR. GAINES: Thank you, Chairman.

23 MR. GONZALEZ: -- discuss the items.

24 MR. GAINES: And good morning again.

1 The first item on your agenda is the status of
2 prior audit issues. If I provide too high a level of a
3 summary, please let me know, and we can drill down on any
4 particular issue.

5 MR. JONES: Great.

6 MR. GAINES: But there's basically two reports
7 in your handout materials. The first report summarizes
8 all the issues relating to HOME; this was done pursuant to
9 a request by one of the board members at the last meeting.

10 And then the second report are all of the outstanding
11 issues, including the HOME issues.

12 First, I'd just like to kind to give you an
13 overview of where we're at with this, a bird's eye view on
14 resolving these prior audit issue reports. Since the last
15 status update, nine issues have been resolved or otherwise
16 implemented or -- implemented or otherwise resolved.

17 Another 21 issues the department is currently working on.

18 Eight of these issues relate to the HOME
19 Program. And of those eight, two have been considered
20 cleared by HUD. One the department is in disagreement
21 with and is presenting additional information to HUD for
22 consideration, which we hope will be acceptable to HUD.
23 And five of those HOME issues are continuing to be worked
24 on by management.

1 Another four of the issues relate to
2 accounting. And three of those relate to close-out
3 procedures and accounting and reporting information that
4 will be done in connection with the annual financial
5 report, and we believe those issues will be taken care of
6 during this reporting cycle.

7 The fourth issue relates to the integration of
8 multiple accounting systems' sources of information, and
9 that's an ongoing issue; the central database will deal
10 with a lot of that. But this is also a subjective
11 evaluation by the auditors, and we believe maybe this will
12 not be a recurring comment.

13 Three of the issues that are outstanding relate
14 to these monitoring-related considerations affecting all
15 departments, and these are the ones -- there was a lot of
16 attention focused on these the last meeting. They've had
17 repetitive extensions on the target dates. They've been
18 around for quite awhile.

19 Since the last meeting, Ms. Carrington has
20 assigned a focal person, a point person, responsible for
21 seeing these to move forward. I believe us lacking that
22 is exactly the reason these have continued for as long as
23 they have. And with someone assigned that responsibility,
24 I believe we'll be making progress going forward with

1 those.

2 In addition to those items, that bird's eye
3 view, on the status of prior audit issues, there is one
4 other HUD issue. They've informed the department that we
5 are not properly accounting and tracking program income on
6 the HOME Program. It's not reflected on this report as
7 it's not so much the result of an audit -- and this is
8 prior audit issues -- however, going forward, I believe
9 I'll include that issue as a means for tracking and
10 reporting.

11 The department has received reimbursement from
12 the subject sub-recipient on program income on that
13 particular issue and is in the process of assessing the
14 completeness of the amount that has been reimbursed. The
15 department has also developed draft policies and
16 procedures on how to ensure proper posting to IDIS going
17 forward in the future.

18 At a very high level, that's the current status
19 of the prior audit issues. And I'll be glad to drill down
20 on any particular issue you might have further interest
21 in. We did discuss the HOME issues in greater detail
22 during the Audit Committee this morning, and I believe the
23 committee was generally satisfied with the progress.

24 MR. JONES: I enjoyed watching the meeting.

1 I'll say that.

2 Ms. Anderson?

3 MS. ANDERSON: Yes. We -- I really want to
4 commend David and the staff that has worked with him on
5 the management issues around these -- this series of
6 audits where we have open items, as these are very
7 complicated issues. They're -- you know, there are lots
8 of moving parts to them.

9 And you have made a dramatic amount of progress
10 both since Ms. Carrington has arrived to lead our agency
11 and, even more recently, since the Audit Committee
12 meeting, I think, we had maybe in June. So you and your
13 team are to be commended for the progress that you're
14 making -- along with the rest of the leadership of the
15 agency that is working with you to settle these things.

16 MR. GAINES: Yes, ma'am.

17 MR. JONES: And I would like to just commend
18 the Audit Committee because we're making progress.

19 MR. GONZALEZ: Finally.

20 MR. JONES: Thank you all. Thank you all, very
21 much. I think the leadership of the Audit Committee has
22 been very helpful for the board, and thank you for that.

23 MR. GAINES: The committee also discussed the
24 results of the recent payroll audit completed by the

1 department's internal auditing division. And for this
2 particular item, I just wanted to bring to the attention
3 of the board that the report is distributed pursuant to
4 the Texas Internal Auditing Act of the Governing Board to
5 the Governor's Office of Budget and Planning, the
6 Legislative Budget Board and the Office of the State
7 Auditors. So when they start calling you, you'll be not
8 surprised.

9 But on this report, I don't expect any phone
10 calls. It was a successful report. The controls are
11 generally in place to ensure proper delivery of payroll,
12 compliance with laws, regulations and reporting
13 requirements.

14 There were a couple of control conditions noted
15 relating to access to the payroll system and separation of
16 duties within the payroll office; while management did
17 have compensating controls in place to mitigate the
18 potential adverse effect of those weaknesses, those
19 compensating controls were not being documented. I feel
20 confident that they're happening, and management has
21 agreed to document them going forward for audit purposes.

22 We're generally receptive to other issues and
23 recommendations noted in the report and are in the process
24 of correcting those conditions.

1 MR. JONES: Are we paying the board members
2 right?

3 MR. GAINES: About as right as the Director of
4 Internal Audit.

5 (Laughter.)

6 MR. JONES: Oh. You don't make -- we don't pay
7 you anything, either? Is that right? Oh. I didn't know
8 that. David, I appreciate you a lot more than I thought I
9 did.

10 Did you know that David doesn't make anything?

11 MR. GAINES: No. I do think I have an
12 advantage to the board in that respect.

13 (Laughter.)

14 MR. JONES: All right. Anything else?

15 (No response.)

16 MR. GONZALEZ: Good job, David.

17 MR. JONES: Yes. Thank you, sir.

18 MR. GAINES: Thank you.

19 MR. JONES: We appreciate it.

20 Thank you, Mr. Gonzalez.

21 All right. With the board's permission, I
22 would then like to turn our item -- our attention to Item
23 5 of the agenda, which is the presentation, discussion and
24 possible approval of financial items. It has been

1 suggested by staff that that is probably the best way to
2 take that.

3 What I would like to do, since we have so many
4 speakers on these agenda items, is to go ahead and let
5 staff make the recommendations in toto with regard to
6 Items (a), (b) and (c), if we could, in a summary fashion,
7 and then let us hear from the speakers on Item 5. Okay?

8 Mr. Onion, if you could, in summary fashion,
9 give us your recommendations. And then I would like to
10 allow the speakers to give us public comment because there
11 may be further questions from Board members after we hear
12 the public comment.

13 MR. ONION: Sure. Yes, sir.

14 MR. JONES: Thank you.

15 MR. ONION: Good morning, Chairman, Board
16 members and Ms. Carrington. The way I'm going to present
17 this is -- I've provided you with a package on the bond
18 transaction, who the bond purchaser is, the amounts, et
19 cetera. So I'm going to go straight into what the issues
20 are.

21 The issue is that the property is located in
22 the city of Dallas --

23 MS. CARRINGTON: Robert, would you state the
24 name of the property, please?

1 MR. ONION: Yes. Clarkridge Villas.

2 MS. CARRINGTON: Thank you.

3 MR. ONION: The --

4 MR. JONES: Well, let me by way of
5 introduction, if I could, because -- I would like to
6 handle this in a certain fashion and an orderly fashion
7 because I want public comment to be able to be as
8 meaningful as possible. The staff is recommending
9 three under Agenda
10 5 --

11 MS. CARRINGTON: Two.

12 MR. JONES: Okay. Two.

13 MR. CONINE: Two.

14 MR. JONES: Okay. I understand. Okay. I
15 understand, yes. Let's take (a) and (b). Okay?

16 The staff's recommending both the Clarkridge
17 Villas apartments and the Wheatland apartments. Correct?

18 MR. ONION: Yes, sir.

19 MR. JONES: Okay. Thank you.

20 MR. ONION: Again, the issue is the property's
21 located in the city of Dallas; however, if the project is
22 built, the students that would be occupying those units
23 would be going to the city of Duncanville. What I wanted
24 to point out to you is the zoning of the property.

1 (Pause.)

2 MS. CARRINGTON: Upside-down, Robert.

3 MR. ONION: It's upside-down?

4 (Pause.)

5 MR. ONION: As soon as the screen comes down,
6 it'll be a little clearer. But the property is already
7 zoned Multifamily 1. I want to draw your attention to the
8 distinction. It's the overlay of the SAH; that stands for
9 Standard Affordable Housing. And what that does
10 is -- the City of Dallas has not only said that, What we
11 want to see on that particular site is multifamily; We
12 want to see affordable housing on that site.

13 You did receive a letter from Mark Housewright,
14 a city council member who is opposed to the project. I
15 can only assume that he was not a council member at the
16 time this property was zoned.

17 Another thing I wanted to point out is that --
18 I was looking to see just how many bond or LIHTC
19 properties --

20 Please help me there because this is upside-
21 down.

22 -- are located in this particular area. What
23 you see are four properties. All four properties are
24 located in west -- east of Duncanville and do not impact

1 the Duncanville school district. Now, I'm not going to
2 tell you that that's the only affordable housing that's
3 there; once I get into the development portion, I will
4 also point out some other properties that are deemed
5 affordable.

6 There are two properties. And if I could use
7 this -- let me --

8 (Pause.)

9 MR. ONION: I'm sorry. I -- you have Parkridge
10 Apartments, and you have Austin Bluff Apartments. Austin
11 Bluff Apartments was developed by a nonprofit
12 organization. They did not use bonds, they did not use
13 tax credits. They did a 221(d)(3) with HUD. They do have
14 set-aside restrictions of 40 percent at 60 percent of area
15 median income, 75 within that 75 at 80, and the balance at
16 market.

17 The other property, which is Parkridge
18 Apartments, is currently under construction; it's across
19 the street from the subject property. And with some
20 difficulty, I found out that the owner of the property is
21 the Dallas Housing Authority. Now, I have not been able
22 to confirm exactly what type of affordable housing they
23 plan on developing there, but it is under construction,
24 and it will have some affordable component to it.

1 I think that the real issue here is that the
2 jurisdiction for the zoning is with the City of Dallas.
3 And it is zoned, and it is legally permissible. I also
4 want to point out that there are some escarpment issues on
5 the site which cause a very low density for the number of
6 units; only ten units per acre can actually be placed on
7 this site. So it's a very low impact for that particular
8 site.

9 The developer applicant will be paying full
10 taxes. This is not a CHDO exemption or a property tax
11 exemption.

12 The other affordable housing that's in the
13 area -- that is a limited amount. I know that several
14 months ago, there was a group of concerned neighbors who
15 said that they had shouldered more of their fair share of
16 low-income housing tax credits and bonds. And the best
17 that I could find out in Duncanville is that these two
18 affordable properties are the only ones that we're aware
19 of.

20 We also learned from the last meeting that we
21 all know that apartments do not pay from taxes the amount
22 that's necessary to educate one student; that really comes
23 from retail, commercial or manufacturing. The situation
24 here is that there is not retail and manufacturing at this

1 point. I think a lot of the neighbors would hope that
2 we -- that somebody would develop retail before the
3 apartments. However, we all realize that retail and
4 commercial looks for roof tops before they locate in a
5 particular neighborhood.

6 Based on these issues, I'm willing to recommend
7 and the staff is willing to recommend Resolution 02-038 in
8 the amount of 14 million-six, which is slightly less than
9 what's in the application. And if you have any questions,
10 feel free to ask me.

11 I did want to read into a letter we did
12 receive -- read into the record a letter we did receive on
13 August 6 from Royce West, State Senator: "Dear Mr. Jones.
14 Today, I'm writing in regard to the bond allocation for
15 the Clarkridge Villas proposal to build multifamily
16 housing in my district at the corner of Clark Road and
17 Clarkridge Drive.

18 "Due to the overwhelming opposition exhibited
19 by numerous calls and letters to my office, as well as
20 public testimony at the public hearing held in Dallas, I
21 am asking that you decline to approve this allocation that
22 is vehemently opposed by the surrounding community. In
23 addition, I have also received input from many elected
24 officials opposing this proposal.

1 "I remain a staunch supporter of the affordable
2 housing and look forward to working with you to promote a
3 system that will be amenable to homeowners, tenants and
4 developers alike. If you have any questions regarding
5 this letter, please contact my office."

6 Also, there was a letter received by Chairman
7 Jones, and it is from Kenneth Mayfield: "I am writing in
8 support of the citizens of Duncanville who are opposed to
9 the above referenced project. As County Commissioner for
10 District 4 of Dallas County, Duncanville is located within
11 my jurisdiction.

12 "It appears from reading the newspaper and
13 talking with Mayor Glenn Repp and others that they raise
14 some legitimate issues. I hope you will do all you can to
15 respect the wishes of the citizens of Duncanville. It
16 does not appear that this project should be approved."

17 And, also, I wanted to make a correction. The
18 resolution -- instead of being 38 and 39, it -- or 32, it
19 is 02-37.

20 Does the board have any questions?

21 MR. JONES: Thank you. I'm sure we will as
22 time goes by. So I wouldn't leave if I were you.

23 MR. ONION: Okay.

24 MR. JONES: If you can stay with us, we'd

1 appreciate it.

2 We've heard of Mayor Repp.

3 Mayor Repp?

4 MAYOR REPP: Yes?

5 MR. JONES: Would you speak to us?

6 MAYOR REPP: Chairman, members and Mayor
7 Salinas, good morning. My name is Glenn Repp; I am Mayor
8 of the City of Duncanville. Thank you for giving to us
9 another opportunity to appeal to you on behalf of the
10 citizens of southwest Dallas County. Our comments today
11 apply similarly to Agenda Item 4(a), as well.

12 I begin by stating affirmatively that we are
13 not opposed to affordable housing projects, nor are we
14 opposed to the Southwest Development Corporation; we
15 understand that they are quality builders and model
16 members of the community. We have seen the Primrose Oaks
17 property for senior citizens and would gladly open our
18 doors to such a development.

19 What we are opposed to, and we believe for
20 valid reasons, is the specific project known as Clarkridge
21 Villas, a 256-unit multifamily residential rental
22 development. The City of Duncanville did not become aware
23 of the hearing of 23 July until I was alerted by a letter
24 from Senator Royce West dated 15 July. The short notice

1 and hearing venue selected did not provide opportunity for
2 many nearby and interested residents to participate.

3 I would like to, if you don't mind, please,
4 sir, to ask that you -- I would like to let you see a
5 broad representation of people from southwest Dallas
6 County that have accompanied me today and traveled.

7 If you all please will, stand.

8 (Pause.)

9 MAYOR REPP: We have city council members,
10 school board members, chamber of commerce members and
11 senior citizens. And we're also honored to include among
12 our members Mr. Bill Fahey, former catcher for the Texas
13 Rangers.

14
15 Facilities with sufficient capacity were
16 available in the city of Duncanville, but we were never
17 contacted, contrary to statements made in the official
18 transcript. It is our belief that the Clarkridge Villas
19 developers were at best misleading in their presentation
20 and in their orchestrated testimony at the hearing. I
21 believe that you can agree with me after having read the
22 transcript of the testimony and a preponderance of the
23 correspondence you received that emphasis was continually
24 directed toward a Primrose senior citizen project.

1 I would introduce for the record at this time
2 the letter already mentioned from the Honorable Mark
3 Housewright, Dallas city council member for the district,
4 in which he indicates that his earlier letter presented in
5 evidence in support of the project was misused by the
6 proponents. And he now opposes the use of state bond
7 financing for that project.

8 Further, Mr. Alan Simms, City Manager of Cedar
9 Hill, Texas, whose letter was introduced in evidence in
10 support, told me personally the following day, July 24,
11 that he was chagrined that his letter was used in a
12 misleading way. He only indicated support for the
13 Primrose project because his mother was a resident of a
14 Primrose, and he was not suggesting that he was in support
15 of the subject project.

16 I would also enter into the record letters
17 which the board chairman has already received from Senator
18 Royce West, which has been read, and Dallas County
19 Commissioner and President of the National Association of
20 Counties, Kenneth Mayfield, as well as a separate letter
21 which you have not yet received from our senator, Jane
22 Nelson, recommending disapproval of financing for this
23 project.

24 I will not at this time repeat my testimony of

1 23 July, but I do introduce into the record my letter of
2 22 July to Sen. West, copied to Mr. Robert Onion, Director
3 of Multifamily Finance, in opposition.

4 In conclusion, it is our contention that the
5 citizens of Duncanville and southwest Dallas County have
6 been shabbily treated and, along with this board, misled
7 by Southwest Housing Development. It is our respectful
8 request that the board in all fairness delay any decision
9 on this project for 90 days and allow our citizens time to
10 analyze the financial and factual data submitted by
11 Southwest Housing in rebuttal and to determine the full
12 impact that this development will have on the extremely
13 fragile socio-economic structure of southwest Dallas
14 County.

15 Thank you, very much, for your time.

16 MR. JONES: Thank you, Mayor.

17 MAYOR REPP: And May I present you with these
18 letters?

19 MR. JONES: Yes, you certainly may. You can
20 give them to Delores; she'll take care of them for you,
21 Mayor. Thank you so much.

22 Our next speaker is Mr. Gary Fisher.

23 MR. FISHER: Thank you for giving me this
24 opportunity. My name is Gary Fisher. I've lived in

1 Duncanville for over 20 years. On a professional basis,
2 they've asked me to speak today because during my time
3 at -- living in Duncanville, I have been also
4 professionally involved in real estate for over 22 years.

5 I have a master's in business from Southern
6 Methodist University. Although it is a master's in
7 business administration, I worked as a graduate assistant
8 for the chairman, Robert Harvey, and I worked for the
9 Corrigan chair in real estate, Dr. Bill Brugeman
10 [phonetic]. In that time, they gave me the option because
11 I had more hours, because I went to the university with a
12 CPA and worked for Coopers and Lybrand, than anyone
13 graduating with a master's in science and real estate.

14 Subsequent to that graduation, in those 22
15 years of development, I've won two national design awards
16 in development predominantly in senior housing, and I've
17 developed over \$100 million in multifamily housing. I was
18 a partner with the Trammell Crow residential company for
19 in excess of five years, and included in my
20 responsibilities was to look on a national level for the
21 potential for developments within our national market
22 offices.

23 Within that, I would like to just tell you that
24 our concerns and my concerns specifically are several. If

1 you look at that proposed design, not being
2 multifamily -- we have no question about its appropriate
3 use for multifamily. But within that design, we'd like to
4 share with you that it -- as stated earlier, it is
5 developed on both sides of Clark Road.

6 We'd like to show you both that development and
7 Clark Road because if you haven't been there -- Clark Road
8 is a six-lane divided highway. They're proposing on the
9 west side of their development a swimming pool. They're
10 proposing on the east side of the development additional
11 housing opportunities, and they say that the individuals
12 will be shuttled back and forth to the property.

13 Their proposed two-, three- and four-bedroom
14 units could have a potential just based on fair housing to
15 the extent of 752 children living in that development.
16 That's impossible, to shuttle 752 children back and forth
17 across a six-lane divided highway. The cars on that road
18 go over 50 miles per hour.

19 That road also is the only road with north
20 accessibility to Dallas; you have the reality that
21 Interstate 20 is located just to the north, but you have
22 no access for people living in that area to access
23 Interstate 20. But if you do want to go north, you only
24 have that one direction to go. So even the proposed

1 development will increase the risk of traffic.

2 Second, we had some concerns -- although we
3 didn't have a chance to see it today, but -- related to
4 the economic study performed by the professors from the
5 University of North Texas. It does say that their
6 market -- in looking at demand or -- for individuals up
7 to \$45,000 in income, we understand it's a bond
8 transaction and will be limited by rent ceilings of 50
9 percent of the median income. And that certainly exceeds
10 that limit.

11 Likewise, they say that only one out of every
12 two household units will be anticipated to be impacted by
13 their development. That certainly exceeds their economic
14 limits.

15 We would like to tell you that we do know that
16 they are correct in telling you, although the economic
17 development study you received couched it this way, at
18 present, there are no affordable housing --

19 MR. JONES: Excuse me. Your time is up. If
20 you could, wind up for us, sir.

21 MR. FISHER: Okay.

22 They said at present, there are no affordable
23 housing units located within three miles of the proposed
24 Clarkridge site. There are 248 units that are Dallas

1 Housing Authority units that are being developed; those
2 units will have a potential based on fair housing,
3 according to what they've told us construction wise, of
4 616 children that will be attending the Duncanville school
5 district. And that was not intended in any of the
6 financing that we've planned for our school district.

7 Thank you so much.

8 MR. JONES: Thank you, sir.

9 MR. FISHER: Thank you.

10 MR. JONES: Mr. Kent Cagle, the City Manager of
11 the City of Duncanville?

12 MR. CAGLE: Yes, sir. Chairman Jones and Board
13 members, thank you. I would like to talk about the
14 inadequate city services that are provided in this area.

15 Currently, Dallas provides no ambulance service
16 to this area of Dallas; the city of Duncanville is the
17 first responder. The nearest Dallas fire station is about
18 two-and-a-half miles away, and it has no ambulance, only
19 an engine. We are the first responder. When people in
20 this area call 911, it's a Duncanville ambulance that's
21 going to show up. And we're beginning to have a problem.

22 We've been happy to support these Dallas areas
23 with our services for a long time, but in the last year,
24 almost 25 percent of our total EMS calls were into Dallas.

1 There's going to come a point in time where we can no
2 longer continue to provide the service, and I don't know
3 if Dallas is going to be, either; I think their financial
4 problems are well known now, and they have no planned new
5 fire stations in this area.

6 Also, with the issue of parks, Dallas only has
7 one small neighborhood park in this area; it's
8 approximately two-and-a-half miles away. All of the
9 regional parks in this area are provided for Dallas
10 residents by the City of Duncanville and by the City of
11 Cedar Hill. Our residents are now being crowded out of
12 these parks by the growth in Dallas, and, once again,
13 Dallas has no other planned parks in this area.

14 Our police department provides police service
15 to the ninth-grade school, the Duncanville Independent
16 School District, which is in Dallas, because Dallas does
17 not provide police services to that area.

18 Also, with respect to the issue that you saw on
19 Clark Road, we believe there is a safety problem there.
20 Just south in the city of Duncanville city limits last
21 year, our department wrote 292 tickets for speeding. And
22 this is without our traffic department because we've had
23 to pull people out of there. When we have our traffic
24 enforcement going in, we'll write many more tickets.

1 But 174 of those tickets were for 11 to 15
2 miles over the speed limit, and 58 were for 21 miles per
3 hour over the speed limit. And when you see -- when
4 people heading north out of Duncanville hit Clark Road,
5 this becomes a speedway here, north of Spur 108.

6 I can assure you that the speed limits in this
7 area are in excess of 60 miles an hour. And when people
8 hit the Duncanville city limits, they know there's not --
9 it's highly unlikely that there's going to be a Dallas
10 police officer in this area. So the children crossing the
11 road are going to be at great risk.

12 Also, DART provides minimal service to this
13 area. If these -- if the people that live in these
14 projects need to go to work in north Dallas, they're
15 probably be able to catch DART. If they need other
16 services to shopping, to doctors or to anything else, it's
17 most likely going to be outside the DART service area;
18 they might be able to make a trip, but it's probably going
19 to take them all day on DART.

20 This is a very under-served area by DART. DART
21 also has financial problems. I doubt they'll be
22 increasing services in this area any time soon.

23 Lastly, I would like to conclude, in my
24 discussion with Mr. Onion -- and as he said today, his

1 concern was for the property rights of the property owner.

2 It is zoned for that. And we believe that if that
3 property owner wants to develop it in apartments, that is
4 his right; we just object to the state level of funding.

5 I believe the mission statement is, To help
6 Texans achieve an improved quality of life through the
7 development of better communities. And we do not believe,
8 even though this has the appropriate zoning, putting this
9 affordable housing unit in this area achieves your mission
10 statement. Thank you.

11 MR. JONES: Thank you, sir.

12 Mr. David Bates?

13 MR. BATES: Good morning, ladies and gentlemen.

14 And thank you for the opportunity to speak.

15 I now speak as a new tenant in this new outfit;
16 I'm blessed with a brand-new apartment for me and my
17 family. I can afford the rent, and things are finally
18 looking up. And it's in one of the best school districts
19 in the state. Of course, the complex is stuck out on the
20 far end of nowhere; I don't own a car, and DART service
21 will be iffy at best considering its current problems.

22 Come to think of it, the nearest grocery store
23 is more than two miles away, and no doctors, no dentists
24 and no lawyers -- that might not be bad --

1 (Laughter.)

2 MR. BATES: -- are within a reasonable
3 distance.

4 MR. JONES: Boy, you just persuaded me. I
5 guarantee you I'm on your side.

6 (Laughter.)

7 MR. BATES: And the same thing goes for any
8 kind of shopping. The Duncanville library and the library
9 that the City of Dallas has on Mountain Creek Parkway are
10 too far away to be of any real use. The same for the
11 parks and recreational facilities. Churches? Where am I
12 going to worship, and where are my kids going to go to
13 Sunday school? Day care for the little ones? It's miles
14 away.

15 As I said, the schools are great. And there
16 will be school buses, but what about our after-hour
17 events? And how will I get to the school if and when I
18 want to go there?

19 There's no job market in Duncanville, so I'll
20 have to go to Dallas or further to find employment. And,
21 again, like it has been mentioned earlier, I'll have to
22 depend on DART, which really doesn't go where I need to
23 go. And if it hits a few of the spots, the schedule
24 leaves much to be desired.

1 As the previous speaker said, I can get an
2 ambulance to Charlton Methodist Hospital in an emergency.

3 But to get there any other way or for any other purpose,
4 it might as well be on the moon. But I am blessed with a
5 brand-new apartment for me and the kids.

6 And any time I have left over I'd like to give
7 to Dr. Jerry Cook. Thank you.

8 MR. JONES: Thank you, sir.

9 Ms. Kathryn Thompson?

10 MS. THOMPSON: Good afternoon, ladies and
11 gentlemen. I'm Kathryn Thompson; I'm treasurer of the
12 homeowners association in Duncanville and, also, a member
13 of the library advisory board there in Duncanville. And
14 I'm here to speak on behalf of this situation.

15 And my concern is: How will this impact
16 Duncanville with the traffic, without education, the
17 library and, of course, with the fire and police
18 departments, as has been stated already? Will there be
19 additional revenues coming in to support the staff of the
20 library? We know we'll have additional students coming
21 in.

22 How will this affect us? I would like for that
23 to be a consideration when you consider this. Thank you.

24 MR. JONES: Thank you.

1 Mr. Peter Thorne?

2 MR. THORNE: Hello. And thank you, Board and
3 members, for the opportunity to be here. My name is Peter
4 Thorne. I'm the -- I work at the International
5 Linguistics Center, which is about only 1,000 feet away
6 maybe from the nearest point of this Clarkridge Villas
7 development project, and I've worked there for 20 years.
8 I'm educated in civil engineering and have operated in
9 that fashion for about 20 years there in helping to
10 develop our campus.

11 The issue that I'd like to bring to your
12 attention this morning is the escarpment issue. I've had
13 to develop plans according to the Dallas city escarpment
14 code and meet with their escarpment committee and to
15 provide good engineering solutions for the surface water
16 flow on our property in building three detention ponds and
17 working with the water flow and working with foundation
18 preparation for the buildings that are built.

19 And I think that from looking at a proposed
20 site plan for this Clarkridge Villas project, I don't see
21 any detention ponds or work to handle the surface water
22 flow on their drawing. Now, I don't know actually myself
23 what plans are in place for those, but I'm concerned that
24 there's nothing that should appear on the site plan

1 drawing.

2 As well, I would be concerned for the type of
3 structures they're going to build. Since some of them
4 might be three-story, they need special provisions to
5 build in that escarpment-similar area.

6 And I'm just asking you today to take your
7 opportunity to stall that project and to give time -- by
8 not approving the bond issue today, to give time for the
9 cities who are working on this project to provide
10 services, the time that they need. My opinion is that
11 they need more than a year to do the proper study and
12 planning that's needed to do proper escarpment compliance
13 work and, also, to handle the other issues of the school
14 district problems and the transportation problems which --
15 I would like to see time given to widen Camp Wisdom Road.

16 There's a plan that's in place that Dallas has
17 had for a long time. It's not in the current bond issues
18 for Dallas, and -- they bring that up every three years, I
19 believe. But I think that that project of widening Camp
20 Wisdom should get in place approximately the same time
21 that permission is given to go ahead with development for
22 these apartments. Thank you, very much.

23 MR. JONES: Thank you, Mr. Thorne.

24 With that, we're at 12:15. Board members, I

1 would suggest that we recess for lunch. I know that we've
2 got a full agenda. Would 45 minutes be enough for
3 everybody? Any objection?

4 (No response.)

5 MR. JONES: Hearing no objection, we will then
6 recess for 45 minutes and try to start again at 1:00.

7 (Whereupon, at 12:15 p.m., this meeting was
8 recessed, to reconvene at 1:00 p.m. this same day,
9 Thursday, August 8, 2002.)

A F T E R N O O N S E S S I O N

(1:15 p.m.)

MR. JONES: I would like to call the meeting back to order. And we are still on Item 5 of the agenda.

Ms. Carla Fahey?

MS. FAHEY: Good afternoon, Chairman Jones and Board members. My name is Carla Fahey, and I live in Dallas, Texas. I'm one of the few here who live in Dallas and, also, have loved -- love the Duncanville ISD school district. As a former school board member, that of six years, I know the impact, the huge impact, that this development will bring upon our school district. However, this afternoon, I would like to speak to you about city service issues, having lived in Dallas for 25 years.

The children who would be living in the development -- if they have a library assignment and go to the Duncanville library and wish to check out a book, they will have to pay a fee. For Duncanville residents, it's free; for Dallas residents, a fee. A similar situation with our recreation center. It's a huge, wonderful community center; however, I'm not even allowed a membership. So that's something to consider with the family and children issue.

Also, the safety issues, that of the fire

1 department and police services. Last summer, I received a
2 bite from a snake. Being home alone in Dallas, I called
3 911, and it was Duncanville who came to my rescue.

4 However, my husband, a few months later, had an
5 accident in Duncanville and was aided by a Duncanville
6 police officer, who said, Well, yes, I'll take you home.
7 "Okay. I live right around the corner." Well, that was
8 Dallas, so the Duncanville police officer could not even
9 make that journey around the corner.

10 Another small issue but a big issue in our
11 neighborhood is our streets. Somehow, that sector of
12 Dallas, I think, is overlooked. We have huge sink-holes
13 on the main feeder street into our neighborhood -- not
14 pot-holes, but sink-holes. I think these are safety
15 issues. I think these things should be considered when
16 you're thinking about putting that amount of family and
17 children into that small area.

18 Thank you for your time.

19 MR. JONES: Thank you.

20 Mr. Bill Fisher?

21 (No response.)

22 MR. JONES: Mr. Fisher?

23 MR. FISHER: I'm here.

24 MR. JONES: Thank you, sir.

1 MR. FISHER: Thank you. Mr. Chairman, can I
2 approach? I've got some things.

3 MR. JONES: Certainly.

4 (Pause.)

5 MR. JONES: Thank you.

6 MR. FISHER: I also have for the record, Mr.
7 Chairman, over 200 signed petitions by low-income
8 residents of Dallas in favor of this project, the
9 Wheatland Villas.

10 MR. JONES: Thank you. When you say, "Over 200
11 petitions," do you mean over 200 individual petitions with
12 more signatures than that on them, or 200 signatures?

13 MR. FISHER: 200 individual letters specific to
14 Clarkridge and Wheatland.

15 MR. JONES: Thank you, sir.

16 MR. FISHER: Mr. Chairman and Board members, my
17 name is Bill Fisher; I am the Vice-president of
18 Development for Southwest Housing, the applicant. And I
19 appreciate the opportunity to speak to you today.

20 I want you all to keep in mind one number, just
21 one number: Zero. The number is zero. Zero is the land
22 use issues open on this site. This site is zoned under
23 the jurisdiction of the City of Dallas. It is zoned
24 specifically for affordable housing. It's not just MF;

1 it's specifically for affordable housing.

2 Street safety issues? In Mr. Potashnik's
3 desire to make the project better and a lower density for
4 everyone involved, all the stakeholders, he has spread his
5 buildings out over 26 acres on two sides of the street.
6 So to the extent there's a safety issue, I believe, on
7 behalf of the company, I can represent to you we will
8 simply put all of the buildings on one side of the road.

9 There's plenty of land, almost 19 acres, over
10 there. And the current zoning will accommodate the number
11 of units planned. So to the extent that that's a concern
12 of the board, it should not be.

13 The jurisdiction of the City of Duncanville on
14 this project is zero. The City of Duncanville is not
15 involved in this project; our services are provided by the
16 City and County of Dallas.

17 We agree the school district has jurisdiction
18 over our site. The school district has made zero efforts
19 to de-annex this property or resolve the land use issue
20 with the City of Dallas; they simply come forth and
21 attempt to prevent the lawful use of the property. Zero
22 is the attempts they've made to not be involved in this
23 particular site.

24 The publicly available information regarding

1 any position that the Duncanville schools are overburdened
2 or doing more than their fair share is zero. It's zero.
3 I put in front of you publicly available information on
4 both the Dallas Independent School District and the
5 Duncanville Independent School District. Their high
6 school has a below-average student/teacher ratio; the
7 entire district has a slightly-below-average
8 student/teacher ratio.

9 The average city school district state wide has
10 49 percent of their student populations as disadvantaged;
11 Duncanville, 37 percent. I think the information on the
12 district and our lawful paying of the full tax burdens
13 appropriate to this site answers the issues as to whether
14 we're doing what is necessary as a member of the
15 Duncanville Independent School District community to meet
16 our lawful obligation.

17 Zero is the number of families being low-income
18 families on low-income housing tax credit projects and
19 tax-exempt bond projects being served by the City of
20 Duncanville. Zero. Your own web site makes it crystal-
21 clear exactly where these projects are located, exactly
22 how many tax credit developments have been put in place,
23 and there are zero in the city of Duncanville.

24 The saddest thing today would be a declination

1 of this project. You know, our mission with you is to
2 build high-quality, safe and affordable housing. If this
3 project is turned down, the number of families that will
4 be served will be zero. I think when you take a clear
5 look at it, the opposition has no valid or lawful reasons
6 for this property not to be put in this location under the
7 current zoning.

8 Our experience with this board has been a board
9 who is courageous, prepared to make difficult decisions
10 and a board who is fair. And I would ask you today to
11 approve this development five/zero. Thank you, very much.

12 MR. JONES: Thank you, sir.

13 Mr. Ronald Gebauer?

14 MR. GEBAUER: Chairman Jones and members of the
15 Board, with your permission, I'd like to submit this
16 letter that I sent to all of you by fax for the record.
17 And it basically is a written form of the topic I want to
18 speak to you about today. Thank you.

19 (Pause.)

20 MR. GEBAUER: I'm a citizen of Duncanville. I
21 live in the Duncanville Independent School District. I
22 represent no one other than myself. I'd like to talk to
23 you about our current situation not for the issue of
24 debating the zoning but to tell you why your role is so

1 important in this process.

2 Currently as it stands, the City of Dallas does
3 the zoning. It's impossible for us then, as our
4 governmental system is set up in America, for us, the
5 citizens living in the area that pay the taxes, to hold
6 our public officials accountable for any reasonable
7 planning on this land. And as a result, the only issue we
8 have after the fact is that we can go and vote new bond
9 issues, which we already have in the past, to raise our
10 taxes higher for something that we have no oversight or
11 control over.

12 I'm new to the area, within the last two years.
13 I can't speak about de-annexing or how this came to be;
14 I've tried to find out, and it's not that easy. But I can
15 talk about what I see now and what I notice in the
16 community. The resources of the community are already
17 stretched perhaps to give the benefits that were just
18 spoken about to whatever the ratios are. Perhaps you'll
19 hear more on that later from someone more qualified.

20 The concentration of developments was not
21 represented to us. We knew Miller was going in, but the
22 developer hadn't done his homework and wasn't apparently
23 aware that this was public housing across the way --
24 Dallas public housing. Even now, our city manager and our

1 people -- we aren't informed.

2 At the meeting before for the -- another
3 development, Mr. Onion came, and we had the whole
4 community out. It was in Duncanville. Well, that didn't
5 happen the next time, because it was set for six o'clock
6 in downtown Dallas. And it may be legal, but is it moral?

7 So the representatives of the community could
8 not come out in force and speak their true will. We know
9 the area. We know its fragility. We know that it's
10 Duncanville police who staff the Dallas -- the school in
11 the Dallas zone. Even though they were asked six years
12 ago -- I checked with the police chief on that
13 yesterday -- the burden falls on us.

14 Now, where do you come in to play on that?
15 Because the normal governmental checks and balances don't
16 exist and taxation without representation does exist, that
17 means you're our last line of defense. You have to --
18 because we can't be involved in the planning process --
19 our city managers, our people, we don't even know about
20 these meetings before they're coming up -- we then have to
21 rely on you to sift through the material very carefully
22 because we haven't had a real chance to make our case.

23 Now, it may be legal, but, as I say, it's not
24 moral. And so I'd appreciate just as a citizen of Texas

1 that you would please use the powers at your disposal to
2 either -- grant a stay for awhile for us to have an
3 opportunity to put a case together well -- by that, I mean
4 the citizens and the elected officials.

5 And this isn't over yet. This -- there's a
6 huge area of Dallas, if you check this, that's relatively
7 unpopulated and unzoned. And I think we'll be back again.

8 So thank you, very much, for your time. And I
9 would appreciate then that you register at least my
10 thought on the basis of the evidence I've heard and from
11 the community living there and seeing what's going on that
12 this probably would not be the best place for the people
13 we're trying to serve by building these units. Thank you,
14 very much.

15 MR. JONES: Thank you, sir.

16 Mr. Onion, there has been a suggestion made.
17 If you would, come to the podium.

18 (Pause.)

19 MR. JONES: There has been a suggestion made
20 that we had a meeting that was done so as to discourage
21 attendance; I'm sure that's not the case. Could you
22 respond to that?

23 MR. ONION: Yes, sir.

24 In evaluating the best venue to have the TEFRA

1 hearing, we look for an area that -- or a site that would
2 accommodate what we anticipate the number of people will
3 be. In the past, we've used libraries, and they have
4 worked well; however, within the last six to eight months,
5 our TEFRA hearings have really grown in the number of
6 attendance.

7 We first went to Duncanville Independent School
8 District in order to try to find a site for this TEFRA
9 hearing. We went through the proper channels and the
10 contacts, and we were told -- and because it was during
11 the summer time, we had difficulty getting a hold of the
12 principal. And the ultimate answer was that it was not
13 available.

14 We then went to the City of Dallas Independent
15 School District and tried to find a location there. We
16 did go through, and, again, the principal was off and
17 unavailable, and we were told that there were no rooms
18 available. Then we opted with our third choice, which is
19 to go to the downtown library, since we knew it had a
20 large enough venue to accommodate what we anticipated was
21 going to be a large crowd.

22 So we did explore those options and -- as a
23 result of just winding up with one that would accommodate
24 us.

1 MR. JONES: Thank you, sir.

2 Mr. Martin?

3 MR. MARTIN: Chairman Jones and Committee and
4 Ms. Carrington, I appreciate you taking your time out of
5 your schedules to allow us to speak and come before you
6 today. I do have a funny routine, but it takes about 45
7 minutes for my stand-up routine. So I'm going to bypass
8 it and go straight on.

9 (Laughter.)

10 MR. MARTIN: I'm here basically to just
11 summarize our public hearing that we had in Dallas. That
12 night, as you heard earlier, public letters were read from
13 Dallas councilman Mark Housewright and, also, City Manager
14 Alan Simms, which have sent letters of retraction because
15 they felt that their letters were used improperly in
16 support of this.

17 Also there that night, the people that
18 spoke -- of the approximately 25 people that spoke in
19 opposition, every one was a homeowner, both in Duncanville
20 and Dallas. Not one person who was a homeowner spoke in
21 favor of this. Now, of the ones that spoke in favor,
22 there were approximately 16 or so that -- one was a paid
23 consultant by the developer. One was a sub-contractor,
24 who stated in the meeting that he worked with the

1 developer.

2 You had a hospital spokesperson from Dallas,
3 who said that they had a great relationship with the
4 developer on one of their Primrose properties, which is a
5 seniors development. And we had actual employees of the
6 developers there that spoke in favor of it and which were
7 on the payroll of one of the projects. And then there
8 were eight -- approximately eight residents of Primrose,
9 which is their seniors adult community that the developer
10 has developed.

11 My point in case to you and the point I want to
12 make here is that we are not getting the true story. And
13 to borrow a quote -- I was there at that meeting -- in
14 the opening comments by the developer, zero was solicited
15 today and told to you here of what was told to us that
16 night.

17 We spoke quite frequently about seniors'
18 communities. We spoke about how seniors play a part in
19 this. But, yet, we don't have any availability for
20 seniors in this particular project. They -- sure, they
21 can live there if they want to move in there, but there's
22 no accessibility for seniors, there's no elevators to the
23 second floor, and things such as this.

24 I guess the thing that bothers me the most?

1 You have 200 letters that were introduced here. I would
2 dare say that a residence for affordable housing -- I'll
3 bet if you checked, a lot of those would be from their
4 Primrose properties, because that's what we heard from
5 that night. We're not opposed to affordable housing; we
6 just feel like that Duncanville has done our fair share
7 with our numbers.

8 And I'm going to close real quickly and just
9 say we would love to have this developer bring us a
10 Primrose or a seniors' development because that's
11 something that we could use that wouldn't impact our city
12 such as that. We would work with them.

13 And I think at this time, the fact that --
14 we've had some remarks about the school district. I'm
15 going to cut it short because Dr. Jerry Cook, our
16 superintendent of schools, is here, and I think he's going
17 to be adding more in fact to that statement. Thank you,
18 very much, for your time.

19 MR. JONES: Thank you, sir.

20 Dr. Cook?

21 DR. COOK: Thank you. I believe I have a
22 handout that is being passed around to you. I'm Jerry
23 Cook, and I speak on behalf of the Duncanville Independent
24 School District Board of Trustees.

1 The first thing that I would like to say is
2 that we're in the school business, and we will educate to
3 the best of our ability any child that comes through our
4 doors. And we're committed to that, and we will do that,
5 but I do want to point out a few concerns and just state a
6 bit of information that I believe that you need to know.

7 First of all, I'd like to make sure that both
8 you and the staff understand the size of the Duncanville
9 Independent School District. The Duncanville Independent
10 School District is much larger than the Dallas -- pardon
11 me -- than the city of Duncanville. And this is important
12 when you understand the impact of affordable housing and
13 low-income housing that is already currently present in
14 the Duncanville Independent School District.

15 Duncanville ISD goes north to Kiest, east to
16 Westmoreland and west of Spur 408, all the way to the
17 Potters' House. So we have a huge area that is in Dallas.
18 Now, it is mentioned that there is not affordable housing
19 in the city of Duncanville; that doesn't affect the
20 Duncanville Independent School District, because we're
21 north and west of Duncanville.

22 Our current statistics at the end of the year
23 are that 41 percent of our students are on the free and
24 reduced lunch program, economically disadvantaged. The

1 figure of 37 percent was from two years ago because it
2 came from the 2000/2001 AIES indicator system report,
3 which is based upon two-year-old data.

4 Our current data is 41 percent of our students
5 are on free and reduced lunch. If that is the case, where
6 are they living? They're living in low-income, and
7 they're living in affordable housing, the Barbara Jordan
8 Apartments and the Larimore Apartments. We probably get
9 150 students out of those, and those are project
10 apartments, Federal Housing Authority.

11 So I think you've got to really take into
12 context here the size of the Duncanville Independent
13 School District as it relates. We're in four
14 municipalities, Duncanville, all of the city of
15 Duncanville, Dallas, De Soto and Cedar Hill. Yet we have
16 no input into what goes on in the city of Dallas.

17 For example, the apartments that are going in
18 just south of where these Clarkridge Villas apartments are
19 going in that are being built by the Dallas Housing
20 Authority -- we didn't even know that. We had no input.
21 No one ever told us. They -- the first we know that they
22 were going to be built was when they started coming out
23 off the ground. And then we find out later that it's from
24 the Dallas Housing Authority.

1 Now there's a couple of other things that I
2 want to mention. There was a report what was given -- and
3 I'm assuming that you have access to it -- that was
4 prepared for Southwest Housing Development, the economic
5 and physical benefits report. And there's several issues
6 that I want to bring out here, because this is the data
7 that was used to make this recommendation, and there are
8 some assumptions that are invalid that need to be pointed
9 out.

10 Number one, the authors propose that the number
11 of students new to the district that will be coming from
12 these apartments will be 100, and they do that based upon
13 a .5 ratio of students to households. Well, the
14 apartments similar to these apartments in the Duncanville
15 ISD have about .71. If you use those numbers, then you're
16 going to get at least 127 students. I think one thing
17 that you have to look at, though, is: What are the rental
18 patterns for the Dallas Housing Authority, and what are
19 the rental patterns that will come through on these
20 apartments? And the fact remains that I believe that the
21 numbers will even be higher.

22 Another thing, though: By Southwest Housing
23 Authority's own memo to me, 43 percent of these students
24 will be free and reduced lunch. So the percentage of free

1 and reduced lunch students that will be in these
2 apartments is higher already than what the total
3 population of the Duncanville ISD currently is, and we're
4 already at 41 percent.

5 Another thing: The available space. Yes, this
6 report makes a lot of to-do about \$166 million bond issue,
7 but that bond issue was not built to accommodate these
8 multifamily dwellings. The students that are going to be
9 coming from these multifamily dwellings are going to have
10 an adverse impact on our ability to house the current
11 students with the new buildings we have, which will cause
12 us to be over-crowded and have to build more buildings.
13 Finally --

14 MR. JONES: Dr. Cook, if you could, sum up.
15 Your time's up.

16 DR. COOK: Yes.

17 Finally, the funding issue on the back page I
18 think is important. If you read this report, it makes you
19 think as if the apartments will be a benefit to us
20 financially or, at worst, it will pay for the students
21 when the reality of it is -- and I'll sum up because my
22 time's over -- that it will pay for less than half of the
23 students that are going into this school district from
24 this project.

1 We're dedicated to meeting the needs of all of
2 the kids that we have in our district; it's just that
3 we're being inundated with more and more students over
4 which we have no control in the process of from whence
5 they come. Thank you.

6 MR. JONES: Doctor, could I ask you --

7 MR. CONINE: I have a question.

8 MR. JONES: Go ahead.

9 MR. CONINE: Dr. Cook, what do you -- what does
10 an average starting teacher in the Duncanville school
11 district make?

12 DR. COOK: The average what?

13 MR. CONINE: Starting school teacher in your
14 district.

15 DR. COOK: The average teacher? Well, a
16 starting teacher is 36,000.

17 MR. CONINE: 36,000? All right. And would you
18 know what, say, a policeman or a fireman in Duncanville
19 would -- what they would make --

20 DR. COOK: No, sir.

21 MR. CONINE: -- as a starting salary?

22 DR. COOK: No, I don't.

23 MR. CONINE: You don't?

24 DR. COOK: Mr. Cagle would know that. I don't

1 know.

2 MR. CONINE: Thank you.

3 DR. COOK: But a starting teacher is 36,000.

4 MR. JONES: Dr. Cook, am -- I'm looking at some
5 of the data about the various school districts. With
6 regard to the various tests that are done, your students
7 perform substantially higher than those that are in
8 Dallas, DISD. Correct?

9 DR. COOK: Yes, sir.

10 MR. JONES: Okay. And your dropout rate is
11 much better than theirs. Correct?

12 DR. COOK: Our dropout rate -- that has not
13 been published yet, but our dropout rate for this past
14 year is .01 percent. We had four dropouts out of 5,500
15 students.

16 MR. JONES: Well, congratulations. That's
17 wonderful.

18 DR. COOK: We do a dog-gone good job.

19 (Applause.)

20 MR. JONES: Wonderful. Thank you, sir.

21 DR. COOK: All right. Thank you.

22 MR. JONES: Ms. Potashnik, please?

23 MS. POTASHNIK: Thank you, members of the Board
24 and Ms. Carrington, for the opportunity to address you

1 today. My name is Cheryl Potashnik; I work with Southwest
2 Housing Development.

3 Just an aside, Mr. Conine, I printed this off
4 of the Duncanville web site. The school district shows a
5 starting salary for a first-year teacher at thirty-one-
6 five, which would make that starting teacher with one
7 child as a single parent qualify for housing in our
8 development.

9 I want to thank the people today who have
10 spoken on behalf of our Primrose product. We're very
11 proud to serve the senior citizens that we serve in the
12 state of Texas, and we hope to be able to continue to
13 serve those senior citizens. In fact, we're just
14 completing a project here in Austin with the Austin
15 Housing Finance Corporation for senior citizens, and we're
16 very proud of that. And we'd like to invite you all to
17 our grand opening on August 15.

18 Our desire to serve the senior citizens of
19 Texas does not change the fact that there's an acute need
20 for affordable housing for families. I have a letter here
21 today that I'd like to read if it's permissible from Mayor
22 Laura Miller from the city of Dallas. I was copied on
23 this letter that was faxed to Ms. Carrington this morning.
24 I don't know if you've seen it.

1 May I read it?

2 MR. JONES: You may.

3 MS. POTASHNIK: Thank you.

4 "Dear Board members. I am writing today in
5 regards to a multifamily housing proposal for Clark Road
6 in south Dallas. Brian and Cheryl Potashnik are before
7 you as the developers of this proposed project. It is my
8 understanding that their development would consist of 256
9 units on a plot of land currently zoned for up to 500
10 units of affordable housing that would be restricted to
11 adults who are employed and children who stay in school.

12 "While I understand and fully appreciate that
13 there is some neighborhood opposition to their
14 development, I wish you to know that the Potashniks have a
15 solid reputation for building, maintaining and keeping
16 very high-quality affordable housing. Their developments
17 are clean, safe and well-kept. I have been most impressed
18 by the caliber of their company's work and track record.

19 "Since this land is zoned for affordable
20 multifamily housing, I have to wonder if a lower-quality
21 development with less well-intentioned owners will be
22 built if the Potashniks' project is not approved by you.
23 My concern is the long-term health and vitality of this
24 southwest Dallas neighborhood.

1 "Recently, I appointed a special task force to
2 look at the issue of the lack of affordable housing in
3 Dallas. Brian Potashnik is a valuable member of this task
4 force, which has a goal of helping the city build 30,000
5 new units of affordable housing. As in the rest of the
6 country, Dallas has a serious shortage of housing for
7 working families.

8 "Thank you for the opportunity to share my
9 thoughts with you. Sincerely, Laura Miller, Mayor, City
10 of Dallas."

11 And I would just like to point out for those of
12 the people who have spoken on behalf of our Primrose
13 projects and the quality of housing that we provide for
14 seniors that I can assure you that that quality is
15 consistent through all of our properties, not just our
16 senior housing, but throughout our multifamily
17 developments.

18 And I want to clarify one other thing, which is
19 the SAH zoning designation and where that came from in the
20 City of Dallas. I had a conversation yesterday with Mike
21 Daniel, who is the plaintiff attorney for the Walker
22 project. And I don't know how familiar everybody is with
23 Walker, but what I was told was that SAH was assigned to
24 certain tracts of land throughout the city based on a

1 certain demographic as the City of Dallas' legislative
2 attempt to meet the Walker consent decree.

3 And so that is where that zoning came from.
4 This tract of land had its multifamily zoning for a long
5 time. The school district has said, "We didn't take those
6 kids into account when we made our budgets and our plans
7 for the upcoming year," but they have known about this
8 zoning. And I'm not sure why they wouldn't take that into
9 consideration in their planning.

10 Thank you, very much.

11 MR. JONES: Thank you.

12 And I'm having a tough time on this one: Mr.
13 Mark Jeron [phonetic] Jone. Excuse me. Did you say --

14 MR. M. JONES: Jones.

15 MR. JONES: Jones? Oh.

16 (Laughter.)

17 MR. JONES: Obviously, I can't read. We've got
18 to get together when this is over, Mark.

19 MR. M. JONES: I need to get in the Duncanville
20 schools.

21 MR. JONES: Excuse me?

22 MR. M. JONES: I need to get in the Duncanville
23 schools.

24 MR. JONES: Obviously, I do, too.

1 (Laughter.)

2 MR. M. JONES: I want to say hello to the
3 Committee. And welcome. I'm excited about being here and
4 being a part of this process today.

5 MR. JONES: Thank you for being here.

6 MR. M. JONES: I am a business owner in the
7 southern sector of Dallas and stand before you today for
8 two reasons. One is my own comments, but, two, I have a
9 letter here from the economic piece of the Dallas Black
10 Chamber of Dallas, and it's to Ms. Carrington. It
11 says -- it's from Reginald Gates, who's the president of
12 the Dallas Black Chamber.

13 He says, "Dear Ms. Carrington. I am writing to
14 express my personal support for the proposed committee to
15 be undertaken by Southwest Housing Development. This
16 project is specifically designated to serve the needs of
17 Dallas County families. There is a well-recognized and
18 growing need for quality and affordable housing in our
19 area. The proposed development will provide spacious
20 living units and a community center to serve the specific
21 needs of the residents.

22 "As president of the Dallas Black Chamber of
23 Commerce, I represent over 1,700 minority businesses in
24 the Dallas area. Many of our members are located in the

1 southern sector and would take part in the development of
2 this project, providing much-needed employment for our
3 area residents.

4 "The need for economic development in this area
5 of Dallas is astounding. I believe a project such as this
6 is essential as a catalyst to promote the growth.

7 "Again, I wish to express my support for the
8 proposed project. If I can be of further assistance,
9 please do not hesitate to contact me. President Reginald
10 Gates."

11 Second, I appeal to the Board, in that I am
12 from the southern sector and I grew up in a housing
13 project. It was very, very difficult to be able to do
14 anything; we always had problems. For 12 years, we lived
15 in that scenario, and we couldn't get our landlord to do
16 anything. But at the time, our parents couldn't do any
17 better.

18 As I have had the opportunity to see what Mr.
19 Potashnik develops, I applaud him. I believe and I
20 understand that everybody deserves the same thing: A
21 place to live of the quality of life that the city of
22 Duncanville has on their web site and other places, their
23 "Home of champions." Everybody deserves to live in a home
24 of a champion.

1 I believe that everybody deserves a school
2 district like the home of champions. I think that
3 everybody deserves to go to the school that will allow a
4 dropout rate of four students. I think that families
5 deserve an opportunity to live in a Dallas that will
6 afford them a place to live that is nice, like what Mr.
7 Potashnik and his wife are developing.

8 Again, I appeal to you because I think that the
9 stereotype here is that because you are living on
10 affordable assistance -- as if you don't have an
11 automobile because you live in an affordable place. I am
12 excited about what Mr. Potashnik has done in revitalizing
13 the southern sector of the city, in which I was born and
14 live in.

15 I pray that you all understand the sensitivity
16 and the need of being -- children who look like me will
17 have an opportunity and a place to grow up and be
18 successful. Thank you.

19 And I want to give you a copy of this letter.

20 MR. JONES: Thank you, sir. We appreciate you
21 being here.

22 I would say this, and I don't mean to be
23 disrespectful to any of our speakers. But there was a
24 speaker earlier today talking about this matter, not

1 talking about another matter, that referred, I believe,
2 to, Trash projects.

3 And I would like to say this: That I think you
4 did a good job of delineating that things have changed in
5 a lot of years. And the developments that this department
6 is supporting, I believe, are very, very different than
7 some of the connotations that are made.

8 And I appreciate you making that distinction.
9 And it -- those are words that I think maybe it would be
10 wrong for us to let go, because when we're talking about
11 the developments that are being done here, I strongly
12 believe that they are very much improved and very
13 different than some of the connotations that we have had
14 about them in the past.

15 The next speaker is Mr. Jeff Spicer.

16 Mr. Spicer?

17 MR. SPICER: Thank you, Members of the Board.

18 Excuse me if I don't use the mic, but --

19 MR. JONES: Just one second for the court
20 reporter.

21 MR. SPICER: Oh, sure.

22 (Pause.)

23 MR. JONES: This will help us make a record.

24 MR. SPICER: Thank you, members of the Board.

1 I'm Jeff Spicer, Director of Project Development with
2 Southwest Housing. And the one thing I want to point out
3 about both this and the Wheatland Villas project and bring
4 to light is something from our market study for both
5 projects.

6 In the southern sector of Dallas, one of the
7 things that has been pointed out is a strong negative
8 absorption in the area. And the negative absorption, as
9 pointed out in our market study, is really a result of a
10 lack of affordable housing for people who want to stay in
11 the area. They've seen people flowing out from the
12 southern sector of Dallas, and this is something that we
13 need to reverse in order to keep positive economic growth
14 in the area, economic growth that the people of
15 Duncanville want to see to bring taxes in, economic growth
16 that people in the southern sector of Dallas want to see.

17 This is the type of thing that we're trying to
18 help bring to the area. I certainly wanted to point that
19 out for you today. Thank you, very much.

20 MR. JONES: Thank you, sir.

21 And then we have city council member of
22 Duncanville, Mr. Jim Hyatt.

23 MR. HYATT: Thank you, very much, ladies and
24 gentlemen. And by the way, I appreciate the service that

1 you're providing for this state. As an elected
2 representative, I'm going to try to keep my remarks short;
3 that might be a challenge.

4 The word, "Zero," was used by one of the
5 proponents up here as the measure of the impact of this
6 project on the city of Duncanville and the Duncanville
7 school district. And I just don't believe that's the
8 case. There was also a remark made about Duncanville not
9 having any affordable housing projects, but the fact is
10 Duncanville is an affordable housing community.

11 We're a 12-square-mile community. We're land-
12 locked. We're built out. We have about 40 percent of our
13 housing stock that's in the 1,000-square-foot to 1,200-
14 square-foot or less size, hundreds of 6- and 7- and 800-
15 square-foot houses. And they're very affordable.

16 We're also very close to being a plurality
17 community, in political or demographic terms, and we're
18 not -- it's really not fair to characterize us as being
19 opposed to affordable or public housing. That's the way
20 we live. We just happen to have a group of older, low-
21 income retired people in town that depend on us and a lot
22 of young, new families that find Duncanville as a place
23 for a starter home because they're not being built any
24 more.

1 We're taxed out. Our school district is taxed
2 out. Our region of the county is challenged to develop
3 economically; we're not creating jobs.

4 One of the assets that we have to point to when
5 we attempt to market our area for economic development is
6 the quality of our school system, and we certainly cannot
7 afford to have that degraded. And you've heard today that
8 this project puts that quality at risk, and I'd like for
9 you to remember that, please.

10 So in terms of the real issue here, which is
11 \$14,600,000? When we get to the bottom line, this is a
12 money issue, and it's a risk issue, and it's a stakeholder
13 issue.

14 I'd like for you to remember that the city of
15 Duncanville, the surrounding communities and the
16 Duncanville school district are all stakeholders and are
17 all at risk in this project while the developer is asking
18 you to remove \$14 million of risk from his plate and
19 spread it over our society as a social cost. We just
20 really can't afford to carry that burden. Thank you.

21 MR. JONES: Thank you, sir.

22 Mr. John Moore?

23 MR. MOORE: Mr. Jones and other Committee
24 persons, this discussion has to do with a problem that

1 took place earlier, prior to coming to Austin, because we
2 were not informed, nor did we get adequate information
3 about the development.

4 Since that time, we have uncovered some things
5 that are necessary, and we've had some discussions with
6 Mr. Potashnik. And he and I and our treasurer of our
7 organization, Glen Oaks Homeowners Association, have
8 talked about some possibilities that he is willing to put
9 into writing to your Board and with us. And he's going to
10 make those statements to you. And in turn, we would make
11 those same statements to our organization.

12 It's quite obvious I'm not going to commit
13 anything to you as the president of the homeowners
14 association without the cooperation of the neighborhood,
15 because we live in a democratic process or in this
16 republic, we use the democratic process, as you know
17 about.

18 So during that particular meeting, we had some
19 participants who came in and made some great discussions.

20 I looked around, and I said, "Who the heck are they,"
21 because there were about 40 or 50 people we had never seen
22 before, and there were seven of us. And I just made a
23 note of that that you may have, if I may.

24 MR. JONES: Sure.

1 (Pause.)

2 MR. JONES: Thank you, sir.

3 MR. MOORE: Also, we talked at length of the
4 need to be cooperative. So I'm of the understanding that
5 this builder is going to be cooperative with us, he's
6 going to come out based upon our decision, our city
7 council person, our state representative, our Sen. West
8 and work out the detail to a great degree so that this
9 project can be something that is well-pleasing and
10 desirable.

11 So that's a desire based upon concrete efforts
12 that you're going to put forth, sir, with our people. And
13 at that particular juncture, we would very much say that
14 it has great potential.

15 So without that, we can't accept or say
16 anything except that I'm reminded of the wisest man,
17 Solomon, and the sixth -- Chapter 16 of the 17 verses, and
18 the two major things out of those seven things that God
19 hates. And that is what? Someone who spreads dissension
20 among the brethren. That's what He hates worst. And, of
21 course, the next one is a lying witness.

22 So I say that to say that everything is
23 contingent upon honesty and the truth. Thank you.

24 MR. JONES: Thank you, sir.

1 MR. ONION: And, sir, you're speaking on which
2 project?

3 MR. MOORE: This has to do with Wheatland
4 Villas, yes. Our treasure's here.

5 MR. JONES: Thank you, sir.

6 Mr. Bill Fisher?

7 MR. FISHER: You've heard from me.

8 MR. JONES: Oh. I'm sorry. I got two for you
9 somehow.

10 Mr. Gonzales?

11 (No response.)

12 MR. GONZALES: Are you talking about Martin
13 Gonzales?

14 MR. JONES: Yes, sir.

15 MR. GONZALES: That's the next project.

16 That's --

17 MR. JONES: Okay.

18 MR. GONZALES: I'd like to speak when we
19 address that project.

20 MR. CONINE: Yes, at the end of the next
21 project.

22 MR. JONES: Okay. All right. Let me see if I
23 have any more.

24 (Pause.)

1 MR. JONES: All right. That seems to be all I
2 have then for -- are there some others?

3 MR. BETTERSON: Mr. Betterson.

4 MR. JONES: Excuse me?

5 MR. BETTERSON: Mr. Betterson.

6 MR. JONES: Mr. Pettison?

7 VOICE: No. That's Wheatland.

8 MR. JONES: Okay. Do we have any more --
9 excuse me. Would you like to speak on the Wheatland
10 project?

11 MR. BETTERSON: It's the --

12 MR. JONES: Wheatland Villas?

13 MR. BETTERSON: Right. It is the Wheatland
14 Villas.

15 MR. JONES: Just a second.

16 Is there anybody else here that would like to
17 speak with regard to the Clarkston?

18 MR. CONINE: Clarkridge.

19 MR. JONES: Clarkridge.

20 DR. WAGGONER: Yes.

21 MR. JONES: Thank you. And your name, ma'am?

22 DR. WAGGONER: Jill Waggoner.

23 (Pause.)

24 DR. WAGGONER: My name is Jill Waggoner; I'm a

1 physician. I have a family practice in the southern
2 sector of Dallas County. I grew up there, went to school
3 there. I grew up in a family that would have qualified for
4 one of these apartments; I grew up in affordable housing.

5 I want to say to you, first of all, thank you for this
6 opportunity.

7 When I first graduated from medical school and
8 was a resident in training, I made \$32,000 a year. Had I
9 had one child at the time, I could have qualified for
10 these.

11 I think some basic assumptions are being made
12 from a lot of the opponents of the project. One is that
13 all of the residents of the property will be new to the
14 area and so they will bring this tremendous economic
15 burden to the area. I'm sure there are people that live
16 in the area now that could use a nice place to live. So
17 that may not be necessarily so.

18 The second assumption is that they'll have no
19 cars, they won't be able to get to the store or they can't
20 figure out how to get to the doctor, and so forth, and so
21 what a disaster; they'd be sitting out in the middle of
22 nowhere. I don't think that that's necessarily so.
23 People who need affordable housing are people who work;
24 they are the working poor. They need a safe place for

1 their children to grow up in.

2 As a physician, I'd like to say that I always
3 see and I have seen for years the effect on our young
4 people when they grow up in places that are not safe, when
5 they grow up in places that are not clean and that are not
6 environmentally safe. So we've got to change that.

7 For too long, we have separated ourselves based
8 on economic advantage and disadvantage. Everybody, be you
9 poor or rich, deserves the opportunity to have a safe
10 place to grow up. We've got to make a difference in that,
11 and we have to do it now.

12 I've seen these properties. As a business
13 owner, I need development in that section of the city; we
14 all do. We've watched it decline over the years. If we
15 are going to have people to come into this neighborhood
16 and bring businesses and bring economic development, we
17 have to have places for people to stay. I strongly
18 suggest and recommend and encourage you to vote in favor
19 of this project.

20 MR. JONES: Doctor?

21 DR. WAGGONER: Yes?

22 MR. JONES: I don't believe you filled out a
23 witness affirmation form.

24 DR. WAGGONER: Yes, I did.

1 MR. JONES: You did?

2 DR. WAGGONER: Yes.

3 MR. JONES: Well, I can't find it.

4 DR. WAGGONER: You may not be able to read my
5 writing.

6 MR. JONES: No?

7 (Laughter and applause.)

8 MR. JONES: I don't find anything even
9 illegible that I could find on that.

10 DR. WAGGONER: Oh. Okay.

11 MR. JONES: Would you mind doing it again for
12 us?

13 DR. WAGGONER: I don't mind a bit.

14 MR. JONES: If you would be so kind to do that.

15 MS. ANDERSON: I don't think she meant -- she
16 did not mean that you couldn't read her writing because
17 her writing's bad. It's because you can't read.

18 MR. JONES: That's -- I understood.

19 (Laughter.)

20 MR. JONES: I understood that. I -- it goes
21 without saying. Okay. There you go.

22 Anybody else with regard to Clarkridge Villas?

23 MR. POTASHNIK: Yes.

24 MR. JONES: Yes, sir?

1 MR. POTASHNIK: Brian Potashnik, the developer.

2 MR. JONES: Brian Potashnik.

3 MR. POTASHNIK: I'd like to just bat clean-up
4 here if you don't mind. I'll fill out a form if it's
5 necessary.

6 MR. JONES: Okay.

7 MR. POTASHNIK: Okay.

8 MR. JONES: Yes, it is necessary. Please, sir.

9 MR. POTASHNIK: Not a problem.

10 Chairman, Board members, my name is Brian
11 Potashnik; I am the President of Southwest Housing. I
12 appreciate the opportunity of standing before you today
13 and would like to for the record address some issues and
14 things that were said here today and, also, at the public
15 hearing.

16 Southwest Housing has been a good citizen to
17 the State of Texas and the city of Dallas. We're proud of
18 our track record. We're proud of housing over 10,000
19 residents of this state in good, quality, affordable
20 housing. Our housing policy includes more than just
21 senior citizens; we're proud of our senior properties, but
22 we also recognize the demand for housing. As my better
23 half pointed out, there are a number of families in the
24 city of Dallas that need good places to live.

1 I'm proud of the fact that our mayor, Ms. Laura
2 Miller, who has made housing a priority in the city of
3 Dallas, appointed myself and other influential business
4 members in the community to a housing task force
5 specifically to address the needs of affordable housing.
6 I have great respect for the Board here today and the work
7 that you've done to create these opportunities throughout
8 the state.

9 I resent the fact that a Southwest Housing
10 development or an affordable housing development, for that
11 matter, will degrade a school system. In fact, we have
12 factual proven data in our properties that actually shows
13 our kids in the affordable housing developments exceed the
14 test scores of kids in the districts that we build in.
15 And we do that because of the hard work of this board and
16 the legislative process that requires us to have a very
17 high level of supportive services.

18 We have computer labs. We have after-school
19 programs for kids. We encourage the process of educating
20 and creating good citizens and creating families that
21 utilize this as a stepping stone for home ownership. This
22 is about growing socially and growing economically, and it
23 all starts with a good place to live.

24 How are people going to get to work? Well,

1 they're going to get to work the same way that all of you
2 get to work: They get in their cars, and they drive.
3 This is the school teacher in your school, this is your
4 policeman that patrols your streets, this is the nurse
5 that takes care of your ailing parents or relatives; these
6 are people in the community that work hard and need a
7 place to live.

8 Where do they shop? Well, they get in their
9 cars, and they drive to the store. And there is
10 transportation if people do not have the ability to drive
11 or cannot get to those places. They also do not have to
12 cross a six-lane highway.

13 The issue with density is an interesting one
14 because it was an issue that was brought to us by the
15 neighborhood as a big concern. We don't want everybody
16 packed into a small area. Spread it out.

17 So we took 26 acres of this site -- 26 acres --
18 which, under the allowable zoning, would give a
19 conventional apartment builder, some of whom had this
20 property under contract before us, ability to build over
21 500 units of housing. That is the allowable zoning under
22 which we could build on this site. We're building half
23 that, and we are going to exceed the quality and standards
24 of the prior developer who had this property under

1 contract in addition to, obviously, cutting the density
2 issue in half by recognizing some of the concerns of
3 traffic, of safety and of density.

4 The zoning issue is an important issue not only
5 in this development but in others that come before you.
6 The land use for this property was determined long ago.
7 Not only was this land use determined to be multifamily,
8 but this property has a special designation, as my better
9 half pointed out, of SAH, which is also recognized in the
10 mayor's letter.

11 The SAH designation stands for Standard
12 Affordable Housing, a designation that was put in place on
13 this property because the City of Dallas suffered as a
14 plaintiff or a defendant in a lawsuit that is called the
15 Walker Consent Decree. And the Walker Consent Decree was
16 one of the largest lawsuits in the country that related to
17 the segregation of housing and the fact that people were
18 not being given the opportunities that we stand before you
19 here today and are asking for your support and the funding
20 for.

21 And the City of Dallas recognizes that. If
22 something is specifically zoned for affordable housing and
23 a reputable developer --

24 MR. JONES: Excuse me, sir. Your time is up.

1 MR. POTASHNIK: Let me just wrap up.

2 MR. JONES: Sure. Please wrap up.

3 MR. POTASHNIK: -- has the opportunity to do
4 that and this Board has the opportunity to support it and
5 we can't do it, then who else can? Thank you, very much.

6 MR. JONES: Thank you, sir.

7 With regard to the Clarkridge Villas
8 apartments, I believe that's all the speakers. Is that
9 correct? Have I missed anybody?

10 (No response.)

11 MR. JONES: Going once, going twice, gone. All
12 right.

13 I then believe we've heard from Mr. Onion. We
14 have staff's recommendation on 5(a); we've also taken
15 public comment on 5(a). I turn to the Board.

16 MAYOR SALINAS: What's that resolution number?

17 MR. ONION: 02- --

18 MR. CONINE: 037.

19 MAYOR SALINAS: 037?

20 MR. JONES: Yes.

21 MAYOR SALINAS: I move for the recommendation
22 of the staff. After hearing all of the speakers, that is
23 my motion. And --

24 MR. CONINE: Was that to approve?

1 MR. JONES: Yes. It's a motion to approve the
2 staff's recommendation.

3 MR. CONINE: Second.

4 MR. JONES: The motion has been made and
5 seconded. Discussion by the Board?

6 MS. ANDERSON: I have a question I'd like to
7 ask Mr. Potashnik.

8 MR. JONES: Certainly.

9 MS. ANDERSON: In both, you know, the -- in all
10 these hundreds of pages of documents --

11 MR. POTASHNIK: Okay.

12 MS. ANDERSON: -- that I -- from everybody that
13 I've read on this and then in the discussion today with
14 the maps and then your commentary about putting everything
15 on one side, I mean, what -- I mean, I am concerned about
16 having part of it on one side and part on the other. And
17 I -- you know, I heard reference to this shuttle, but I
18 don't know that that's the deal.

19 MR. POTASHNIK: Okay.

20 MS. ANDERSON: I mean, what do you commit to do
21 to address the safety issue at this location?

22 MR. POTASHNIK: Well, first, let me say that I
23 would like to clarify to the folks from Duncanville that
24 this property is not separated by a six-lane road. It is

1 separated by a very low-traffic two-lane road.

2 VOICE: Please explain that.

3 MR. POTASHNIK: It -- I'll be happy to explain
4 it. And I'll also --

5 MR. JONES: Please, just a second.

6 MS. ANDERSON: The time.

7 MR. JONES: Yes.

8 Let me tell you how I would like to proceed on
9 this. Obviously, Board members are going to have
10 questions they would like to ask. I realize there may be
11 disagreement about an answer that might be given. I would
12 ask the members of the audience to remain in order and not
13 to express any disagreements with those answers.

14 I would also like to suggest -- and I think
15 this would be fair to everyone -- Mr. Mayor, if you think
16 there's a problem with some answer and that, you know,
17 needs to be corrected from the City of Duncanville side,
18 the city councilmen and perhaps even the school
19 superintendent and you think there needs to be further
20 answers on that subject, we'd be delighted to hear from
21 you all, too. Okay?

22 MAYOR REPP: Thank you.

23 MR. JONES: So we want to hear fairly from both
24 sides, but we do want to remain in order. And if

1 everybody would remain in order, I sure would appreciate
2 it.

3 MR. JONES: Mr. Potashnik, I'm sorry to
4 interrupt, sir.

5 MR. POTASHNIK: Okay. That's okay.

6 Ms. Anderson, I think that one of the things
7 that as a developer of this site and somebody that is in
8 control of the full 26 acres, as we have offered to the
9 neighborhood before -- and we continue to make that offer
10 here today -- we will build on one side. We will put all
11 of the units on one side of the street.

12 MS. ANDERSON: It's still then only at 50
13 percent of the allowable density?

14 MR. POTASHNIK: That's correct. So, you know,
15 the lower density was obviously an issue that we took on
16 head-on to relieve what was a problem or a concern of the
17 neighborhood. And by cutting the allowable density in
18 half, we did have to use both sides of the street.

19 MR. CONINE: Let me --

20 Do you mind if I follow up?

21 MR. JONES: No, not at all, Mr. Conine.

22 MR. CONINE: Let me see if I can clarify one
23 more point. We're going to have security interests in 26
24 acres, or whatever it is, for the whole tract --

1 MR. POTASHNIK: That's correct.

2 MR. CONINE: -- on -- as collateral, if you
3 will, against the bonds. Because I don't -- it would be
4 easy to split it off later on down the road. And
5 you'd -- you know, I mean, as long as we'd have a
6 collateral interest in the whole, in both sides. And I
7 don't know what you'd do with the other side, but --

8 MR. POTASHNIK: Well, I think, you know, it's
9 something that we're certainly able to do. It's something
10 that we would have as a condition of the bond funding.

11 And I think, though, if you look at the
12 enhanced quality and open space that's created by
13 spreading the development around the 26 acres as opposed
14 to putting it on one side of the street, the safety issue
15 is of really very little concern and will be mitigated to
16 a great extent by the fact that there will be amenities on
17 both sides of the street that the residents can enjoy.
18 And we have experience of building in areas where we
19 utilize both sides of the street.

20 So it's not a concern, and it has not been a
21 concern of the City of Dallas. And we have in fact gone
22 through the whole process of plan approval and have even
23 submitted payment for permits on this site. We have also
24 addressed all of the engineering, escarpment and other

1 drainage issues that people have brought up here today.

2 So -- but, again, if it's a concern that people
3 or the Board feels is strong enough to have all of the
4 units on one side of the street, that's certainly
5 something that we could explore.

6 MAYOR SALINAS: What we want and what the City
7 of Dallas wants is two different things, and those people
8 have control of the zoning. They might not let you do one
9 side. If they gave you two sides, that's exactly where
10 the people are in control of the zoning on that property.

11 I don't think we have anything to do with that.

12 Our position here is to say yes or no to the
13 sale of the bonds. We have no control. And I think we've
14 had this discussion many, many times about Austin planning
15 and zoning and about the -- Dallas. Our job here is to do
16 exactly what those people that are in authority say we are
17 supposed to do. We can't say, You change this and change
18 that. It's just not -- it's not our authority.

19 MR. JONES: Mayor --

20 MS. ANDERSON: May I just clarify something?

21 MR. JONES: Oh. Okay. Go right ahead.

22 MS. ANDERSON: So you say that the street that
23 separates the two tracts that together make up the 26
24 acres is a two-lane road, not a four-lane road?

1 MR. POTASHNIK: That's correct.

2 MS. ANDERSON: I -- okay.

3 MR. JONES: Mayor --

4 MS. ANDERSON: Yes.

5 MR. JONES: -- would you like to address this
6 subject matter?

7 MS. ANDERSON: I mean it is or -- it either is
8 or it isn't. So --

9 MAYOR REPP: I would just enter into evidence a
10 photograph, the aerial photograph, of the area. And it is
11 not a two-lane road. It's six, three in each direction.

12 MS. ANDERSON: I have one last question. I
13 have --

14 MR. JONES: Certainly, Ms. Anderson.

15 MS. ANDERSON: -- one more question.

16 I --

17 MR. POTASHNIK: What they're showing you is on
18 Clarkridge. This is on Clarkridge Road.

19 MAYOR REPP: May I --

20 MS. ANDERSON: That --

21 MR. JONES: Again, Mayor?

22 MAYOR REPP: What we're showing here, sir, is
23 Clark Road. This is Clarkridge. The development is on
24 both sides of Clark Road. It is on one side of Clarkridge

1 as I remember. Correct me. It's on the north side of
2 this street, which is a two-lane road, I think. But this
3 is a six-lane, divided thoroughfare.

4 MS. ANDERSON: He's right.

5 MR. POTASHNIK: What side of the street would
6 you prefer it to be on, Mayor?

7 MAYOR REPP: It doesn't -- it is not for me to
8 decide which side --

9 MAYOR SALINAS: Exactly. It's up --

10 MAYOR REPP: -- you're going to put it.

11 MAYOR SALINAS: It's up to the Duncanville -- I
12 mean to the city council and Dallas --

13 MS. ANDERSON: Yes. I --

14 MAYOR SALINAS: -- to decide where it goes.

15 MR. POTASHNIK: Well, one of the things that's
16 important to point out about this plan is that, as Mr.
17 Salinas has pointed out, it's consistent with what the
18 City of Dallas -- this is not Duncanville. This is
19 Dallas. And one of the issues that was important to the
20 city in not only their affordable but their general
21 housing program was the density issue, the same thing that
22 this board deals with every day.

23 And in lowering the density, you are improving
24 upon the quality of life by increasing the areas of open

1 space and the ability to include additional amenities.

2 MS. POTASHNIK: Well, why would people cross
3 the street? What would be the reason for people to --

4 MR. JONES: If -- excuse me. I think the
5 question has been answered.

6 Thank you, Mr. Potashnik.

7 MR. POTASHNIK: Okay. Sure.

8 MR. JONES: Thank you, sir.

9 MS. ANDERSON: Thank you.

10 MR. JONES: Further questions, discussion?

11 MR. CONINE: I --

12 MR. JONES: Yes, Mr. Conine?

13 MR. CONINE: May I ask one?

14 MR. JONES: You certainly may.

15 MR. CONINE: Brian?

16 MR. POTASHNIK: Yes?

17 MR. CONINE: What year was the SAH designation
18 zoning put on this? How long has it been on there? Do
19 you know?

20 MR. POTASHNIK: 1996.

21 MR. CONINE: '96? Okay.

22 MR. JONES: For the record, the answer to the
23 question was 1996.

24 Excuse me. I just wanted the microphone -- I

1 just wanted to make sure everybody heard.

2 Any other questions or comments, Board members?

3 (No response.)

4 MR. JONES: We have a motion on the floor that
5 has been made and seconded. Any other questions or
6 comments from anybody?

7 MS. ANDERSON: I have no --

8 MR. JONES: Yes, Ms. Anderson?

9 MS. ANDERSON: I have one --

10 MR. JONES: Certainly.

11 MS. ANDERSON: -- comment before we vote.

12 MR. JONES: Certainly.

13 MS. ANDERSON: We've heard a lot of discussion
14 about participants of the community, and even though it's
15 not in the city of Duncanville, they have an interest in
16 it because it's in the school district. And this
17 comment's really to our staff, who I know works very hard
18 to set up these public hearings.

19 I think having the public hearing in the Dallas
20 library was not the best place to have this hearing any
21 more than having a discussion about something in Round
22 Rock at the Austin public library would make any sense.
23 And so I just have an expectation that staff will hold
24 further future public hearings on multifamily in the

1 communities that are affected and that consideration be
2 given to more than just the jurisdiction.

3 Now, I know this is in the city of Dallas. So
4 it looked -- may look like at face value that made sense,
5 but those of us who live in Dallas know that it's not
6 exactly two blocks down the street. So let's really try
7 to make sure that we have a public hearing process where
8 everybody knows that we are -- as I know it's your
9 interest, Mr. Onion, to make sure that we get community
10 input on these developments. Okay? Thank you.

11 Thank you, Mr. Chair.

12 MR. JONES: Further questions or comments?

13 (No response.)

14 MR. JONES: I would like to say this. I would
15 like to thank everyone that came -- the mayor and school
16 superintendent and city councilmen, all of you citizens
17 that came. We certainly appreciate your comments and your
18 input. They have been very well done.

19 And I would also like to say this, that, you
20 know, obviously, there are good arguments, valid
21 arguments, to be made on both sides of this issue. One
22 thing that has struck me in my experience on this board is
23 that when the community can kind of join arm in arm with
24 the department and with the developer and we can all work

1 together -- and we all feel real strongly about these
2 developments -- they do so much better than when we are
3 divided.

4 Having said that, too, I know that, you know,
5 this is something we run into. And unfortunately, it
6 seems like we run into this in the Dallas area more than
7 we run into it elsewhere. That -- the metroplex is just
8 exploding in growth. And we know there's this dire need
9 for affordable housing, but we seem to see this a lot in
10 this particular area -- our department does. And that's
11 certainly unfortunate.

12 MAYOR REPP: Mr. Chairman?

13 MR. JONES: Mayor?

14 MAYOR REPP: Can I just make a closing
15 statement?

16 MR. JONES: Certainly, yes, Mayor. I think --

17 MAYOR REPP: I'm not going to be pro or con --

18 MR. JONES: Sir, since the developer has, I
19 think you should be able to, too, out of fairness.

20 MAYOR REPP: Let me just say that I wish that
21 you would put yourselves in the position of the taxpayers
22 of Duncanville, Texas. We are surrounded by a metroplex
23 that could care less about what happens in our city. We
24 are faced daily with the things that they do with their

1 zoning. And if you come from a small town that's
2 surrounded by a major city, you'll see the same thing is
3 happening.

4 We have no voice in the affairs that affect our
5 people and our children. There are dozens of cities in
6 the metroplex area that are faced with this same problem.

7 We are concerned because, for example, the Texas
8 Department of Housing can make decisions at a board
9 meeting like this --

10 And, Mayor, you'll be interested in something
11 like this.

12 MAYOR SALINAS: Uh-huh.

13 MAYOR REPP: -- when the Texas Department of
14 Transportation has no knowledge of decisions that you are
15 making that are going to affect decisions that they're
16 making with regard to non-attainment, to pollution,
17 which -- Dallas is a non-attainment area.

18 And I know that, you know, nobody wants to hear
19 about adding more automobiles, but it does do that. We're
20 just suggesting that one board of the state makes
21 decisions without any knowledge by another board that has
22 the same considerations.

23 It is our expectation, Mayor, that we'll be
24 introducing a legislation this next session to try to

1 bring some coordination between departments in the state
2 on decisions like this. We are at -- it was really a
3 foregone conclusion that we had no necessity to come down
4 here. We know that the decisions were made in Dallas, we
5 tried our best shot at it, and we've lost. We understand
6 that, and we'll be facing more, I'm sure.

7 But thank you, very much, for hearing us out.
8 We appreciate it a bunch.

9 MR. JONES: Thank you, Mayor.

10 Further questions or comments?

11 (No response.)

12 MR. JONES: Hearing none, I assume we're ready
13 to vote. All in favor of the motion, please say aye.

14 (A chorus of ayes.)

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

17 (No response.)

18 MR. JONES: The motion carries.

19 We will then turn our attention to Item 5(b).
20 We have heard staff's recommendation. We have also heard
21 public comment on Item 5(b). What's the Board's pleasure?

22 (Pause.)

23 MR. JONES: We have staff's recommendation on
24 this that Mr. Onion has already made, which is their

1 recommendation of approval of 5(b). So we have staff's
2 recommendation, and we've also heard public comment; all
3 those who wanted to comment on Item 5 have commented on
4 Item 5. So it's now ready to turn to the Board's
5 attention.

6 MR. CONINE: Move approval of Item 5(b),
7 Resolution 02-038, for the Wheatland Villas in Dallas,
8 Texas.

9 MAYOR SALINAS: Second.

10 MR. JONES: A motion has been made and
11 seconded. Is there any discussion?

12 (No response.)

13 MR. JONES: Hearing no discussion, I assume
14 we're ready to vote. All in favor of the motion, please
15 say aye.

16 (A chorus of ayes.)

17 MR. JONES: All opposed, nay.

18 (No response.)

19 MR. JONES: The motion carries.

20 We then turn our attention to Item 5(c).

21 Byron Johnson?

22 MR. JOHNSON: Good afternoon.

23 MR. JONES: Good afternoon.

24 MR. JOHNSON: In June of 2002, the Board

1 approved issuing a request for proposals for trustee
2 services for the single family bond issues and refundings.

3 The RFP was issued on June 28, and responses were
4 received in July, and we received six responses.

5 Unfortunately, all six responses contained deficiencies.

6 And staff is recommending that we refrain from pursuing
7 any selection process at this time and defer the process
8 until November or December.

9 The types of deficiencies included, shall we
10 say, non-responsive answers to RFP questions, omissions of
11 requested information without any explanations of why no
12 responses were given, omissions of a question in its
13 entirety and insignificant single family bond experience.

14 MR. CONINE: Can I ask a question?

15 MR. JONES: Yes, you sure may, Mr. Conine.

16 MR. CONINE: Mr. Johnson, you said we had six
17 responses?

18 MR. JOHNSON: Yes.

19 MR. CONINE: Weren't -- are these from major
20 financial institutions --

21 MR. JOHNSON: Yes.

22 MR. CONINE: -- in this country?

23 MR. JOHNSON: Yes.

24 MR. CONINE: And we -- out of six responses to

1 the RFP, we couldn't get one that was either filled out
2 correctly or was without the deficiencies that were listed
3 there?

4 MR. JOHNSON: No.

5 MS. CARRINGTON: I asked the same question, Mr.
6 Conine.

7 MR. CONINE: Could you read into the record who
8 the six respondees were, please?

9 MR. JOHNSON: Okay. Yes, sir, not in
10 alphabetical order. But Bank One, Bank of New York, Union
11 Bank of California, Wachovia First Union, Wells Fargo and
12 Deutsche Bank.

13 MR. CONINE: And our current trustee is?

14 MR. JOHNSON: Bank One.

15 MR. CONINE: Bank One? Okay. I would just,
16 obviously, encourage you to -- I saw, I guess, a letter in
17 our package that dealt with the, you know, rejection, if
18 you will, of the response and putting it off until a
19 future date.

20 I would encourage the department staff to again
21 contact those six institutions and, I guess, others
22 and -- because this is an important process and one we
23 haven't done in several years. And if -- I guess I can't
24 believe the lack of interest in the financial community to

1 a department that has the size bond issuances that we
2 have. And I'm very disappointed with that. And let's try
3 to get some feedback so that you can enlighten us next
4 time as to why that happened and how to go about
5 correcting the problem in the future.

6 MR. JOHNSON: Yes, sir.

7 MS. CARRINGTON: Mr. Conine, one of the things
8 that Byron and I have discussed is taking a look at the
9 RFP and making sure that our questions are real clear so
10 that we, therefore, get really clear responses. So --

11 MR. CONINE: Maybe we need to simplify it a
12 little bit. I don't know.

13 MAYOR SALINAS: Eighth-grade level.

14 MR. CONINE: Well, now, you said that. I
15 didn't. I said, Simplify.

16 MR. JOHNSON: Okay. And staff is requesting
17 that the Board not proceed with any action on this RFP and
18 start the RFP process over later this year.

19 MR. CONINE: I don't -- nothing -- we can't do
20 anything about it.

21 MR. JONES: I don't think there's anything we
22 can do.

23 MR. JOHNSON: Okay.

24 MR. CONINE: We'll take your recommendation.

1 MR. JOHNSON: Okay. We'll be back in November
2 or December.

3 MR. CONINE: Okay. Thank you.

4 MR. JONES: Thank you.

5 MR. ONION: May I approach the Board?

6 MR. JONES: Sure, Mr. Onion.

7 MR. ONION: A point of clarification on
8 Resolution 02-38. I just want to be clear that when it
9 was approved, the amount that the staff was recommending
10 for the bond amount was 14-million-seven-fifty, although
11 the resolution itself has 14 million-nine. So I just want
12 to be clear that --

13 MR. JONES: Is this on the Wheatland Villas
14 apartments.

15 MR. ONION: Yes. It's --

16 MR. JONES: Well, we're about to do that over
17 again, anyway.

18 MR. ONION: Okay.

19 MR. JONES: There's an individual,
20 Mr. Bettison -- Betterson --

21 MR. BETTERSON: Yes, sir.

22 MR. JONES: On your agenda item, I don't know
23 why it is, but somebody has written, "Item 4," here. But I
24 understand you wish to speak to Item 5. Is that correct?

1 MR. BETTERSON: Correct.

2 MR. JONES: Okay. Please come speak to us.

3 MR. POTASHNIK: And I do, as well.

4 MR. JONES: Okay. Have you -- okay.

5 Mr. Betterson, it appears we're going to have
6 to do this resolution over, anyway. So why don't you
7 speak to us now if you would, sir?

8 MR. BETTERSON: Thank you, very much, Mr.
9 Chairman and members of the Board. My name is James
10 Betterson; I'm with the Glen Oaks Homeowners Association.
11 I'm a member and I'm also the treasurer of that
12 organization. I wanted to speak to you today about
13 the -- what's called the Wheatland Villas development,
14 which is adjacent to our property there, which is the Glen
15 Oaks Homeowners Association.

16 I do have a letter that we sent to city hall,
17 and I want to present that when I finish.

18 MR. JONES: Yes, sir.

19 MR. BETTERSON: This letter is to the City of
20 Dallas Planning and Development Department. And the
21 issues that existed then -- and this letter is dated 1988.
22 They still exist today for this same property.

23 And basically, the residents of our community
24 strongly object to any multifamily zoning or construction

1 on this particular site. This site is located on the
2 southwest side of I-35 and Ledbetter. The impact of
3 additional traffic in our residential area will be
4 increasing. It will also increase the student bodies in
5 our two neighborhood schools.

6 And I'm a substitute school teacher, and I can
7 tell you, right now, we've already got six portable
8 classrooms in each one of these schools. And when I teach
9 there, the classrooms are in excess of 30 per classroom.
10 So if we bring in a multifamily structure, we're going to
11 only overflow these schools more.

12 We know also that there's -- access to this
13 development is very limited. So it's going to increase
14 the traffic flow through our quiet neighborhood.

15 These are some of the things that we've been
16 concerned about, and we're asking no more than that the
17 developer sit down and discuss with us some of the options
18 and some of the other functions and some of the other
19 possibilities that he might have and we can all agree upon
20 for this development and this site. Thank you, very much.

21 MR. JONES: Thank you, sir.

22 MAYOR SALINAS: This is on --

23 MR. JONES: This is on Item 5. For some
24 reason, we had him down as Item 4 on the agenda, but he is

1 speaking as to Item 5(b) on the agenda.

2 Okay. With regard to Item 5, I thought we were
3 totally done with public comment on that area, but,
4 apparently, there is one more person who would like to
5 speak.

6 MR. POTASHNIK: Brian Potashnik, Southwest
7 Housing. We're the developer of the Wheatland Villas.
8 And I would like to go on the record publicly to
9 acknowledge the fact that we will not accept nor close the
10 funding of the bonds without the support of the Glen Oaks
11 Neighborhood Association, as well as the zoning, which is
12 in the process of taking place on this site as part of the
13 PD at the City of Dallas.

14 So the conditions under which, if you do
15 approve this resolution, that I agree to as the developer
16 and as I have committed to the homeowners is their
17 satisfaction with the approved PD at city council on the
18 zoning. So unlike Clarkridge, this is a zoning issue.
19 So --

20 MR. JONES: Thank you, Mr. Potashnik.

21 Mr. POTASHNIK: Thank you.

22 MR. JONES: All right. So that's all the
23 public comment on Item 5?

24 (No response.)

1 MR. JONES: Going once, going twice, gone.
2 Okay. That's all the public comment on Item 5 then.

3 I think we need to undo the motion we
4 previously did on Item 5(b).

5 MR. CONINE: Move for reconsideration of Item
6 5(b).

7 MR. JONES: Is there a second?

8 MAYOR SALINAS: Second.

9 MR. JONES: A motion has been made and
10 seconded. Any discussion?

11 (No response.)

12 MR. JONES: Hearing none, I assume we're ready
13 to vote. All in favor of the motion, please say aye.

14 (A chorus of ayes.)

15 MR. JONES: All opposed, nay.

16 (No response.)

17 MR. JONES: Motion carries.

18 Is there a motion with regard to 5(b)?

19 MR. CONINE: Move that we approve Item 5(b) for
20 the staff recommendation of \$14,750,000 on the -- what is
21 Resolution 02-38 -- is that correct -- with the
22 developer's comments relative to the homeowners
23 association.

24 MAYOR SALINAS: Second.

1 MR. JONES: A motion has been made and
2 seconded. Any questions, comments or discussion?

3 (No response.)

4 MR. JONES: Hearing none, I assume we're ready
5 to vote. All if favor of the motion, please say aye.

6 (A chorus of ayes.)

7 MR. JONES: All opposed, nay.

8 (No response.)

9 MR. JONES: Motion carries.

10 We will then turn to Item 4(a) on our agenda.

11 Ms. Carrington?

12 MS. CARRINGTON: That would be David.

13 David Burrell?

14 MR. BURRELL: Good afternoon, Mr. Chairman,
15 members of the Board and Ms. Carrington. You all just
16 approved the tax-exempt bonds for Wheatland and
17 Clarkridge, and now we're going to move into the tax
18 credits side.

19 And the first one that we have will be
20 Clarkridge Villas apartments. For that one, we are
21 recommending that the Board allocate credits in the amount
22 of \$704,470 for the development at a total cost of 22
23 million-one-eighty-seven. The staff does recommend
24 approval of the Clarkridge tax credits.

1 MAYOR SALINAS: So moved.

2 MS. ANDERSON: Second.

3 MR. JONES: We have a motion made and seconded.

4 On 4(a), I have no one signed up to speak.

5 Anyone here that would like to speak on 4(a)?

6 MAYOR SALINAS: I think everybody did.

7 MR. JONES: I think they did already.

8 (Laughter.)

9 MR. JONES: All right. Unless we have further
10 discussion, questions or comments, I assume we're ready to
11 vote. All in favor of the motion, please say aye.

12 (A chorus of ayes.)

13 MR. JONES: All opposed, nay

14 (No response.)

15 MR. JONES: Motion carries.

16 We turn to 4(b).

17 MR. BURRELL: 4(b), Wheatland Villas. On this
18 one, the applicant had requested credits in the amount of
19 737,794, and the staff is recommending credits be
20 allocated in the amount of 698,285 based upon the eligible
21 basis tax.

22 MS. ANDERSON: So move.

23 MAYOR SALINAS: Second.

24 MR. CONINE: Second.

1 MR. JONES: I have a motion made and seconded.
2 Further questions, comments or discussion?

3 (No response.)

4 MR. JONES: Hearing none, I assume we're ready
5 to vote. All in favor of the motion, please say aye.

6 (A chorus of ayes.)

7 MR. JONES: All opposed?

8 (No response.)

9 MR. JONES: Motion carries.

10 I would like to, if we could, take them by
11 agenda item. So let's take the next three together and
12 then the next three together. Is that okay?

13 MR. BURRELL: That's fine.

14 MR. JONES: Great. If you would, make your
15 recommendation accordingly.

16 MR. BURRELL: The staff recommends that the
17 Shady Oaks Manor be allocated credits in the amount of
18 \$223,055 and Pleasant Valley Villas be allocated credits
19 in the amount of 874,826. I would like to make one
20 statement on that, and that is that we just found out on
21 yesterday that this tract is located in a QCT, which makes
22 them possibly eligible for additional credits. So we
23 might be bringing this back to you at the end of the month
24 after underwriting gets a chance to look at it.

1 MR. CONINE: Which project was that, now?

2 MR. BURRELL: Pleasant Valley Villas. They
3 just got confirmation that this tract is located in the
4 QCT, but we didn't have time enough to get it to
5 underwriting for their review before today's meeting and
6 get it posted properly.

7 MR. CONINE: Okay.

8 MR. BURRELL: So at this time, we're
9 recommending that you allocate 874,826.

10 MR. JONES: Okay. And then Eagles Landing?

11 MR. BURRELL: Eagles Landing, we are
12 recommending that they be allocated credits in the amount
13 of \$798,619.

14 MR. JONES: All right.

15 And the speakers we have for Item 4(b) --

16 Mr. Voelker?

17 MR. VOELKER: I only signed up in case there
18 are any questions.

19 MR. JONES: Okay.

20 MR. VOELKER: I won't speak unless there are
21 any questions.

22 MR. JONES: Thank you.

23 Mr. Ellison?

24 MR. ELLISON: I'm sorry.

1 MR. JONES: She'll hand them out for you.

2 MR. ELLISON: Oh. Okay.

3 MR. JONES: If you just give them to her,
4 she'll take care of it for you.

5 MR. ELLISON: Thank you.

6 MR. JONES: Thank you

7 MR. ELLISON: I'm not familiar with the
8 procedures. My name is Sam Ellison, and I live at 2605
9 Ware Road in Austin, Texas. I would like to speak to you
10 today about the proposed Pleasant Valley development,
11 Number 02-413.

12 There are questions concerning the inaccuracies
13 in the TDHCA application. If you would, please take a
14 look at the paper work involving these applications.

15 October 4, 2001, the Austin Housing Finance
16 Corporation approved an inducement resolution for the
17 Pleasant Valley Villas. On October 3, 2001, the Texas
18 Bond Review Board awarded the opportunity for the Pleasant
19 Valley Villas to participate.

20 March 12, 2002, Southwest Housing, the
21 developer of the Pleasant Valley Villas, initiates minimum
22 contact with our neighborhood association to inform us of
23 a proposed development of 114 duplexes. March 20, 2002,
24 Southwest Housing submits an application to the City of

1 Austin Board of Adjustments concerning a variance request.

2 In this application, it will clearly show that the
3 developer is aware of the zoning designation for SF-3.

4 Referred to in this application is a hardship
5 due to requirements of TDHCA. This would establish that
6 the developer is aware of the zoning and building type
7 conflicts.

8 May 1, 2002, Southwest Housing submits the
9 Volume 1 application to TDHCA; information in this
10 application conflicts with what is submitted to the city.

11 The building unit configuration states, Fourplex. Under
12 the site part of the application, it states that this site
13 is zoned for the proposed use, that the current zoning
14 designation is MF, that the site is not in the process of
15 being rezoned.

16 All of this information is inaccurate. The
17 application began with ineligible building type and
18 misinformation about zoning. This information is affected
19 by 49.249, ineligible building types; 49.22,
20 administrative deficiencies, and; Number 7 in the
21 application, statement of certification.

22 May 13, the public hearing for the variance
23 request is heard by the board of adjustments; the variance
24 request is denied. The request was denied due to creating

1 fourplex structures, which is not permissible in SF-3
2 zoning.

3 May 15, Southwest Housing files an application
4 with the board of adjustments for reconsideration. In
5 this application, the developer states duplexes as
6 structures, acknowledges that this is an SF-3 family
7 residence zoning district; a letter from Southwest Housing
8 is also included. Why at this time did the developer not
9 use this opportunity to make the proper corrections in the
10 TDHCA application?

11 June 10, the board of adjustments again denies
12 this variance request; Southwest Housing says they will
13 build duplexes. June 13, I fax a request to TDHCA for
14 questions to be answered concerning the conflicting
15 information in reference to this building configuration
16 and zoning. June 14, 2002, Ben Shepard responded to my
17 request and informed me that the applicant could be
18 allowed to correct these inaccuracies.

19 June 17, TDHCA informs the applicant of the
20 discrepancies. August 1, Austin Housing Finance
21 Corporation does approve the bond funding for the Pleasant
22 Valley Villas for 15 million, tax exempt, and then
23 increased their original amount of taxable from 1,445,000
24 to 2,945,000. AHFC is also informed that the city has the

1 same site plan as TDHCA.

2 August 8, at this board agenda today, it
3 describes the number of buildings as 55. Based on the
4 site plan, there are to be 40 fourplex apartment buildings
5 and 15 eight-unit buildings. This information is not the
6 same plan as the city has. The plan that the city has is
7 it's to be 80 duplexes. So the building number would be
8 at least 95.

9 The applicant has played a game and has made
10 too many errors that should have been corrected by now.
11 This applicant has had plenty of time to develop a well-
12 prepared plan that would meet the proper requirements.

13 MR. JONES: Excuse me, sir. You need to wind
14 up. It's -- your time's up.

15 MR. ELLISON: Yes, sir. I'm wrapping up.

16 MR. JONES: Thank you.

17 MR. ELLISON: There should not be any
18 exceptions made to the QAP in this particular situation,
19 due to the errors of the applicant in following these
20 rules and guidelines. Some of these inaccuracies and
21 conflicting information about possible administrative or
22 material deficiencies in this application should not be
23 approved. Thank you.

24 MR. JONES: Thank you, sir.

1 Mr. Craig Alter?

2 MR. ALTER: Chairman and Board and Ms.
3 Carrington, I'm Craig Alter, Vice-president of Southwest
4 Housing in Austin.

5 On August 1, the Austin city council voted, as
6 the Austin Housing Financing Corporation, 7-0 in favor of
7 the issuance of the bonds for this project. And the
8 reason that they voted that way was because of the way we
9 have worked with the City staff and each of the council
10 members in presenting the issues that are involved in the
11 development of this property and addressing all of the
12 issues that have been raised by the neighborhood residents
13 and by showing that we can comply with all of the City of
14 Austin regulations.

15 In Austin, the housing priority for the city is
16 to serve those at or below 50 percent of the median
17 income. And this development will serve 100 percent of
18 the units to those individuals earning 50 percent or less
19 of the area median income.

20 This plan is consistent with the zoning that is
21 in place on the property. Currently, we have in process
22 for review by the city staff the final plat, site plan and
23 all the architecturals. The architecturals and site
24 development plan are also on file with the Texas

1 Department of Housing. Both of those applications before
2 the state staff as well as the city staff are identical.
3 In a period of two to three weeks, we expect to have all
4 the approvals from the City of Austin that are required
5 for the development of the property.

6 There have been a number of issues raised which
7 have been raised in regard to the development process,
8 basically, and those are issues that we continue to work
9 with the City of Austin on. Those are issues that are
10 addressable. They are issues that typically do come up in
11 any given development process.

12 We are committed to working with the
13 neighborhood; as was stated, we started in March of this
14 year talking to the neighborhood. We will continue to
15 talk to area residents. As recently as two days ago, the
16 president called me and is anxious to meet again in a
17 couple of weeks to go ahead and continue the dialogue.
18 What you're seeing before you in terms of opposition is a
19 couple of individuals that is not a representation by,
20 that is sanctioned by or represented by the president of
21 the association itself.

22 Regarding the pipeline that you were presented
23 with earlier, the information is incorrect. That pipeline
24 does not exist there. It exists six feet off of an

1 existing electric transmission line which is fully within
2 the right-of-way of the property. Roadways will not be
3 built across or on top of the pipeline; we will simply
4 have driveways going across the pipeline, and there will
5 be four driveways. That is permitted.

6 There is no problem. This is a Southern Union
7 Gas line that is running service to the City of Austin
8 power station.

9 We are looking forward to creating another
10 great asset for the city of Austin, and we look forward to
11 your concurrence and approval. Thank you.

12 MR. JONES: Thank you, sir.

13 MR. CONINE: I have a question.

14 MR. JONES: Yes, sir.

15 MR. CONINE: Is it Mr. Alter?

16 MR. ALTER: Yes, sir.

17 MR. CONINE: Are we building fourplexes, or
18 duplexes.

19 MR. ALTER: We are building duplexes.

20 MR. CONINE: Building duplexes?

21 MR. ALTER: As well as standard apartment
22 units.

23 MR. CONINE: And the change in the -- I guess
24 from what was in the original contemplation of the project

1 has been forwarded on to our staff?

2 MR. ALTER: It has. They are fully aware of
3 it.

4 MR. CONINE: Okay.

5 MR. JONES: Thank you, sir.

6 MR. ALTER: You're welcome.

7 MR. JONES: Ms. Shelly Ann Lemowitz?

8 MS. LEMKOWITZ: It's not Jones.

9 (Laughter.)

10 MR. JONES: How close was it?

11 MS. LEMKOWITZ: It was pretty close, but it's
12 Lemkowitz.

13 MR. JONES: I'm sorry.

14 MS. LEMKOWITZ: That's okay. I'm going to go
15 ahead and give you this petition.

16 MR. JONES: Thank you.

17 MR. CONINE: He went to Baylor, by the way.

18 MS. LEMKOWITZ: Good afternoon. My name is
19 Shelly Lemkowitz, and I live at 2802 Ware Road in the
20 Burleson Heights neighborhood, directly west of the
21 proposed development, Pleasant Valley Villas.

22 I want to thank the board today for allowing me
23 to speak. And I also want to thank TDHCA, Ruth Cedillo
24 and staff for speaking with me yesterday and clarifying

1 some facts and rules that pertain to this particular tax
2 credit development, but I most of all want to thank them
3 for putting me back on the right track and what's really
4 important about all of this, and that's safety.

5 Before -- I want to address a few issues.
6 You're going to hear most likely from the developer how he
7 has decreased the number of units that he can place on
8 this property. It can be developed under private use
9 MORSA [phonetic], and we understand this. He originally
10 put in a site plan that presented the city with 114 lots
11 that did not meet the minimum size requirements of the
12 city or impervious cover rules set forth by the city, so
13 it was back to the drawing board.

14 On the new submitted plan, the developer
15 decreased the amount of units and said that they were
16 doing this in order to dramatically save the trees on the
17 lots -- it would, however, not do this -- and that --
18 the configuration now met the requirements of the size of
19 Southwest Housing and they'd be able to achieve the
20 maximum amount of units allowed by TDHCA.

21 The board was denied twice -- excuse me. The
22 developer was denied twice by lack of better presentation
23 of the first time, when they showed a picture of trees to
24 the board, saying that they wanted to save them. So the

1 board made them go back and create a tree survey, at which
2 time they did a 10 percent survey on these trees that they
3 were concerned about saving.

4 The reason I bring this issue to you is because
5 it would have allowed them to create a fourplex building,
6 which would -- is what's in confusion today. Also, the
7 QAP stated that this is an ineligible building type and
8 that if it was proposed of anything less than a fourplex,
9 this type of structure would need the government to kick
10 in 7 percent of the cost of hard construction.

11 The reason I bring this to your attention is
12 because this was an issue of the project in mid-June, as
13 opposed to inter-departmental e-mail between TDHCA and the
14 developer. When I asked about the 7 percent at the TEFRA
15 meeting, no one could clearly give me any information on
16 why it didn't affect this project. I was not able to get
17 a clear answer until yesterday.

18 Because this project is both privately and
19 publicly funded, the QAP states that the department
20 determines that if it's in the best interest of the
21 development and the market area and the tax program, the
22 development will allow for the particular building type to
23 be included in the development.

24 But what makes this such a desirable

1 development? Why should we disregard the rule? The City
2 of Austin's budget is so tight that we could not afford
3 even 1 percent, much less 7. So since that no longer
4 applies, I want to talk to you about what matters here.

5 The census states that within our Zip code
6 region, we are the most highly sought after because our
7 land is so cheap that people will try to build low-income
8 housing -- excuse me -- affordable housing development.
9 So what is proposed here is not that we have the lack of
10 it here. There is also a project that is coming in in
11 September that has 240 units that will be for affordable
12 housing.

13 What I really want to get back to, though, is
14 the safety issues, as that's what I had at hand. I want
15 to present a map to you that is of the site development.
16 Excuse my artwork.

17 (Pause.)

18 MS. LEMKOWITZ: Now, what you're seeing here in
19 the red is the 100-year flood plain. Now, that's the only
20 entrance road that's connecting this land-locked project;
21 it's, I believe, a four-lane road that falls within the
22 100-year flood plain so that the developer must construct
23 a bridge. Also, the dotted lines show you gas pipelines,
24 and the blue line that runs down the right-of-way is a

1 KB-69 power line. The reason that I bring this --

2 MR. JONES: Ma'am?

3 MS. LEMKOWITZ: Yes?

4 MR. JONES: Your time is up. You'll need to
5 wind up, please.

6 MS. LEMKOWITZ: Okay. Well, all I want to say
7 is that what I'm trying to get at here is that the
8 concerns here are with the safety of the citizens. And on
9 each affordable housing project seems to be -- that seems
10 to be a focus. But on this piece of land, since it's free
11 to be built at the taxpayers' expense, no one seems to be
12 concerned with the chance of this being a problem.

13 This is labeled as a SMART housing program, and
14 the S stands for Safety. You be the judge. Certainly,
15 we've found out that the QAP rules don't apply here, but
16 safety should prevail. Thank you.

17 MR. JONES: Thank you.

18 Mr. Martin Gonzales?

19 MR. GONZALES: Mr. Chairman and members of the
20 Board, my name is Martin Gonzales, and I manage the bond
21 programs for the Austin Housing Finance Corporation.
22 I'm -- I'd like to ask a question, if you all received in
23 your backup the letter of support from the City of Austin
24 as written by our neighborhood community development

1 officer. And if you have not, I'd like to offer it as
2 part of the record.

3 MR. JONES: Please do.

4 MS. CARRINGTON: The staff did receive it
5 yesterday.

6 MR. GONZALES: Good.

7 MR. JONES: Thank you.

8 MR. GONZALES: Okay.

9 In that letter, the -- it starts out by
10 stating, "On behalf of the City of Austin and the Austin
11 Housing Finance Corporation, I'm writing to you in support
12 of the Pleasant Valley affordable housing development. As
13 an initial show of support this week, the Austin city
14 council, acting as the Board of Directors of the Austin
15 Housing Finance Corporation, approved the issuance of \$50
16 million worth of bonds and 2.945 million worth of taxable
17 bonds for financing this project. We're looking to you to
18 provide the 4 percent credits so that we can move forward
19 with this project."

20 There has been a lot of misinformation and
21 issues raised, both by the citizens and the neighborhood.

22 And it mainly stems from a very complex process that
23 exists with regard to the tax credits, with regard to the
24 qualified action plan, with regard to what's acceptable

1 and not acceptable and with regard to the 7 percent
2 contribution they were concerned with.

3 And there's -- as you all know, in Austin, we
4 have a very complex development process. And it must have
5 a lot of public input; it must have all kinds of hearings.

6 And it's very detailed as to -- by the time
7 this gentleman gets through taking that building permit,
8 you had better believe that the City of Austin is going to
9 make sure that it's safe, that traffic issues have been
10 addressed, that flood plain issues have been addressed and
11 that all of the issues that have been expressed here have
12 been addressed. There are other issues that are not
13 addressed through the development process, such as schools
14 and what have you, but those are infrastructures that are
15 built as the city grows.

16 And we just want to show our support. And I'll
17 let you know that the City of Austin is very meticulous
18 about approving site plans and construction, and nothing's
19 going to get built if it's unsafe or if it doesn't meet
20 their building codes. Thank you.

21 MR. JONES: Thank you, sir.

22 Mr. Robert Kelly?

23 MR. KELLY: Thank you, Chairman and Board and
24 Ms. Carrington. I'm Robert Kelly with the Hunt Building

1 Corporation, representing the developer for Shady Oaks
2 housing. I'm here basically because there was a reduction
3 recommended by staff in the amount of credits that we
4 requested, and that's driven by an identity of interest in
5 the project.

6 From the underwriter's policy, when there is an
7 identity of interest transaction or a related party
8 transaction, it is -- in order to determine a fair
9 acquisition cost or an acquisition value for the property,
10 they use the lowest value either -- that's shown either on
11 the appraisal or as evidenced by holding costs that is
12 provided by the applicant.

13 When we first started looking at developing
14 this property, we had our appraisal done by Zacura
15 [phonetic] and Associates out of El Paso, and that
16 appraisal was to TDHCA standards. And we submitted that
17 as a part of our application. When the board book came
18 out or was published on the web site last week, we took a
19 look at that, our underwriting analysis of the project
20 or -- the underwriting analysis of the project and saw
21 that staff was recommending a pretty good cut in our
22 credits.

23 So we offered two other items, two other pieces
24 of information, to the staff for them to look at. One was

1 a second appraisal that was ordered by the lender in the
2 transaction. This transaction is a direct purchase bond
3 or -- direct bond purchase under the Fannie Mae program.
4 So the appraisal met the Fannie Mae standards.

5 And on the Exhibit A that I provided you, that
6 shows a comparison between the two appraisals. And I
7 think the appraisal values are pretty close over all three
8 categories with one exception, that being the replacement
9 cost approach to the appraisal.

10 Both appraisers used the Marshall Swift
11 residential handbook guide to come up with their numbers,
12 and I guess one was a little more detailed than the other.

13 So that value differs a little bit, but the appraisals, I
14 think, match pretty closely.

15 The second piece of information that we
16 provided staff yesterday was -- as allowed by the QAP was
17 a detail of our exit taxes on the transaction -- and that
18 is shown on Exhibit B that I gave you -- of \$829,000. And
19 we provided staff with the detail of that.

20 A couple of other items. We didn't provide
21 the -- an amount of exit taxes when we submitted earlier
22 holding costs because we felt like we didn't need it. We
23 had substantiated our acquisition price. The staff didn't
24 or -- they disallowed the use of property taxes and

1 insurance as a holding cost. So when they did that, we
2 fell short as far as holding costs. So that's why we
3 provided the exit taxes.

4 I think, in light of those two pieces of
5 information, we provided the staff to substantiate the
6 acquisition price of the property, I request that you
7 grant our original request for an allocation as was in the
8 application instead of the reduced amount recommended by
9 staff.

10 MR. JONES: Thank you, sir.

11 All right. I believe that's all the public
12 comment we have for Item 4(b). Anyone else desiring to
13 speak to Item 4(b) of the agenda?

14 (No response.)

15 MR. JONES: Hearing none, we'll close public
16 comment on Item 4(b).

17 What's the Board's pleasure? We have the
18 recommendation of staff, and we've had public comment.

19 MR. CONINE: I guess I've got a question of Mr.
20 Burrell on this last one that just came up.

21 MR. JONES: Sure.

22 Mr. Burrell?

23 MR. CONINE: The acquisition cost of the land
24 is not eligible basis in the calculation, anyway, is it,

1 relative to the credit?

2 MR. BURRELL: It's -- we deduct it out.

3 MR. CONINE: Good. So whether it goes in at \$2
4 or \$4 is immaterial to the credits that the staff
5 recommended. Am I right on that assumption? I think I
6 am.

7 MR. BURRELL: As far as the land. What we have
8 is -- the developer brought in some documentation showing
9 what it initially cost him in the land and to construct
10 the facility, along with the holding costs. And then we
11 backed out the taxes and insurance because those had been
12 involved in the operating costs, and that's how we came up
13 with a net number.

14 Now, he did not give us any of his exit taxes
15 in that calculation. So we could possibly make an
16 adjustment because of the exit taxes. He gave us the
17 information too late for underwriting to be able to go
18 back and to do an evaluation based upon those exit taxes.

19 MR. CONINE: And did you have an -- you had an
20 appraisal done on that, or some --

21 MR. BURRELL: There are --

22 MR. CONINE: -- he had an appraisal done?

23 MR. BURRELL: There are two appraisals. He had
24 one appraisal done at the time that he applied. The

1 problem that we're having with the appraisals, though, is
2 that they're based upon subsidized values. And that --
3 being that the property has Section 8 HAC contracts on
4 them so they're actually able to charge more on rents; it
5 has a stronger cash flow than the market value that we got
6 looking at it.

7 We can't say that the HAC contracts are going
8 to be in place for a long number of years in the future.
9 And therefore, we couldn't use that value because it is
10 considered a subsidized value.

11 MR. CONINE: Okay. Thank you.

12 MR. JONES: Ms. Vecchietti, did you want to
13 help answer this question?

14 MS. VECCHIETTI: What was the question? I'm
15 sorry.

16 MR. JONES: I thought you had some comments,
17 but maybe not.

18 MS. VECCHIETTI: I just wanted to be here to
19 clarify since Mr. Burrell obviously didn't work on the
20 underwriting report.

21 MR. JONES: Okay.

22 MS. VECCHIETTI: As far as the first appraisal
23 that we received, he's correct in that they did use
24 subsidized rents in coming up with the value. And per our

1 QAP, we asked for an unsubsidized, as it is market value.

2 So we couldn't use that appraisal.

3 The second appraisal that he's referring to we
4 received yesterday. And I'm sorry. I'm not that quick.
5 I can't do an analysis in one day. Plus, I was out of
6 town at a conference.

7 The exit taxes? Yes, we do consider those when
8 we consider holding costs. Unfortunately, he did try to
9 fax it to us yesterday but to the wrong number. I
10 received it an hour before I got to this meeting. So I'm
11 afraid I was not able to take that into consideration,
12 either.

13 This -- I just wanted to bring to your
14 attention that this deal is similar to another one that
15 was brought before the Board a few months ago, the same
16 issues: Sierra Vista. I believe Ms. Anderson had similar
17 questions as the ones that you're posing now.

18 So I feel like the developer was well aware of
19 the processes that we use and had ample time to supply the
20 information.

21 MR. JONES: Thank you, ma'am.

22 MR. BURRELL: If I might suggest -- because of
23 the fact that we got the information late yesterday as far
24 as the exit taxes, we could actually ask you all to

1 approve the applicant's request subject to him giving us
2 documentation that we can go back and evaluate and then
3 come up with a net number. I think that would be fairer
4 to him and it would be fairer to us.

5 MR. CONINE: Would you state the applicant's
6 request right quick so I can --

7 MR. BURRELL: The applicant's request was
8 278,571.

9 MR. CONINE: And you're recommending?

10 MR. BURRELL: And we're recommending \$223,055.

11 MR. CONINE: Okay.

12 MR. BURRELL: And so we can just have him
13 document his costs for that.

14 MS. ANDERSON: I move to amend the motion on
15 the floor to approve the applicant's request subject to
16 this verification that staff has --

17 MR. CONINE: Staff recommends?

18 MS. ANDERSON: Yes.

19 MR. JONES: Did we have a motion for approval?

20 MAYOR SALINAS: I don't think we had a motion.

21 MS. ANDERSON: Oh. I thought we did.

22 MR. JONES: I don't think we did.

23 MAYOR SALINAS: No.

24 MR. JONES: I don't think we did.

1 MS. ANDERSON: Oh. I thought we did.

2 MAYOR SALINAS: No.

3 MS. ANDERSON: For those three, we --

4 MR. CONINE: Not yet.

5 MS. ANDERSON: Oh. Okay.

6 MAYOR SALINAS: We had the recommendation for
7 approval, but no motion was made.

8 MS. ANDERSON: Well, I withdraw my motion. And
9 I move adoption of these three: 4(b) Resolutions 02-412,
10 -413 and -414 with the clarification that the Shady Oaks
11 Manor be funded at the applicant's request level subject
12 to working -- the staff working to verify the exit costs
13 or the additional information that was provided that would
14 make that an appropriate level of credits.

15 MR. CONINE: Second.

16 MR. JONES: Anything further, Mr. Burrell?

17 MR. BURRELL: There's one thing I wanted to say
18 on the Pleasant Valley Villas. I did want to make it
19 clear that we do have all of the updated and accurate
20 information that the City of Austin has on that
21 development. We don't as a normal rule have a lot of
22 duplex developments, but our QAP does allow us to provide
23 credits for duplex developments if it's in the best
24 interest of the community and the best interest of the

1 department.

2 MR. JONES: Thank you, sir.

3 All right. Any further questions or comments?

4 We have a motion that has been made and seconded on the
5 floor. Questions? Comments?

6 (No response.)

7 MR. JONES: Hearing none, I assume we're ready
8 to vote. All in favor of the motion, please say aye.

9 (A chorus of ayes.)

10 MR. JONES: All opposed, nay.

11 (No response.)

12 MR. JONES: Motion carries.

13 We will now turn our attention to 4(c). I have
14 one person that would like to speak on 4(c), and that's
15 Mr. Warren, but he says he only wants to answer questions.

16 Mr. Warren?

17 MR. WARREN: Yes.

18 MR. JONES: Is that right?

19 MR. WARREN: Yes.

20 MR. JONES: If we have any questions, we'll ask
21 them. You may not have to do that.

22 Mr. Burrell, do you have a recommendation?

23 MR. BURRELL: We actually have recommendations
24 on three developments. On the Village at Meadowbend, we

1 are recommending that the Board grant an extension through
2 September 14, 2002 because the developer has not been able
3 to get a gas line relocated just yet.

4 Then on Laredo Vista, we're recommending that
5 the Board grant an extension through July 1. Actually,
6 the developer has closed on his construction loan, but
7 because of the fact that our underwriting department was
8 not able to finish their underwriting of the resizing of
9 the development until July 11 -- I'm sorry -- June 11, the
10 developer was a few days late closing his construction
11 loan. We're also asking that the extension fee be waived
12 on that one.

13 And then we have the Corinth Autumn Oaks
14 development for which we're requesting that the deadline
15 be extended through December 11, 2002. This is an
16 assisted living development where the developer was
17 working with Fannie Mae.

18 And because it's assisted living, Fannie Mae
19 decided they didn't want to do the development because
20 there is a commercial kitchen being put in. However, they
21 have started working with HUD under a 232 loan, and they
22 should be able to get that, but it takes several months to
23 get a HUD loan processed. So we're recommending that all
24 three extensions be granted.

1 MS. ANDERSON: Good.

2 MR. JONES: All right. We have staff's
3 recommendation.

4 MAYOR SALINAS: I move that we go ahead and
5 take the staff recommendation.

6 MR. JONES: Okay. We have a motion.

7 MR. GONZALEZ: Second.

8 MR. JONES: We have a motion made and seconded
9 that we accept staff's recommendation on Item 4(c).
10 Further discussion, question or comments?

11 MR. CONINE: A couple.

12 MR. JONES: Yes, sir.

13 MR. CONINE: On the Laredo Vista project,
14 is -- this is saying that the new deadline requested is
15 July 1.

16 MR. BURRELL: Yes. Actually, that date has
17 passed.

18 MR. CONINE: Right.

19 MR. BURRELL: They actually --

20 MR. CONINE: I thought I --

21 MR. BURRELL: They closed, but because there
22 was a department --

23 MR. CONINE: I thought it --

24 MR. BURRELL: Because we had a department

1 problem -- and this is one of those where we had the
2 credits come in at the end of 2001. And when the credits
3 came in, we could only issue them 295,000 out of the
4 credits that they had asked for, considerably more. So
5 it -- the deal was restructured to be a much smaller
6 project. And our underwriting department had to re-
7 underwrite it to make sure that it was still financially
8 feasible.

9 MR. CONINE: So he has already closed and
10 underway; we're just going backwards and making sure --

11 MS. CARRINGTON: Just cleaning up our acts.

12 MR. BURRELL: Yes, just cleaning up.

13 MR. CONINE: Now I understand that.

14 On the Corinth project, I was under the
15 assumption that when we -- when these applicants apply for
16 the particular project, they have to have -- show evidence
17 of financing along with that. And I would assume that
18 this applicant was dealing with a Fannie Mae DUS lender at
19 the time.

20 And I would assume that the permanent loan was
21 in the package when it came in and now Fannie Mae has
22 changed their mind, and I'm wondering what happened. Why
23 didn't Fannie Mae decide that earlier in the game instead
24 of now?

1 MR. BURRELL: Well, when they realized that it
2 was an assisted living with that commercial kitchen, the
3 developer, because this is an assisted living, will be
4 making it as an optional item to provide meals -- they're
5 going to have a large commercial kitchen. And when Fannie
6 Mae realized there was a large commercial kitchen being
7 included in one of the common buildings, they decided that
8 it's something that they're not used to doing and didn't
9 really want to go into it.

10 However, HUD, on the other hand, is used to
11 doing these types of facilities. And so they're willing
12 to take a good, close look at it.

13 MR. CONINE: Is this a 9 percent credit, or a 4
14 percent credit?

15 MR. BURRELL: This would be 9 percent.

16 MR. CONINE: This was last year's 9 percent
17 credit round?

18 MR. BURRELL: Yes.

19 MR. CONINE: Okay. Well, maybe the applicant
20 could address the issue.

21 MR. JONES: Mr. Warren?

22 MR. CONINE: I can't believe that he didn't
23 know he was going to put a commercial kitchen in there
24 last -- a year ago when he had to apply for the 9 percent

1 credits. I'm just curious as to what happened in the
2 process.

3 MR. WARREN: Yes, sir. The original
4 application, you get a letter, Mr. Conine, from the
5 permanent lender, but you don't submit all your full set
6 of plans and drawings at that time.

7 MR. CONINE: Right.

8 MR. WARREN: Okay. After we had worked with
9 the staff here -- and I believe this is the first assisted
10 living that we've done with low-income housing in the
11 state of Texas. So it's kind of a unique property from
12 that standpoint but something that we think will be very
13 satisfactory for -- and service a population, you know,
14 that we didn't think -- that we haven't before.

15 When we put the package in and then, when we
16 went and put the plans in -- and we did this with
17 Berkshire Mortgage, and I have their rejection letter if
18 you'd like me to bring it up here -- we put it in with
19 Berkshire Mortgage, which is a Fannie Mae/Freddie Mac
20 lender. And they -- we put in -- submitted the full
21 application.

22 And then when the request went in months later
23 and we already had the commitment from Regents Bank, the
24 construction lender -- we still have that commitment, but

1 the permanent lender at that point in time gave us a
2 rejection on that loan in late June. I don't know if that
3 helps you or not.

4 MR. CONINE: Well, I guess, somewhere along the
5 line in your list of amenities, you decided to add a
6 commercial kitchen.

7 MR. WARREN: No.

8 MR. CONINE: That wasn't --

9 MR. WARREN: That was there in there right from
10 the beginning, yes.

11 MR. CONINE: Well, then why -- how come Fannie
12 Mae and Berkshire didn't pick it up in your -- in the
13 original deal? Is it --

14 MR. WARREN: Because they -- you know, Fannie
15 Mae is a large organization, as you realize. And --

16 MR. CONINE: Well, Berkshire's not, and they're
17 the ones that are on the front line. So --

18 MR. WARREN: Yes. That's right. But --

19 MR. CONINE: -- they should have known.

20 MR. WARREN: Well, unfortunately, you know, we
21 submitted it that way. And I have all of the
22 verifications with me.

23 MR. CONINE: All right. Well, I -- that
24 answers my question.

1 MR. WARREN: Okay.

2 MR. CONINE: Thank you.

3 MR. JONES: Thank you, sir.

4 MR. WARREN: Uh-huh.

5 MR. JONES: Further questions or comments?

6 (No response.)

7 MR. JONES: Hearing none, I assume we're ready
8 to vote on the motion. All in favor of the motion, please
9 say aye.

10 (A chorus of ayes.)

11 MR. JONES: All opposed to the motion, please
12 say nay.

13 (No response.)

14 MR. JONES: Motion carries.

15 Turn to Item 4(d) on the agenda.

16 Ms. Carrington?

17 MS. CARRINGTON: Brooke Boston will be
18 presenting (d) and (e).

19 MR. JONES: We have -- Brooke, if you will --
20 we have a lot of public comment on (d) and (e). And my
21 thought is: If you would, go ahead and make your
22 recommendation to the Board, and then let's hear public
23 comment. And then I'm sure the Board will have further
24 questions for you later.

1 MS. BOSTON: Okay.

2 MR. JONES: Thank you.

3 MS. BOSTON: We are presenting our
4 recommendations for the 2003 forward commitments. The
5 Board is permitted to allocate up to 15 percent of the
6 2003 credit allocation, which is currently estimated to be
7 \$5.7 million.

8 We are proposing that forward commitments be
9 issued for two reasons. The first reason was for
10 successful appeals, based on the appeals that you voted on
11 at the July 29 board meeting, as well as one partial
12 development which you had approved at that meeting but
13 which also comes out of forward commitments. The second
14 reason was to -- trying to provide credits to regions that
15 had a shortfall in terms of the amount of credits that we
16 were able to give them out of the July 29 meeting to try
17 and compensate for their losses.

18 Since the memorandum went on the web site and
19 was provided to you all, one recommendation, Gateway
20 Pavilion, which is Number 02-089 -- we have learned that
21 they do not have the subsidy that they were required to
22 have to get their low-income targeting points. They had
23 indicated that they were going to be getting local HOME
24 funds, and they have not been able to attain that;

1 therefore, their loss of 12 points makes them no longer a
2 recommendation.

3 If you'd like, I can read in the
4 recommendations that we're no making to compensate for
5 that.

6 MR. JONES: Please do.

7 MS. BOSTON: We are recommending -- and some of
8 these are ones that you've already seen -- Arbor Woods,
9 Project Number 02-074 -- do you want the credit amounts,
10 also?

11 MS. ANDERSON: Well, are you -- we're talking
12 about replacements for Gateway Pavilion?

13 MS. BOSTON: Correct. I was going to read in
14 all of them together.

15 MAYOR SALINAS: Yes.

16 MS. BOSTON: But I can read just read in the
17 replacements if you'd prefer.

18 MAYOR SALINAS: Just go ahead and do them all
19 together and then the replacements involved included in
20 them.

21 MS. CARRINGTON: Excuse me just a minute.

22 Brooke, do you want to point the Board to page
23 2 of your memo --

24 MS. ANDERSON: Yes. That's what I --

1 MS. CARRINGTON: -- where it outlines exactly
2 what she's going -- what she's talking about?

3 MS. BOSTON: Thank you.

4 We are continuing to recommend Arbor Woods,
5 Grove Place Apartments and the partial allocation for
6 Woodview. In lieu of Gateway Pavilion, we are
7 recommending the Villas at Park Grove, Number 02-123, for
8 a recommended credit amount of 626,148. Because that
9 credit amount was substantially lower than the amount
10 coming off of the list, we are also recommending that
11 Project Number 02-032, Padre de Vita [phonetic], in the
12 amount of \$1,025,408 also be added. And then we also are
13 continuing --

14 MR. CONINE: Whoa. What --

15 MS. BOSTON: I'm sorry.

16 MR. CONINE: What region is that one in? Hang
17 on.

18 MS. BOSTON: That's in 8b.

19 MAYOR SALINAS: 8b.

20 MR. CONINE: Oh. Okay. Thank you, very much.

21 MS. CARRINGTON: That's the first one on the
22 waiting list.

23 MS. BOSTON: Right.

24 MR. CONINE: All right.

1 MS. BOSTON: And then we're continuing to
2 recommend Eagles Point and Bear Creek, which are in the
3 memo that we had provided you all.

4 MS. CARRINGTON: Brooke, with those
5 adjustments, would you give a new total, please?

6 MS. BOSTON: Yes. The new recommended forward
7 commitment total would be \$5,554,487.

8 MR. JONES: Thank you.

9 Yes, Ms. Anderson?

10 MS. ANDERSON: I have a question for Brooke.
11 Let's see. I'm sorry. This will take me a
12 second.

13 MAYOR SALINAS: Padre de Vita is the first one
14 on your waiting list. Right?

15 MS. BOSTON: It was -- yes. In the second
16 paragraph of page 1, we had indicated that there were two
17 regions who were -- also experienced a shortfall but
18 which -- unfortunately, we didn't have enough funds to go
19 all the way to every region. And Region 8b would have
20 been the next region with a shortfall to get forward
21 commitment funds.

22 MAYOR SALINAS: Yes.

23 MS. BOSTON: And so by freeing up this extra
24 money, that was the next choice.

1 MAYOR SALINAS: That's good. So --

2 MS. CARRINGTON: So, Mayor, it's off the
3 waiting list and being -- and on the recommended --

4 MAYOR SALINAS: Forward commitment?

5 MS. CARRINGTON: -- forward commitment list.

6 MS. BOSTON: Right.

7 MAYOR SALINAS: Because it was already on the
8 forward commitment list, but it was done away with.

9 MS. BOSTON: Right. And it -- when we drafted
10 the memo, we put -- anything that was on the forward
11 commitment list we also integrated into the waiting list
12 so if you all changed your minds about something, it was
13 still already showing up on the waiting list as the
14 next --

15 MAYOR SALINAS: That's good.

16 MS. BOSTON: -- deal. So --

17 MAYOR SALINAS: I agree with you.

18 MS. ANDERSON: Brooke, I have a question. I
19 understand the reduction of points for Gateway Pavilion.
20 Now, I think Eagles Point -- in the underwriting report
21 for Eagles Point, it speaks to the fact that because of
22 deferred developer fees or something more than 50 percent
23 deferred or something that -- therefore, they would --
24 there were several underwriting reports where they talk

1 about loss of points.

2 MS. BOSTON: Any underwriting reports that
3 discussed that were already deducted.

4 MS. ANDERSON: Were already deducted in the --

5 MS. BOSTON: Yes.

6 MS. ANDERSON: On this sheet that we voted from
7 on the 29th?

8 MS. BOSTON: Correct.

9 MS. ANDERSON: Okay.

10 MS. BOSTON: That's --

11 MS. ANDERSON: Thank you.

12 MAYOR SALINAS: This is your recommendation?

13 MS. BOSTON: Yes, it is.

14 MAYOR SALINAS: I move that we go ahead and
15 accept your recommendation on the forward commitments.

16 MR. CONINE: Let's see.

17 MS. ANDERSON: Oh. Just on forward --

18 MR. CONINE: Are we just doing forward --

19 MAYOR SALINAS: Forward commitments, yes.

20 MR. JONES: That's -- all we're doing is
21 forward commitments right now.

22 MAYOR SALINAS: That's my motion.

23 MR. GONZALEZ: Second.

24 MR. CONINE: Okay.

1 MR. JONES: We have a motion made and seconded.
2 And we do have speakers then on this item.

3 The first one would be Mr. David Longoria.

4 MR. LONGORIA: Mr. Chair, Board members, I'm
5 David Longoria. I'm a partner in Cricket Hollow Townhomes
6 in Willis, Texas. I do have a letter from the mayor, who
7 couldn't be here today, if I could read that.

8 "Mr. Chairman Jones and Board members. I am
9 unable to attend today's board meeting. However, on
10 behalf of the City of Willis, I am writing this letter to
11 convey our solid support for Cricket Hollow Townhomes,
12 Application 02-028.

13 "We have several community leaders who attended
14 and spoke at the April 12 TDHCA public hearing in Conroe.
15 We unanimously communicated our broad public support and
16 need to have this development. The need for affordable
17 housing in north Montgomery County is critical, especially
18 as it relates to the Willis area. Willis is a distinct
19 region experiencing rapid population growth and economic
20 development.

21 "Our area is separate and distinct from Conroe,
22 Houston and Harris County. In our opinion, our housing
23 needs are more acute than these other areas'. Please be
24 aware that over half of our existing housing is classified

1 as inferior in quality to be occupied.

2 "Furthermore, our current housing supply is
3 inadequate in quantity to serve our existing residents.
4 The result is the City of Willis has an extreme housing
5 crisis that we are trying to address through the LIHTC
6 program. The addition of 160 affordable housing units is
7 considered necessary and will be a major benefit to our
8 community.

9 "In addition to owner-occupied housing, there
10 is a severe lack of available affordable rental housing in
11 our area. Willis does not have any housing comparable to
12 the proposed Cricket Hollow Townhomes. This is our second
13 year in a row that we have participated in the TDHCA
14 application process, and we have worked hard to bring the
15 Cricket Hollow Townhomes development to Willis.

16 "Therefore, for the reasons outlined above, I
17 respectfully request that the Board make the Cricket
18 Hollow Townhomes a high priority when it considers its
19 forward commitments and weighting these tax credit
20 allocations. Sincerely, Ruth Castleschouldt, Mayor, and
21 Mike Arthur, City Coordinator, the City of Willis."

22 I do have part of the City of Willis inventory
23 and classification of housing stock, which I believe you
24 all have. And one thing to point out is that over half of

1 the housing stock in Willis, Texas, is considered
2 deteriorated or dilapidated. And there is a lot of
3 development going on on the north shore of Lake Conroe,
4 and people go into Willis for goods and services. And
5 that's the reason for all the development.

6 New employees going into Willis really don't
7 have a place to live. If they work in Willis, they need
8 to commute in from somewhere else. And I appreciate your
9 time.

10 MR. JONES: Thank you, sir.

11 Mr. James Kirkpatrick?

12 (No response.)

13 MR. JONES: Mr. Kirkpatrick?

14 (No response.)

15 MR. JONES: Mr. Brian Cogburn?

16 MR. COGBURN: I have a letter of support from
17 Sen. Staples. May I pass it out to the Board?

18 MR. JONES: Certainly.

19 (Pause.)

20 MR. COGBURN: Good afternoon --

21 MR. JONES: Good afternoon.

22 MR. COGBURN: -- Chairman Jones, members of the
23 Board and Ms. Carrington. If there was ever a community
24 that could justify and warrant the absolute need for tax

1 credits to finance affordable housing, it's the City of
2 Willis, in northern Montgomery County.

3 The City of Willis has actively and
4 affirmatively participated in the tax credit application
5 process. The community leaders have demonstrated their
6 tremendous public support, as evidenced by today's letters
7 to the Board from Sen. Staples and Mayor Castleschouldt,
8 as well as their attendance at the department's public
9 hearing in Conroe on April 12.

10 This is the second year that Cricket Hollow,
11 Application Number 02-028, has not received a tax credit
12 allocation as a result of its inability to score the
13 higher points reserved for the urban areas. To score the
14 score to achieve a successful staff recommendation is just
15 an incremental eight to ten points.

16 Furthermore, this is the first year the QAP has
17 had the affordable housing need scoring component as a
18 part of its scoring. The City of Willis has an affordable
19 housing needs scoring component of ten as compared to
20 Houston and Harris County, both of which scored 17.

21 In fact, the high demographic areas of Harris
22 County, such as West University and Piney Point Village
23 scored 16 points. If Cricket Hollow had had the same
24 seven-point advantage as Houston and Harris County, it

1 could have scored 143 points not including the eight deep-
2 targeting points which were lost on appeal due to a
3 technical interpretation of the QAP. In a perfect world,
4 Cricket Hollow could have scored 151 points, making it the
5 third-highest-scoring application in Region 6.

6 We would appreciate the Board considering the
7 issue of geographical diversity and need. The regional
8 allocation formula was established to avoid concentrating
9 tax credit allocations in the large counties, such as
10 Harris, Dallas, Travis and Bexar.

11 In the four largest regions and with one
12 exception, all general set-aside applications awarded this
13 year are located in Houston, Dallas, Austin and San
14 Antonio. In Region 6, other than the rural set-aside, 100
15 percent of the recommended general nonprofit set-asides
16 are located in Harris County.

17 The Cricket Hollow Townhomes is underwritten
18 and scores competitively, compensating for being a non-
19 Harris County development. Thus, in the spirit of
20 regional geographical diversity, we respectfully request
21 the Board look past the pure score evaluation and exercise
22 its discretion to award tax credits in the City of Willis,
23 where there is broad community support, a scarcity of
24 existing housing, an enormous need for new and affordable

1 housing and a community that has never received
2 significant tax credits in prior years. Thank you.

3 MR. JONES: Thank you, sir.

4 Just a comment that I would make. I -- and
5 it's really not a question to you, but it is a comment.
6 You know, you've gotten my attention on this issue. And
7 this board well knows that once we make these QAPs, we've
8 got to live by them. And I'm very reluctant to -- and,
9 you know, we've not had good experience with changing
10 things mid-stream.

11 But I do think that a valid point is being
12 made: That we've got to do something with regard to being
13 fair to the rural areas. And you all are doing a really
14 good job of making that point.

15 I know that some board members have talked
16 about the fact that we need to do a workshop with regard
17 to the QAP rules coming up, and I think that this is
18 something that we, as a board, and staff are going to have
19 to help us take a long, hard look at, because a valid
20 point has been made here. And I don't know under the law
21 that there's a whole lot of options that we have.

22 I understand what section you're directing our
23 attention to, but the courts have played a role in saying
24 we can't do that as much as we'd like to do it, because

1 we've lost a lot -- a couple of lawsuits on that very
2 issue. But I do think a point's being raised here. Thank
3 you, sir.

4 MR. COGBURN: Thank you.

5 MS. ANDERSON: Mr. Chairman?

6 MR. JONES: Yes?

7 MS. ANDERSON: May I ask Brooke while we're on
8 this topic?

9 MR. JONES: Surely, yes.

10 MS. ANDERSON: Thank you. I want to ask Brooke
11 a question.

12 What was the nature -- do you remember the
13 nature of the appeal for this particular -- thank you.

14 MS. BOSTON: He had -- this was the one that
15 had the HAC contract which actually was tenant based.

16 MR. COGBURN: Yes. What the nature of the
17 appeal was a HAC contract, and it was tenant-based, versus
18 project based. And I don't know if we had articulated
19 quite as clearly last week as maybe in hindsight I would
20 liked to have, but we very much went through the QAP, you
21 know, line by line, trying to adhere to the QAP with that
22 subsidy.

23 And I think staff's intention was
24 tenant-based -- I mean project-based. And although the

1 Montgomery County Housing Authority did write a letter
2 stating that their intention was that it be project based,
3 the ruling, you know, went against us. But, you know, I
4 think if -- we literally tried to follow the QAP line by
5 line by line. And I guess that we were relatively
6 confident that last week, we would have had a successful
7 appeal based on how we approached that QAP.

8 MR. CONINE: Well, does Willis qualify under
9 the QAP as a rural set-aside or not?

10 MR. COGBURN: It probably could qualify as a
11 rural set-aside. I don't know the exact answer to that
12 question.

13 MR. CONINE: Do you --

14 MR. COGBURN: But the area is such that it
15 really justifies a general set-aside. The traffic and the
16 volume of people coming in from even as far as Huntsville,
17 which is north of Willis, into Houston is tremendous. At
18 the intersection of 105 and I-45, just a little bit south
19 of Willis, to my understanding, that traffic count's about
20 125,000 cars a day. Willis --

21 MR. CONINE: That's not very rural.

22 MR. COGBURN: Well, no. No, it's not. And as
23 you can see, the scoring component here, you know, works a
24 little bit against us, but the need is so great. Willis

1 is sort of right at the intersection of 1097 and I-45 and
2 to the west. And we're -- our site is just about a
3 quarter-mile west of that intersection.

4 To the west is the northern part of Lake
5 Conroe, where those high-end homes and subdivisions have
6 been going in. Well, their services come from Willis.
7 Their school -- their children go to the Willis school
8 district. And so they're looking to Willis to support
9 their services, and Willis doesn't have a place for the
10 people to provide the support services to live.

11 MR. CONINE: Thank you.

12 MR. JONES: Thank you, sir.

13 MR. COGBURN: Thank you.

14 MR. JONES: Mayor Jouett?

15 MAYOR JOUETT: Good afternoon. I'd like to
16 thank you all, Chairman Jones and members of the Board,
17 for allowing us to speak. And thank you for allowing me
18 to speak on behalf of the citizens of Killeen, whom I
19 represent as mayor; we also have representative from all
20 of our partner agencies and our project. And we're
21 interested in having a reconsideration on the Killeen
22 Stone Ranch Apartments.

23 Now, Senate Bill 322, as you're very well
24 aware, allows the review of staff recommendations and for

1 you all to hear the testimony from people like me that are
2 up here interested in our projects, and then you could
3 make decisions based on facts that maybe the staff wasn't
4 knowledgeable of or that maybe the staff cannot consider.

5 And then you have the authority to consider what is in
6 the best interest of a community.

7 Killeen Stone Ranch Apartments received a high
8 score of 143. The project is consistent with our local
9 needs. Now, we were blessed by you on this board two
10 years ago; we had our Veranda, 88 units that were
11 developed. In the two years that that apartment complex
12 has been available for seniors, we've only had five
13 residents leave. One person left the state and relocated,
14 and the other four have either passed away or been located
15 in nursing homes.

16 We have 214 households on our list. This
17 doesn't include individuals. It's households. We have
18 115 low-income units that are proposed in our new project,
19 and this will only take care of about half of what's on
20 our list. We really hope that you reconsider the Killeen
21 Stone Ranch Apartments, and if you're unable to recommend
22 it for this allocation, we want you to please consider it
23 for the 2003 forward commitment.

24 We're in a time crunch in Killeen, and let me

1 tell you why. We have right now a 60-day extension on the
2 land. This land in -- comparable lots or comparable
3 acreages of land right now in our community are selling at
4 two times-plus the land -- the price that we have locked
5 in.

6 The City of Killeen has committed its federal
7 funding through CDBG and HOME Program money to the tune of
8 \$450,000, but you know the federal government requires
9 that you spend that money on a timely basis. And this is
10 from our 2001 allocation. We've applied for other grants.

11 And even based on your Item Number 6, where you have the
12 HTF development and the SECO funds, you still have
13 additional funds that could be available to do our project
14 and still have extra money there.

15 We need the 9 percent tax credit because it's
16 the only way that it's feasible for us to be able to do
17 this. The 4 percent bonding would require our rents to be
18 higher than the market that our area would support. We
19 have efficiently used the tax credits in this proposal,
20 with only \$4,225 per unit.

21 Now, I think we've been penalized because the
22 staff -- and, you know, as a city mayor, I know that the
23 staff makes recommendations, but they don't have the
24 authority to look at things other than the guidelines that

1 are established by you all. But you all have the
2 authority to look at projects that actually come in under
3 cost. And in our case, the actual cost for
4 construction --

5 MR. JONES: Mayor, your time is up.

6 MAYOR JOUETT: Oh.

7 MR. JONES: You can wind up.

8 MAYOR JOUETT: I'll wind up real quick.

9 MR. JONES: Sure.

10 MAYOR JOUETT: I have about two things.

11 MR. JONES: Just wind up.

12 MAYOR JOUETT: I've given you the actual costs
13 for our last project: \$51 per square foot. And that
14 project's only two years old. We estimate it at 51.49 on
15 the new project, and the reason for that is the economies
16 of scale. We're going to -- it's across the street from
17 the existing project. There's no duplication of services.
18 They'll share a manager and the van.

19 And to just sum it up, I ask that you amend the
20 staff recommendation to include this Killeen Stone Ranch
21 Apartments for the forward 2003 commitment and, if not,
22 for any sources that you can do earlier, because sooner is
23 better.

24 I also gave you the card -- and this is not

1 part of my discussion; I'm sorry -- of our
2 representative -- from our senator and from our state
3 representative because you didn't have them on your
4 official read-out at the beginning of the meeting. And I
5 wanted to make sure that you knew that we did have them
6 here and you have their names. Thank you, so much.

7 MR. JONES: Thank you, Mayor.

8 MAYOR JOUETT: And anything you could do for
9 us, we'd appreciate it. We need your help.

10 MR. JONES: I'm glad to have your
11 interpretation of Senate Bill 322 and our discretion.

12 (Laughter.)

13 MR. JONES: We've had a judge kind of interpret
14 it a little bit differently than you just did, but I'm
15 glad to have your interpretation; I like yours better.

16 MAYOR JOUETT: They told us at the council when
17 I was on the council, Next to God, the council's all
18 powerful. So next to God, the Board's all powerful.
19 Thank you, so much.

20 MR. JONES: We've going to have to tell some
21 judges that.

22 We're going to take about a five-minute break
23 and be right back.

24 (Whereupon, a short recess was taken.)

1 MR. JONES: We'll go ahead and call the meeting
2 to order. And we have one speaker that needs to speak
3 next, I think, due to pressing obligations.

4 Judge Morgan?

5 JUDGE MORGAN: Thank you, Mr. Chairman.

6 MR. JONES: Thank you, Judge.

7 JUDGE MORGAN: I'm here on Item 6(b). And I
8 know staff is going to do their recommendation of
9 approval.

10 MR. JONES: That's right.

11 JUDGE MORGAN: I just wanted you all to know
12 that staff has worked intensively with us and the council
13 of governments staff. And I appreciate that working
14 relationship that we had because we had to come up with a
15 workable solution. And we did do that. So I appreciate
16 and I ask for your kind approval of that item. Okay?

17 MR. JONES: I know that you have to go to a
18 meeting, a pressing meeting --

19 JUDGE MORGAN: I want to go to
20 wastewater/sludge. Do you want to go with me on that
21 one --

22 (Laughter.)

23 MR. JONES: Not really. Have fun.

24 JUDGE MORGAN: -- as a judge? Okay. Thank

1 you.

2 MR. JONES: Thank you, so much.

3 MS. CARRINGTON: Thank you.

4 JUDGE MORGAN: Thank you.

5 MR. JONES: Our next speaker then would be Mr.

6 Marc Caldwell.

7 MR. CALDWELL: If I could, Mr. Chairman, I'll

8 wait until the end of our small group here.

9 MR. JONES: Sure.

10 MR. CALDWELL: Thank you.

11 MR. JONES: Who's your small group?

12 MR. CALDWELL: It should be some Killeen
13 independents here.

14 MR. JONES: In fact, why don't we take them in
15 the order you want to go in? Why don't you just take your
16 group?

17 MR. CALDWELL: Okay.

18 VOICE: Sarah Flores.

19 MS. FLORES: Good afternoon. I am Sara Flores,
20 city council member from Killeen, Texas, and I'm here to
21 speak on the Stone Ranch, Project 02-116, that we had
22 proposed for your consideration.

23 And just as the mayor has told you about the
24 different -- some of the things that we --

1 MR. JONES: Excuse me, Ms. Flores.

2 MS. FLORES: Yes.

3 MR. JONES: Have you filled out a witness
4 affirmation form?

5 MS. FLORES: Yes.

6 MR. JONES: Okay. I'll --

7 MS. FLORES: Sara D. Flores.

8 MR. JONES: Okay. I'll find it.

9 MS. FLORES: And it's on --

10 MR. JONES: We're having trouble with those
11 today.

12 MS. FLORES: -- 4(d), I think.

13 MR. JONES: Okay. Thank you. Excuse me.

14 MS. FLORES: If not, I'll fill another one out.

15 MR. JONES: Thank you.

16 MS. FLORES: Okay.

17 We wanted you to know that when we had our last
18 project, we based our costs on actual figures because we
19 came in under cost when we did do our last project. As a
20 city council member, you know, we must listen to staff
21 recommendations, but, ultimately, I have to decide what I
22 believe is in the best way that we are going to allocate
23 our funds.

24 Staff has guidelines to abide by, which have

1 been set by either you or the state or the law, and to
2 make recommendations. But we as a council and you as a
3 board must act in the best interests of our city and the
4 citizens of our state.

5 We build our projects. We have site control of
6 them. We have come in with the highest number of points
7 for our region, 143, and we can build it for less than
8 what we tell us in those books that we can do it, but we
9 were not considered for whatever reasons.

10 In Killeen, we went from 63,000 citizens in
11 1990 to 86,911. That's 23,900 new people. That's in ten
12 years. We expect it to continue that way because as forts
13 close all over the United States and around the world, the
14 soldiers end up at Fort Hood and in Killeen. And we have
15 right now about 40,000 that live in Fort Hood -- soldiers.

16 So we are in a very flux state of affairs in our city.

17 We do have a growing population of seniors and
18 only one -- 88 units of affordable complexes in our city.

19 As you were told, we have 210 or some -- about that
20 number of people that have signed up to be getting some of
21 those units. Many of those residents of our complex are
22 veterans and are -- or they're dependents of veterans.
23 Many seniors move to Killeen to live over there near their
24 families that have chosen to retire in Killeen.

1 We should not be penalized in Killeen because
2 we have proof that we can and have built a complex cheaper
3 than recommendations that are used in your guidelines.
4 The Veranda complex houses 88 households. In the two
5 years, as the mayor told you, only five people have left.

6 I'm 66 years old. I'm a retired school
7 teacher. My husband is a retired veteran. And if we were
8 to sign up tomorrow to get this housing, it would be 40
9 years before we could move in. I don't think we'll be
10 around. I'll be 104, and -- I know I won't be around.

11 So we have a very -- need for all those other
12 people that live in this town and come into our town to be
13 able to afford -- to be able to give them housing that
14 they can afford.

15 MR. JONES: Excuse me.

16 MS. FLORES: Yes.

17 MR. JONES: I'm afraid your time's up.

18 MS. FLORES: Okay. Thank you. I would like to
19 thank you for your consideration of our application.

20 MR. JONES: Mr. Caldwell, who's next?

21 MR. CALDWELL: J. Brown from State Senator
22 Fraser's office.

23 MR. BROWN: Chairman Jones, members of the
24 Board, I'm Dr. J. Brown; I'm District Coordinator for

1 Senator Troy Fraser in Bell County. I'll also be speaking
2 on behalf of Representative Suzanna Hupp.

3 First of all, I'd like to express my
4 appreciation to you for that short respite awhile ago. It
5 seems that it reminds me of one of the most important
6 lessons I learned at A&M: That the mind can absorb no
7 more than the seat can endure nor the bladder may hold.

8 (Laughter.)

9 MR. BROWN: And now that we can focus on the
10 issue at hand, we can deal with this issue. Unlike some
11 of the presentations today, Killeen is not a community
12 that's in discord over this issue; we have the city, we
13 have private enterprise and we have a nonprofit
14 organization working together to come up with a solution
15 for our senior citizens.

16 Right now, the cost of one-bedroom housing in
17 Killeen runs about \$450 a month. Our senior citizens that
18 are on fixed incomes are being squeezed out of it by a lot
19 of the lower-grade enlisted that are pulling in and living
20 out-post and living in the economy. That drives up the
21 cost of rental housing.

22 One of the other issues that we think that
23 this -- ought to be reconsidered? Let's talk about loss
24 of money. We're talking about \$450,000 that's use or

1 lose. We're talking about 11 acres that could easily
2 double in price if we were able to get it all for another
3 150,000.

4 We're talking about that we have another 60,000
5 that could be saved in financing due to that Keys Global
6 Capital and its ability to provide Fannie Mae forward
7 execution while eliminating the usual requirements for a
8 construction period letter of credit. It would minimize
9 the negative entourage. Savings could be located in other
10 things. When you get the calculator going, we're running
11 up into 600-, 700- or \$750,000.

12 We stand to lose the option of being co-
13 located, which will drive up the operating costs of a
14 future development. Why? Because then maybe it will be
15 necessary to have two maintenance people and two managers.
16 And right now, it's within an electric golf cart driving
17 distance of each other.

18 So with these things in mind -- the cost of the
19 land, the whole shooting match and the need that we have
20 for our seniors -- it isn't a projected need. It's a need
21 that's here. It's a need that's now. Thank you for your
22 time.

23 MR. JONES: Thank you, sir.

24 Mr. Caldwell, who's next?

1 MR. CALDWELL: I guess I'll go.

2 MR. JONES: Yes, sir.

3 MR. CALDWELL: Thank you, Mr. Chairman and
4 Board. Obviously, with the folks being here from Killeen,
5 they have exemplified a lot of support for the
6 development. There are no issues there with anybody
7 fighting for the second level of Killeen development to go
8 into place.

9 Also, not only in person and by speaking,
10 they've stepped up to the plate with funds. And we're
11 talking about \$450,000 in funds -- CDBG funds and HOME
12 funds -- that they're willing to put toward this
13 program -- that could be lost -- going forward. And that
14 saves a lot of tax dollars for us -- tax credit dollars
15 for us that could be allocated to go into other projects.

16 I would like to clarify one thing that Sarah
17 said. She said that we were the highest scoring
18 development in that region. It was the highest scoring
19 nonprofit development in that region and the third-highest
20 scoring nonprofit in the state.

21 And with all of those things, with the support
22 and the 210- or 214-person waiting list to get into this
23 new development, as soon as those buildings are certified
24 for occupancy, people will be moving in, and it will be at

1 100-percent occupancy. With all that in mind, we believe
2 that had -- except for two piece of information that
3 underwriting found to be a little bit out of character
4 with what we put in, we would have been recommended.

5 And what those two things were were, one, our
6 construction costs and, two, our operating expenses. Had
7 we seen eye to eye with underwriting on those two things,
8 we believe firmly that, based on our scoring, we would
9 have been recommended.

10 And I would like to say, too, that we're not
11 saying that underwriting is wrong in what they found, but
12 the methodology that they have to use to come up with that
13 number or those numbers are based on averages. They're
14 based on averages state wide that come from your database,
15 and they're based on averages that come from the IREM, the
16 Institute of Real Estate Management, databases, and
17 they're derived from averages from the Marshall and Swift
18 book on construction costs. And so by that very figure,
19 they have to come up with a range of possibilities and
20 come up with one number or an average.

21 But in this case, I don't believe that the
22 underwriting is able to evaluate this development in a way
23 that's to the best light and in the best interest of the
24 program, and what that is is by looking at our current

1 development that's in Killeen now.

2 With -- just for instance, on the construction
3 costs, what we turned in on our application of \$51.49 a
4 square foot coincides with what our initial development
5 that's on the ground and at 100-percent occupancy in
6 Killeen came in at. It was \$51 a square foot.
7 Underwriting found because of their averages that the
8 dollar amount was more like 57 to \$58.

9 And, you know, I think if somebody was building
10 a new high school in a community and didn't have one there
11 to go by, averages certainly would be a great way to go.
12 But if you're building a new high school in a community
13 because there's a waiting list of students to get in and
14 you're needing to build a new school, certainly, you
15 wouldn't rely on those averages; you would look at what it
16 cost you to build your high school that you built two
17 years ago. I don't think anybody would argue that that is
18 a better way to evaluate what your costs are going to be
19 as far as construction and as far as expenses.

20 Last time, it was brought up that -- kind of
21 trying to justify how those averages could have gotten
22 that high, why building a development in this year at \$57
23 a square foot --

24 MR. JONES: Excuse me. Your time's up.

1 MR. CALDWELL: Okay. I'll finish up --

2 MR. JONES: Sure.

3 MR. CALDWELL: -- with this point.

4 MR. JONES: Thank you.

5 MR. CALDWELL: That -- it was asked how
6 underwriting came up with \$57. With their averages is, of
7 course, how they did it. But it's basically economies of
8 scale on how we can build this development here for \$51 a
9 square foot. It's just like going into a Sam's Wholesale.
10 If you buy paper towels at Kroger's, it's going to cost
11 you \$1.50; if you go into Sam's and buy 20, it's going to
12 cost you maybe a buck. We're talking about the same
13 thing, only we're talking about sheetrock and nails and
14 stone.

15 So with that, we've got numbers to verify from
16 numbers turned in to the IRS that that number of \$51 a
17 square foot can be validated that that's what it was for
18 the first Killeen. And we believe we can show you that
19 those will be validated on this new one, too. And we
20 would ask for the forward commitment.

21 MR. JONES: Thank you, sir.

22 Mr. Eugene Mendora.

23 MR. MENDOZA: Mr. Chairman, it's Eugene
24 Mendoza, sir.

1 MR. JONES: Oh. I'm sorry.

2 MR. MENDOZA: That's fine.

3 I thank you for letting me address the issue of
4 Gateway Pavilion. One of the things that I do want to
5 bring out in respect to how we got bumped several times as
6 being recommended by staff: As staff does diligent work,
7 so do the developers. And I think one of the things we're
8 going to have to look at in the future in the QAP process
9 is not only the quality but what really each individual
10 project brings to the table.

11 As you see rural versus urban versus big
12 developers versus blah-blah and you keep on going on, the
13 obvious is that quality projects that have participation
14 of HUD representatives, that have good and several
15 provided programs -- Houston is in desperate need,
16 obviously, of affordable housing. And we need to have a
17 process as to -- if I have a soft letter, that
18 commitment's only as good as written on that paper. Until
19 I get tax credits, I'm not going to be able to commit to
20 that soft money.

21 The city pulled out for various and sundry
22 reasons a week before. And now we have to scramble, and
23 we don't -- we can't meet that gap. We have two prominent
24 national foundations that would like to get into the deal

1 and fill that gap, but I can't because the rules won't
2 allow it.

3 I think we need to look at these projects on
4 the face of what it's bringing to the table. And in this
5 case, it brought a hub participant, it brought a prominent
6 nonprofit to be a service provider, it brought a
7 development team that is trying to do business in the
8 state of Texas and that brought a project that scored 144
9 points, but, yet, here, the last day for recommendation,
10 it gets bumped.

11 I don't like the fact that the pre-
12 qualification application process goes through between
13 turkey and opening presents and trying to bring in the new
14 year. It's very hard to find, you know, city council,
15 staff and others to appropriate funds that are soft funds.

16 You can't do it. I did a project in '95, and it took me
17 a year-and-a-half to get CDBG monies all for a gap for a
18 nonprofit. A year-and-a-half to get monies appropriated.

19 I had to do two carryovers.

20 And so I think I've just been caught up with a
21 QAP plan that needs to be re-tuned, refined. I think
22 staff does a diligent job and -- but at the same time, a
23 Pavilion -- Gateway project goes by the wayside. And as
24 the need is strong in rural areas and nonprofit set-sides,

1 so is that of urban areas. I appreciate the time. Thank
2 you.

3 MR. JONES: Thank you, sir.

4 MR. CONINE: Mr. Chairman?

5 MR. JONES: Yes.

6 MR. CONINE: Brooke, would you make a note of
7 his particular situation? And when we do our little board
8 retreat on the QAP, I'd like to see how we could fix that.

9 MS. BOSTON: Okay.

10 MR. JONES: And, also, the Willis situation.

11 MS. BOSTON: Yes, sir.

12 MR. JONES: Cynthia Bast?

13 MS. BAST: Thank you, all, for your endurance.

14 I am Cynthia Bast of Locke, Liddell and Sapp.

15 We represent the applicant for the Mission del
16 Valle project, TDHCA Number 02-064, in Socorro. I
17 understand that there are a lot of projects here with
18 compelling reasons to take another bite at the tax credit
19 apple with the forward commitments, and I would like to
20 just focus your attention on two important points with
21 regard to the city of Socorro.

22 As you know, projects in the nonprofit set-
23 aside compete on a state-wide basis. The nonprofit set-
24 aside is allocated to the highest scoring projects. What

1 this does is create a system that can put projects in
2 lower-income regions like Region 10 at a disadvantage.

3 The QAP has placed great emphasis on deep
4 skewing for tenant rents and incomes. Significant points
5 are awarded for that, but in an area that is low income,
6 it can make it very difficult to have a financially
7 feasible project with a large number of deeply skewed
8 units.

9 Consequently, it makes it difficult for
10 projects like projects in Region 10 to compete in the
11 state-wide nonprofit set-aside. This is borne out by what
12 has happened with the nonprofit set-aside this year.

13 Virtually all of the projects receiving an
14 allocation are in Regions 3, 6 and 7, including the
15 metropolitan areas of Dallas, Houston and Austin.

16 Now, we understand that your governing law and
17 that your QAP encourage objective and point-driven systems
18 and projects that serve the lowest-income people
19 available, but it has produced a little bit of an odd
20 result with regard to the overall distribution in the
21 nonprofit set-aside. The other unusual result this year
22 is with the allocation in Region 10 itself. 95 percent of
23 the low-income units to be developed will be in the city
24 of El Paso; no other region has such a concentration of

1 its tax credits in one city.

2 Without a doubt, El Paso has significant need
3 for affordable housing, but Region 10 is a large area with
4 many other needy communities; some of them, like Socorro,
5 cannot compete in the rural set-aside where their lower
6 scores might have made them more competitive. I
7 understand that nothing in the QAP requires this board to
8 distribute funds geographically within a region, but in
9 every other region, there is geographic distribution.

10 Based on the revised staff recommendations, the
11 amount of forward commitment available has not been fully
12 allocated. Assuming staff's recommendations are accepted,
13 there is a little bit of forward commitment that remains
14 available, and the board could choose to award a forward
15 commitment to the Mission del Valle project, Number 02-
16 064. And by doing so, the board could help alleviate some
17 of these unusual results in the nonprofit set-aside in
18 Region 10 and, more importantly, help bring decent, safe
19 affordable housing to the areas nearest the colonias.
20 Thank you, so much.

21 MR. JONES: Thank you, ma'am.

22 Mr. Tom McMullen?

23 MR. McMULLEN: Good afternoon.

24 MR. JONES: You can give that to Delores, and

1 she'll take care of it for you right there. Thank you.

2 MR. McMULLEN: Tom McMullen, Bear Creek, 02-
3 146. Good afternoon, Mr. Chairman and ladies and
4 gentlemen of the Board.

5 We would like to implore you to accept the
6 staff recommendations as they relate to Bear Creek. This
7 is due to the fact that the Region 8a had a shortfall that
8 was not utilized. We had the next highest score, and we
9 had one of the greatest proportional shortfalls.

10 We had tied with Refugio and San Antonio. They
11 bumped us due to some -- to serving the greatest number of
12 low-income tenants per credit allocated. But we lost our
13 allocation last week under that criteria. It appears to
14 be fair and pursuant to the QAP, so we have no complaints
15 regarding that.

16 The direction the department is going, i.e.,
17 strict adherence to points and more objective criteria, is
18 good. Even though it adversely affected our project in
19 that case, we appreciate this direction and the leadership
20 exhibited by the Board for taking us in that direction.

21 I don't know if the Board has to award any
22 forward allocations or not; it has historically been done,
23 and I think the development community is expecting that
24 that would continue to happen at least this year. And if

1 you'd like to make a change, it would seem to be
2 appropriate to do that for next year. I don't even know
3 if that's -- if you all are considering not awarding
4 forward allocations, but I just wanted to make that point.

5 We want to stress that we feel we should
6 receive a forward allocation, as recommended by staff, for
7 the following reasons. One: Region 8a had a shortfall,
8 and one of the greatest proportional shortfalls. Two:
9 Bear Creek has the next highest score in line.

10 Three: Bear Creek is supported by a large list
11 of local dignitaries -- I'm just going to read their names
12 real quick. I know it's getting late. The Honorable Ed
13 Garza, Mayor, the City of San Antonio; the Honorable
14 Magdalena Solas, President of the Edgewood Independent
15 School District; the Honorable Paul Elizondo, Bexar County
16 Commission; the Honorable Arthur Rena, Texas House of
17 Representatives; the Honorable Leticia Van de Putte,
18 Senate of Texas; the Honorable Charles Gonzales, Congress
19 of the United States; the Housing Authority of the City of
20 San Antonio; the director of the city's housing and
21 community development department, and the city manager's
22 office. So that's quite a list.

23 We first submitted in 1999 and have basically
24 submitted every year, trying to build our local support

1 and the project characteristics, so that we would be
2 competitive. And we think that we've done that. We've
3 also given the Edgewood ISD use of our community space and
4 computer labs for the two adjoining schools to the site.

5 We also think it's -- and it's the last point
6 I'm making. We also would like to say that we think it's
7 an issue of fairness --

8 MR. JONES: Your time is up.

9 MR. McMULLEN: Okay.

10 MR. JONES: Thank you, sir.

11 MR. McMULLEN: Thank you.

12 MR. JONES: We appreciate it.

13 MS. ANDERSON: May I ask a couple of questions?

14 MR. JONES: Sure. You sure may.

15 MS. ANDERSON: I understand that you've been
16 bringing this -- I was wondering about these letters that
17 were dated in this -- most of these letters are three
18 years old in this. Are you -- do all of these people who
19 wrote these letters three years ago still support this
20 project?

21 MR. McMULLEN: I have not received any -- the
22 answer to your question is I don't have any revocation of
23 the support. And periodically I do, you know, maintain --
24 do the rounds. So I don't -- I've not received a

1 revocation of the support.

2 MS. ANDERSON: Okay. And so you've just come
3 in the 9 percent round each of those years and didn't
4 score --

5 MR. McMULLEN: Just didn't get the score.

6 MS. ANDERSON: Okay.

7 MR. McMULLEN: And, you know -- but we try to
8 make it a little better every year. And that's what we've
9 done.

10 MS. ANDERSON: And then I'm -- it's interesting
11 that you can keep control of this land, tie up this land,
12 this long --

13 MR. McMULLEN: Yes, ma'am.

14 MS. ANDERSON: -- because I tell -- I have
15 developers tell me all the time it's really hard to keep
16 all their land tied up. So help me. Explain how you've
17 been able to do it for so long.

18 MR. McMULLEN: It's a matter of getting it
19 under contract every year. It's -- it has not been tied
20 up continually the whole time. Just re-approaching the
21 land owner.

22 MS. ANDERSON: Okay. And although -- the
23 application says that the seller of the property is not
24 related to a development team member, but it says the

1 seller of the property is McMullen Investments. So just
2 tell me about that story, that coincidence.

3 MR. McMULLEN: It's pretty -- it's interesting.
4 The project's on General McMullen Street, the principal
5 of the developer is Tom McMullen, and the owner's McMullen
6 Investments. And none of us are related.

7 MS. ANDERSON: Okay. All right.

8 MR. McMULLEN: So it's a heck of a thing.

9 MS. ANDERSON: Who'd have thunk it?

10 (Laughter.)

11 MS. ANDERSON: Thank you.

12 MR. McMULLEN: Thank you.

13 MR. CONINE: Tom, I notice you're from Tampa.
14 Is that right? And you --

15 MR. McMULLEN: Yes, sir.

16 MR. CONINE: And you're Vice President of the
17 Ebor Group?

18 MR. McMULLEN: Yes, sir.

19 MR. CONINE: Next time you come this way, if
20 you would just swing by Ebor City and pick up some cigars,
21 that would be great.

22 MR. McMULLEN: Yes, sir.

23 (Laughter.)

24 MR. McMULLEN: I smoke a lot of them.

1 MR. JONES: I object to that comment. I rule
2 Mr. Conine out of order.

3 (Laughter.)

4 MR. CONINE: It's one of my favorite places.

5 MR. JONES: Yes.

6 Mr. Brewster?

7 MR. BREWSTER: Yes. I've got letters here.

8 (Pause.)

9 MR. BREWSTER: Good afternoon, Chairman Jones,
10 members of the Board. I want to thank you for giving me
11 the opportunity to address you. My name is Sam Brewster,
12 and I am the Mayor Pro Tem for the City of Socorro. First
13 off, I want to thank Mayor Salinas for taking the time and
14 having the interest to visit my community and the
15 surrounding areas and to see first hand what our needs
16 are.

17 I have come to this board before in the past
18 year and several times this year to request your
19 assistance in helping to provide clean, safe and
20 affordable housing in the border region and the city of
21 Socorro. As I have stated to you in the past, the town of
22 Socorro is a small community located outside the city
23 limits of the city of El Paso in the Mexico/west Texas
24 border region.

1 Our town has made great progress from the days
2 it was itself considered a colonia development to becoming
3 a municipality with growing industry. Through tax
4 incentives, we have brought jobs by locating large
5 distribution facilities, including Thompson Electronics
6 and Jones of New York. In addition, we have brought water
7 and sewer facilities to existing developments when the
8 town of Socorro was once a colonia development lacking
9 water and sewer resources into a thriving community.

10 The town of Socorro has made great strides in
11 raising the living standards of our citizens. However, as
12 you have already been told and undoubtedly will hear
13 again, there remains a great deal of work to be done to
14 bring clean and affordable housing to the border region.

15 In the town of Socorro, we have taken the
16 responsibility for helping ourselves. Now we're asking
17 the board to take our current needs and circumstances into
18 account and help bring us clean and affordable housing
19 closer to existing colonia areas by allocating forward
20 commitments for the Rancho del Valle and Mission del Valle
21 projects.

22 As a representative for the people of Socorro,
23 I hope you will consider our requests for affordable
24 housing in the city of Socorro. Thank you.

1 MR. JONES: Thank you, sir.

2 Mr. Johnson?

3 MR. JOHNSON: I'll keep it brief, give you a
4 couple of handouts and get out of your way. I just -- I
5 came in here thinking there was going to be a little more
6 money left or left over to ask for forward commitments on.
7 So I'll keep it brief.

8 I'd just like to reiterate what Ms. Bast said
9 in her earlier presentation and request a forward
10 commitment for the Mission del Valle project, which is a
11 16-unit project in Socorro, Texas, that is now requesting
12 about \$160,000 if there's even close to that left over. I
13 think it's a fairly high scoring project in the nonprofit
14 set-aside. It has got the colonias development issue that
15 we've discussed in several prior board meetings.

16 And I would just request the board's
17 consideration to add this project to the forward
18 commitment list. I think it fits. It's probably the only
19 project left that does come close to fitting the
20 remaining -- the needs for the -- the remaining funds in
21 the slot. So I would appreciate your consideration of
22 that.

23 I think Brooke can tell you probably exactly
24 how much is left, and we can go through the process of

1 trying to reduce the project or re-allocate the project if
2 it's not quite 160-. But, anyway, thank you, very much.
3 And let me -- I'd like to just hand you a couple of
4 letters of support from Sen. Duncan.

5 MR. JONES: Thank you.

6 MR. JOHNSON: And then here's some pictures of
7 the projects that we've developed for -- to show you just
8 exactly what we're trying to do. Thank you.

9 MR. JONES: Thank you, Mr. Johnson. I
10 appreciate it.

11 Mr. Oji?

12 MR. OJI: Good afternoon, Chairman Jones,
13 esteemed Board members. My name is Jay Oji; I'm the
14 developer and applicant for Project Number 20-078, the
15 Sphinx Apartments in Dallas, Texas.

16 This project, as you all are aware, has been
17 recommended, taken off the list, recommended and taken off
18 the list. I just want to make sure that we all understand
19 that this project scored 153 points. Aside from a project
20 that got reinstated last week that received a forward
21 commitment with 161 points, this is the only project in
22 the state of Texas that scored more than 150 that has not
23 been recommended.

24 This is a project that the community supports

1 very, very overwhelmingly. A list of elected officials
2 have written several letters. The community support is
3 overwhelming. But like the last speaker said, you know,
4 you have \$5.7 million worth of 15 percent discretion to
5 give. I think, based on my count, there's a shortfall of
6 about \$200,000.

7 One of the board members considers my project
8 one of the big sluggers, I guess. So I can't be in the
9 running for \$200,000 worth of tax credits.

10 But all I just want to point out to the
11 esteemed board -- this project -- please, I would
12 encourage you to find a slot for this project in the event
13 that any project drops off from the general set-aside.
14 Again, this is the highest scoring project in the state of
15 Texas in the general set-aside. All other projects in the
16 general set-aside have scored 144 points and 140 points.
17 The next project to us we out-scored by nine points.

18 So I'm really appealing to this board to please
19 consider this project in the event some credit amounts
20 become available. And I appreciate it. I thank staff
21 very much for the opportunity to have worked with us.
22 It's not an easy job. The board -- you guys have done a
23 wonderful job. Thank you, very much.

24 MR. JONES: Thank you, sir.

1 Mr. Stone?

2 MR. STONE: Pardon my optimistic, "Good
3 morning," at the top of the page.

4 MR. JONES: Yes.

5 MR. STONE: Good afternoon.

6 (Laughter.)

7 MR. STONE: My name is Elliot Stone.

8 MR. JONES: You know, we give everybody the
9 opportunity to speak at first. And I've always been
10 amazed that people don't make the most of that.

11 MR. STONE: I pondered that.

12 My name is Elliot Stone; I'm with the Royal
13 Castle Companies. My partner, Dan Markson [phonetic], and
14 I are the general partners of Costa Verde Ltd.,
15 Application Number 02-041.

16 This application round is the transition from
17 the agency's layered subjective allocation process to an
18 objective, rule-based point system. This board should
19 take a proactive role assisting the staff where
20 unanticipated issues arise and no policy is in place. My
21 comments, while on behalf of Costa Verde, are intended to
22 assist this agency in its delivery of affordable housing.

23 I have three issues. First, we support the
24 geographic distribution being applied to the wait list so

1 that it, too, conforms with the regional distribution rule
2 adopted in the QAP.

3 Second, zoning: Since developments are not
4 required to have proper zoning and, therefore, be
5 buildable through this process, the board must now manage
6 those developments closely since there is a high
7 probability of not making carryover if you cannot get
8 zoning. If carryover is not met and there is not
9 sufficient time for another development to make carryover,
10 then those credits would be lost to Texas and go to the
11 national pool.

12 Currently, no policy protects TDHCA regarding
13 this issue. I request zoning be made a requirement of a
14 carryover extension beyond the second Friday in October,
15 as stated in 49.4(n) of the QAP.

16 Finally, Arbor Woods, by its successful appeal,
17 became the top scoring deal in Region 3 prior to the board
18 approving the recommended list last meeting. That
19 development is to be awarded a forward commitment at this
20 meeting.

21 The applicant is also the applicant for
22 Heatherwild Estates, Application Number 02-075, as
23 applicant is defined in the QAP and as this applicant is
24 described in the identities of interest and financing

1 structure analysis sections of the Heatherwild Estates
2 agency underwriting report, which I have attached. These
3 two awards would be in excess of the application round
4 limit of 1.6 million of credit allocation.

5 Since there is no policy in place for
6 determining which region should be denied its top-scoring
7 deal and if the applicant takes no action, then the board
8 should act to remove the development at the higher risk of
9 not being built. This would be in keeping with the
10 program statement of the QAP to, quote, "Prevent loss for
11 any reason to the State's supply of suitable affordable
12 residential rental units," end quote.

13 From all prior reports and testimony, that
14 would mean the removal of Heatherwild Estates. If the
15 board chooses to take that action, I request Costa Verde
16 be moved into the forward allocation list to meet the
17 needs of Region 8a.

18 MR. JONES: Your time's up, sir.

19 MR. STONE: Thank you.

20 MR. JONES: Thank you, sir.

21 Ms. Rose Garcia?

22 MS. GARCIA: I'm Rose Garcia. And thank you
23 for letting me speak. And I know you're very tired, and I
24 won't beleaguer some of the things that other people have

1 said.

2 I represent Tierra del Sol Housing Corporation,
3 and we are a nonprofit community and housing developer.
4 We've been around for many, many years, and we've been in
5 the Socorro colonia for at least eight years, working with
6 them on their water and sewer and preparing the community
7 toward housing development, as you know. And I appreciate
8 that Mayor Salinas and some of you have taken the time and
9 interest on your board to have meetings in the area.

10 But our organization has been devoted for about
11 15 years working in the El Paso area. And in Socorro
12 particularly, we've developed 122 units of housing since
13 the water and sewer has come in.

14 I'm asking you to reconsider your decisions on
15 your forward commitments and to consider the areas that
16 are the rural, the ones that are falling through the
17 cracks because of procedure or definitions, or whatever.
18 It's very difficult for nonprofits like us to extend like
19 land options.

20 Ms. Anderson asked the question, Well, how can
21 you hold the land options so long. In our case, it's the
22 same thing. The poor land owner, you know, just kind of
23 wore out on us, and I had to go into debt.

24 And we brought in two national foundations to

1 learn about Socorro and the colonias and to invest
2 \$200,000-and-some to purchase the land site on one of the
3 two projects that we have. And it's -- if they have a
4 good experience, they'll stick around and maybe do some
5 more. And that's -- what we're trying to do is encourage
6 other sources of money.

7 The reason those land sites sit there is
8 because there's no other source but you. And believe me,
9 you know, I know you're having a difficult time spreading
10 around the money, but I think that your procedures, you
11 know -- and I can appreciate that you have a new
12 administration. And I've been there with having to take
13 over organizations.

14 But when you set procedures, be careful that
15 projects and people's populations don't get lost in the
16 procedures and that especially rural and the areas that
17 are many times forgotten should be at the top of the list,
18 because some of these big numbers, the big-ticket
19 projects, could perhaps be pared down to where you can
20 spread it around more.

21 But our focus is really home ownership, and
22 many of the families cannot buy homes. And we use the
23 rental housing to incubate the owners and get them into
24 home buyer counseling. And these homeowners are the

1 people that are working in the new industries that Mayor
2 Pro Tem Brewster just talked about.

3 And that's -- what we ask you is to help us to
4 make these families and these communities more self-
5 sufficient through promoting the type of development with
6 the low-income tax credit program, which is a very
7 effective way for us -- we and the nonprofit -- to be able
8 to incubate families in to the home ownership.

9 And I thank you very much. And I'm, of course,
10 not shy. And I'm going to ask you for support for forward
11 commitment for the Rancho del Valle, which is a 32-unit
12 project -- we're doing small projects -- 02-063, and 02-
13 064, Mission del Valle, that was mentioned earlier. Thank
14 you, a lot.

15 MR. JONES: Thank you.

16 Mr. Littlejohn?

17 MR. LITTLEJOHN: I'll be available for
18 questions.

19 MR. JONES: Thank you, sir.

20 Mr. Gulla?

21 (No response.)

22 MR. JONES: Mr. Ignacio --

23 MR. GULLA: Oh, yes. Mr. Chairman, I will
24 refrain from speaking at this time. Thank you.

1 MR. JONES: Okay.

2 All right. I think those are all the speakers
3 on Item 4(d). Did I miss anybody?

4 (No response.)

5 MR. JONES: Okay. We'll close public comment
6 then. We're on Item 4(d). What's the Board's pleasure?

7 MAYOR SALINAS: You have a motion and a second
8 on the floor.

9 MR. JONES: I do not believe we do.

10 MR. CONINE: No, I don't think so.

11 MAYOR SALINAS: By Vidal?

12 MR. GONZALEZ: I did.

13 MR. JONES: Do we? I don't think we do.

14 MR. CONINE: No.

15 MAYOR SALINAS: On the recommendation of the
16 forward commitments? Yes, we did. But I'll do it again.

17 I'll move that we approve.

18 MR. JONES: I'm sorry. I apologize, Mayor.

19 We have a motion then to approve the forward
20 commitments as recommended by the staff.

21 Is that right?

22 MAYOR SALINAS: Yes. I think we did the motion
23 and Vidal was the second one.

24 MR. GONZALEZ: Second.

1 MR. JONES: The motion has been made and
2 seconded.

3 MR. CONINE: I've got a question for Brooke if
4 I might.

5 MR. JONES: Sure.

6 MR. CONINE: Did you -- the issue that was
7 raised about the million-six limit -- have you thoroughly
8 researched that to make sure we're okay?

9 MS. BOSTON: As I mentioned before, staff's
10 interpretation of, "Year," in the QAP is that -- we've
11 gone with the term, Allocation year.

12 MR. CONINE: Right.

13 MS. BOSTON: And so the 2003 forward
14 commitments aren't considered part of the 1.6.

15 MR. CONINE: Okay.

16 MS. BOSTON: And so in this case, it would be a
17 non-issue.

18 MR. CONINE: We also had some forwards from the
19 previous year that need to be counted in your total,
20 though. And I didn't --

21 MS. BOSTON: But they would be counted in the
22 2002.

23 MR. CONINE: The '02 total? These still
24 are not --

1 MS. BOSTON: These, the ones that you all would
2 be approving today, would be counted as part of next
3 year's.

4 MAYOR SALINAS: 2003?

5 MS. BOSTON: Right.

6 MR. CONINE: Okay.

7 MS. BOSTON: So the other --

8 MR. CONINE: All right.

9 MS. BOSTON: They wouldn't count.

10 MR. CONINE: So the other -- so the '02 are
11 still okay?

12 MAYOR SALINAS: Yes.

13 MS. ANDERSON: Between the Heatherwild and this
14 forward --

15 MR. CONINE: Because it didn't change. It
16 didn't change. That's right.

17 MS. BOSTON: Correct.

18 MS. ANDERSON: Okay.

19 MR. CONINE: Okay. Never mind.

20 MAYOR SALINAS: Okay.

21 MR. JONES: Okay. We have a motion on the
22 floor --

23 VOICE: Sir, may I --

24 MR. JONES: I'm sorry. The time for public

1 comment is closed. I'm sorry.

2 Brooke, do you want to talk to that gentleman
3 for a minute and see if we're missing something?

4 MS. BOSTON: Sure.

5 MR. JONES: Thank you.

6 (Pause.)

7 MR. JONES: Brooke, is your recommendation
8 going to remain the same?

9 MAYOR SALINAS: I would think that -- she
10 already made the recommendation, Mr. Chairman. I would
11 ask the question now. Go.

12 MR. JONES: Okay. I'm sorry.

13 Brooke, is -- if you would, we need to move
14 on -- can you provide me with a total?

15 MAYOR SALINAS: The total?

16 MS. BOSTON: Yes.

17 MR. JONES: Ms. Carrington just wanted the
18 total before we voted.

19 MS. BOSTON: Yes. The total was --

20 MR. JONES: I'm sorry.

21 MS. BOSTON: The recommendation is for
22 \$5,554,487.

23 MR. JONES: Okay.

24 We have --

1 MR. CONINE: \$5 million -- one more time.

2 MS. BOSTON: 5,554,487.

3 MR. CONINE: And under the 15 percent -- what's
4 my 15 percent number, just out of curiosity?

5 MS. BOSTON: Well, it's 5.7, but it's an
6 estimate. So --

7 MR. CONINE: An estimate based on '02 numbers,
8 or --

9 MS. BOSTON: On '03.

10 MR. CONINE: -- '03 numbers?

11 MS. BOSTON: We anticipate what the '03's
12 credit ceiling will be and calculate 15 percent. So if
13 you were trying to anticipate adding in Mission del Valle,
14 if that's what you all were trying to figure out --

15 MR. CONINE: We're --

16 MS. BOSTON: If you add that in, which -- that
17 project is 160,782 -- you would get to 5,715,269, which is
18 only over by \$15,000.

19 MR. CONINE: Yes. Close enough for government
20 work.

21 MS. BOSTON: So I think as just an estimate, it
22 would be acceptable.

23 MAYOR SALINAS: I think that that would work.

24 MS. ANDERSON: Mr. Chairman, I move to amend

1 the motion on the floor to add Mission del Valle to the
2 forward commitment list.

3 MR. JONES: We have a motion made. Is there a
4 second to the motion?

5 MAYOR SALINAS: Second.

6 MR. JONES: Motion made and seconded. All in
7 favor of the motion to amend, say aye.

8 (A chorus of ayes.)

9 MR. JONES: All opposed, nay.

10 (No response.)

11 MR. JONES: Motion carries.

12 We then to back to the original motion as
13 amended. Are we ready to vote?

14 MAYOR SALINAS: Uh-huh.

15 MR. JONES: Hearing nothing further, I assume
16 we are. All in favor of the motion, please say aye.

17 (A chorus of ayes.)

18 MR. JONES: All opposed, nay.

19 (No response.)

20 MR. JONES: Motion carries.

21 We will then move to Item 4(e) on our agenda.
22 Brooke?

23 MS. BOSTON: Staff is also making
24 recommendations for the waiting list for the 2002

1 allocation. We are suggesting that the actual waiting
2 list will be composed of all applications that have not
3 been recommended by the board as an '02 allocation or a
4 2003 forward commitment and have not been withdrawn or
5 terminated. We also are asking, though, that that waiting
6 list be prioritized to make sure that we are meeting all
7 of our set-asides.

8 We do not want to just give a pure priority
9 list because, in that event, there might be a chance that
10 we would miss a set-aside. So the list is organized so
11 that if the credits that come back are from a nonprofit
12 '02 deal, it'll go back to a nonprofit waiting list.

13 We -- there were some conditions that we have
14 associated with these, which are that it needs to -- when
15 it's underwritten, it will need to be found either
16 acceptable or acceptable with conditions by underwriting.

17 The credit amounts and conditions would still be,
18 obviously, subject to change since they haven't been
19 underwritten yet; they'll still be subjected to the
20 concentration policy, the 1.6 million rule and review by
21 Compliance for material and non-compliance issues.

22 That being the case, I -- if it's okay, I won't
23 read through the memo again.

24 MR. JONES: Okay. Great.

1 MS. BOSTON: The only adjustment would be in
2 Region 6. Gateway Pavilion is at the top of the waiting
3 list. And, of course, that would no longer be the case.
4 I don't know that we need to add a replacement, because
5 the -- even with the Villas at Park Grove just having been
6 approved for forward commitment, the next deal is 1.2,
7 and, you know, it's kind of unlikely that we would get
8 that big of a return of credits in that region beyond that
9 amount. So I don't think we need to come up with a
10 replacement.

11 MR. JONES: Okay. Great.

12 Okay. I don't think there are any public
13 speakers or public comment with regard to Item 4(e). I
14 don't have anybody that submitted a witness affirmation
15 form.

16 (Pause.)

17 MR. JONES: Seeing no one that wants to speak,
18 then we're ready to entertain a motion on Item 4(e).

19 MR. CONINE: Mr. Chairman?

20 MR. JONES: Yes?

21 MR. CONINE: I would like to make a motion that
22 we take the staff recommendation on the waiting list and
23 the waiting list procedure with the following changes. In
24 the first paragraph, it says -- where staff is

1 recommending that the board approve the prioritization of
2 the waiting list so that the credits become available and
3 the staff will be able to allocate from the prioritized
4 list without return to the board for approval --

5 MR. JONES: Right?

6 MR. CONINE: -- I would like for staff to amend
7 that for saying that the staff needs to come back to this
8 board for approval as we come off the waiting list, again,
9 for our own knowledge of what staff is contemplating
10 doing.

11 And, also, there's certain situations where
12 some additional underwriting that needs to take place, and
13 we would want to make sure that the board is aware of how
14 that underwriting came out before the waiting list is
15 prioritized. So I'd amend that particular paragraph to
16 make sure staff comes back to the board for approval.

17 Secondly, I'd like to change and add the
18 Killeen project that has been mentioned. It's Killeen
19 Stone Ranch, I believe. I'd like to put it in several
20 places: one, in Paragraph B, the rural set-aside, for it
21 to be injected, because it's the highest scoring one, into
22 the top replacement on the rural set-aside; under
23 Paragraph C, the elderly set-aside -- since this is an
24 elderly project, I'd like to see it installed at the

1 elderly set-aside, and it's also a nonprofit -- where did
2 Brooke go?

3 It's also a nonprofit deal, is it not?

4 VOICE: Yes, sir.

5 MR. CONINE: And it needs to be in the
6 nonprofit set-aside as its appropriate spot. I haven't
7 looked up the score there.

8 So we'd add Killeen back in under the
9 nonprofit, rural and elderly set-asides and, also, in
10 Region 7. We'd add it to the top of the list there
11 because Eagles Point has already been gone.

12 MS. CARRINGTON: Mr. Conine?

13 MR. CONINE: Yes?

14 MS. CARRINGTON: May I ask staff for one
15 clarification?

16 In the rural set-aside, we have a limit on
17 number of units, do we not? And --

18 MS. BOSTON: 76 units.

19 MS. CARRINGTON: And I believe that Killeen
20 Stone Ranch would exceed that number --

21 MR. CONINE: Okay.

22 MS. CARRINGTON: -- of allowed units under the
23 rural set-aside.

24 MR. CONINE: Well, again, I was looking at our

1 list from last month. And it had rural -- I thought it
2 had rural on here, but I will accept that as a change.
3 And just leave it on the nonprofit and the elderly then --
4 nonprofit, elderly and Region 7.

5 MR. JONES: All right.

6 MR. CONINE: And that is the motion.

7 MR. JONES: Okay.

8 We have a motion on the floor. Is there a
9 second?

10 MS. ANDERSON: Second.

11 MR. JONES: Questions, comments, discussion?

12 (No response.)

13 MR. JONES: Hearing none, I assume we're ready
14 to vote. All in favor of Mr. Conine's motion, please say
15 aye.

16 (A chorus of ayes.)

17 MR. JONES: All opposed, nay.

18 (No response.)

19 MR. JONES: Motion carries.

20 At this point in time, due to some
21 conversations with Ms. Carrington, I think we need to turn
22 our next attention to Item 6(d).

23 Is that right, Ms. Carrington?

24 MS. CARRINGTON: 6(a) -- actually, 6(a), (b)

1 and (d).

2 MR. JONES: Okay. Well, let's go to 6(a) --
3 (d) then next.

4 We will then turn our attention to 6(a).

5 MS. CARRINGTON: And that's Homer Cabello. And
6 he will be very brief --

7 MR. JONES: Yes.

8 If you'll make --

9 MS. CARRINGTON: -- as will all of the staff.

10 MR. JONES: If you will, make the
11 recommendation, please, on 6(a).

12 And I have nobody that wants to speak to
13 that --

14 MAYOR SALINAS: No.

15 MR. JONES: -- according to the witness
16 affirmation forms. Am I wrong?

17 (No response.)

18 MR. JONES: Okay. We'll have no public
19 comment.

20 MR. CONINE: Bootstrap.

21 MR. JONES: Yes.

22 MR. CABELLO: I'll make a quick recommendation.

23 I just quickly want to point out that when Mayor Salinas
24 was in El Paso, a task force was created of the county

1 judge, County Commissioner Teran, our former Board member
2 Judge Daross from the AG's office, Texas Rural Legal Aid
3 and the El Paso County Attorney's office. And we met as a
4 task force to address the critical lending issues that we
5 face in the colonias in our contract for deed program.

6 So I just wanted to mention that, Mayor, since
7 you didn't touch on that.

8 Quick, briefly. We put out the NOFA back in
9 March for the Texas Bootstrap Program, which was created
10 in 1999. It's a self-help construction program where
11 families must contribute 60 percent of the labor that is
12 required to build a house. We received 12 applications
13 totaling over \$4.5 million. And we are recommending seven
14 applications for a total of \$3 million.

15 Each applicant is also receiving 4 percent
16 administration dollars, with the exception of Lower Valley
17 Housing Corporation. They waived their administration
18 dollars since they have incorporated an admin. in the
19 sales price of the home to cover their expenses
20 administratively, which allowed us to take it one step
21 down further to a colonia nonprofit, which is Alianza Para
22 El Desarrollo Comunitario, who the Mayor also met in the
23 colonias.

24 And one last thing: LaGloria Development

1 Corporation. I think Chairman Jones and Mr. Conine are
2 probably the only board members left who remember the El
3 Cenizo situation. And it's great to see this nonprofit
4 finally build to capacity and serve that community.

5 So as recommended, we would like to recommend
6 these seven nonprofits for the Bootstrap Program.

7 MR. CONINE: Move for approval.

8 MAYOR SALINAS: Second.

9 MR. JONES: We have a motion made and seconded.
10 Questions, comments, discussion on Item 6(a)?

11 (No response.)

12 MR. JONES: Hearing none, I assume we're ready
13 to vote. All in favor of the motion, please say aye.

14 (A chorus of ayes.)

15 MR. JONES: All opposed?

16 (No response.)

17 MR. JONES: Motion carries.

18 We'll then turn to Item 6(b). And --

19 Excuse me.

20 MS. CEDILLO: Quickly?

21 MR. JONES: Yes. Go for it.

22 MS. CEDILLO: My name is Ruth Cedillo --

23 MR. JONES: Lead the way.

24 MS. CEDILLO: -- Deputy Executive Director. I

1 am presenting the item on the Washington County/Brazos
2 Valley Consortium. They have requested \$216,000 of 2002
3 HOME Program funds from the department.

4 The Department of Housing and Urban Development
5 requires that in order for a consortium to become a
6 participating jurisdiction under the HOME Program, they
7 must have \$750,000. HUD will provide \$534,000. And
8 they're short 216,000, and we have been working with them
9 to try to identify other funds because they could make up
10 the \$216,000 with other funds.

11 And I was aware of a project that had been
12 funded under the CDBG housing infrastructure fund in 2001.

13 And I reviewed their contract to see if there were any
14 additional funds committed to that project, and the Brazos
15 Valley affordable housing had committed a line of credit
16 for the development of the housing. And that has been
17 submitted to HUD for consideration for those \$216,000, but
18 as of today -- and I received an e-mail from HUD
19 indicating that no decision had yet been made.

20 So we had a -- we looked at deobligated funds,
21 which, of course, is not an option because we've had 36
22 counties that have been declared disaster areas. So that
23 was not an option. So then we had to define whether
24 technically these communities, which I've identified on

1 the second page of the write-up, are considered non-
2 participating jurisdictions at this point, because without
3 the additional \$216,000, HUD cannot consider them or the
4 consortium a participating jurisdiction.

5 We had a concern with Section 2306.11(c) of the
6 Texas Government Code, which basically is Senate Bill 322
7 and House Bill 1811, which I've attached. And it
8 indicates that in administering federal housing funds
9 provided to the state under the Cranston-Gonzales National
10 Affordable Housing Act, 42 U.S.C., Section 12701 et seq,
11 the department shall expend at least 95 percent of these
12 funds for the benefit of non-participating areas that do
13 not qualify to receive funds under the Cranston-Gonzales
14 National Affordable Housing Act directly from the U.S.
15 Department of Housing and Urban Development.

16 And if interpreted very, very broadly, these
17 communities are not eligible to receive funds directly
18 from the U.S. Department of Housing and Urban Development.

19 And we recommend your consideration. It's a very
20 difficult situation because of Senate Bill 322 and House
21 Bill 1811, of course, which is in the Texas Government
22 Code now.

23 MR. JONES: Okay. We do have some people that
24 would like to speak to this issue.

1 Ms. Nancy Hanson?

2 VOICE: She's gone.

3 MS. CARRINGTON: Nancy's gone.

4 MR. JONES: She's gone? We lost her.

5 Mr. Tom Wilkinson?

6 (Pause.)

7 MR. JONES: He wins the persistence award here.

8 MR. WILKINSON: Yes, sir. I thought that I
9 should get the money just for waiting this out, but I'll
10 leave that to your decision.

11 As Ms. Cedillo has said, this is a very
12 complicated issue. And it's fairly unique. The HOME
13 consortia is generally cities of 50,000 or more. This is
14 a compilation of rural areas because, as you've heard
15 today, rural areas don't score very well.

16 So we will be receiving \$534,000, and we will
17 never come back and ask you for this \$216,000 ever again.

18 But it's important to note -- and Ms. Cedillo outlined
19 this very truthfully -- that this is a broad
20 interpretation. I don't think we're asking you to violate
21 the law, but the truth is \$534,000 will not be sent to the
22 state of Texas if we don't get the 216,000. So you're
23 going to leave that in Washington.

24 It's a two-to-one, and it's really not that

1 hard to see the benefit for our state in this region of
2 Texas. We have colonias, too, by every definition except
3 within 150 miles of the Rio Grande River. So there are
4 plenty of issues for us to spend this little bit of money
5 on.

6 One of the things that you did discuss in your
7 low-income housing tax credit process and the rural areas,
8 which Killeen brought out: Killeen is spending their CDBG
9 money and their HOME Fund money. The City of Houston and
10 the City of Dallas and the City of Austin get millions of
11 dollars in the CDBG and HOME, yet they're here asking you
12 for money, too. How many of them are putting up the same
13 percentage of their HOME or CDBG funds for their housing
14 projects instead of coming and asking you?

15 So in your QAP in the future, you may want to
16 ask that question. We don't come and ask you for money
17 because we don't score well, and it's too expensive for
18 our little nonprofit to put together an application. This
19 \$750,000, though, will be the first year we will be a
20 participating jurisdiction. The money will come to the
21 Brazos valley through the Washington County Consortia.

22 You heard from Judge Morgan. Getting all these
23 elected officials to agree to anything is -- especially
24 where money's concerned, is no small feat. We're just

1 asking you to help us through this this one time, and I
2 promise you I won't be back. Thank you.

3 MR. JONES: Thank you, sir.

4 MS. ANDERSON: And so, Ruth, where would the
5 money -- where does the 216- come from? Does it reduce
6 the amounts that we're then going to grant out to other
7 rural areas?

8 MS. CEDILLO: It would reduce the 2002
9 allocation by the \$216,000.

10 MS. ANDERSON: So that when we go through our
11 HOME awards --

12 MS. CARRINGTON: Right. We'd have --

13 MS. ANDERSON: -- this fall --

14 MS. CEDILLO: Well, I have a recommendation on
15 that, also.

16 MS. ANDERSON: Okay.

17 MS. CARRINGTON: We're combining, but yes, it
18 would reduce the amount --

19 MS. CEDILLO: It would reduce the total.

20 MR. JONES: Why don't you go ahead and give us
21 your bottom line recommendation, Ruth?

22 MS. CARRINGTON: That we -- that the board
23 approve --

24 MS. CEDILLO: Approve.

1 MS. CARRINGTON: -- allowing the use of
2 \$216,000 of HOME funds so that this entity can create --
3 can become a --

4 MS. CEDILLO: A participating jurisdiction.

5 MS. CARRINGTON: -- participating jurisdiction,
6 which they will be on a going-forward basis. And what --
7 the way we would accomplish that is by reducing the amount
8 that HUD would allocate when indeed we do get around to
9 asking for '02 and '03 funds.

10 I will say that Ruth went to Brenham maybe
11 three weeks ago now and met with Rep. Kolkhorst and
12 others. Kolkhorst was the one who had been -- well, it
13 was her bill that said TDHCA will spend 95 percent of its
14 HOME funds outside of participating jurisdictions, out in
15 the rural areas. And Rep. Kolkhorst was in that meeting
16 and is supportive of this action that we are recommending
17 to the board today.

18 MS. ANDERSON: Can I --

19 MR. WILKINSON: And if I might add, also, we
20 have until August 16 to confirm this to HUD. We don't
21 have much time.

22 MS. ANDERSON: Mr. Chairman, may I ask Ruth one
23 question?

24 MR. JONES: Sure. Go ahead.

1 MS. ANDERSON: How many other sort of regional
2 consortia are there like this in Texas that might get a
3 bright idea from what we're -- we have a motion on or what
4 we have a recommendation on the floor? And how many other
5 people might come and --

6 MS. CEDILLO: Historically, the department has
7 provided the funding to non-participating jurisdictions
8 that became participating jurisdictions. You have College
9 Station, Fort Bend County and, I believe, Bryan, also.
10 But this has been done in the past by the board.

11 MS. ANDERSON: Okay. And if we didn't do
12 this -- I mean, 216 -- I -- what's the total HOME Fund
13 allocation we'll have in 2002, ball-park?

14 MS. CEDILLO: 41 million.

15 MS. ANDERSON: Oh. Okay.

16 MS. CARRINGTON: 41 million.

17 MS. ANDERSON: All right. That's all my
18 questions. Thank you.

19 MR. JONES: Thank you, Ms. Anderson.

20 MR. CONINE: Aren't -- I've got one. Aren't
21 there some other things that come along with being a PJ,
22 like Section 8 and other issues that aren't addressed in
23 your memo here, that the consortium would ultimately have
24 to deal with?

1 MS. CEDILLO: Well, they already have Section 8
2 vouchers. The Brazos Valley Development Council of Brazos
3 Valley Affordable Housing has Section 8 vouchers.

4 MR. CONINE: And how about CDBG money? Does
5 that qualify -- do they qualify for CDBG?

6 MS. CEDILLO: This would only be for the HOME
7 Program. These communities would still be eligible for
8 the CDBG program because the breaking point in CDBG is a
9 population of 50,000. So if they had a greater
10 population, then they would be eligible to become
11 participating jurisdictions under CDBG.

12 MS. CARRINGTON: I think staff sees this as an
13 opportunity for the group to become self-sufficient and
14 eligible for funds directly from HUD and, therefore,
15 wouldn't be coming to the state if this consortium fell
16 apart and they were the individual entities and wouldn't
17 be applying to the state for HOME funds. They'd be doing
18 it under the formula for participating jurisdictions.

19 MS. CEDILLO: And their commitment to be a
20 consortium is for three years. And then that would be a
21 re-application to either stay as a consortium or come back
22 to the state program.

23 MR. JONES: We have staff's recommendation, and
24 we have public comment which is now closed. What's the

1 board's pleasure?

2 MAYOR SALINAS: I move for the approval of the
3 recommendation from staff.

4 MR. JONES: We have a motion to approve. Is
5 there a second?

6 MR. GONZALEZ: Second.

7 MR. JONES: The motion has been made to approve
8 and seconded. Further questions, comments?

9 (No response.)

10 MR. JONES: Hearing none, I assume we're ready
11 to vote. All in favor of the motion, please say aye.

12 (A chorus of ayes.)

13 MR. JONES: All opposed, nay

14 (No response.)

15 MR. JONES: Motion carries.

16 We move then to Item 6 (c). Mr. -- excuse me.
17 Who's the staff member?

18 Ruth, are you going to make this
19 recommendation?

20 MS. CEDILLO: Yes, sir.

21 MR. JONES: What's the recommendation of staff
22 with regard to 6 (c)?

23 MS. CEDILLO: Under the Housing Trust Fund --

24 MS. CARRINGTON: No. This is under the

1 environmental for HOME --

2 MS. CEDILLO: Oh. I'm sorry. I skipped --

3 MS. CARRINGTON: Environmental for HOME, 6 (c).

4 MS. CEDILLO: Okay. Yes.

5 Under the HOME Program, the certifying officer
6 has been the executive director, and we have a process
7 that we go through for signatures. First of all, we have
8 a staff person in the HOME Program who signs. It goes to
9 legal. Then it goes to deputy. Then it goes to the
10 executive director. We're just trying to cut down the
11 time that it takes to process that, because our
12 administrators cannot expend funds until they've been
13 environmentally cleared. And this would help reduce the
14 time.

15 MR. CONINE: Move for approval.

16 MAYOR SALINAS: Second.

17 MR. JONES: We have a motion that has been made
18 and seconded.

19 Mr. Westbrook, I have you down -- Mr.
20 Westbrook?

21 MR. WESTBROOK: Yes?

22 MR. JONES: I have you down as wanting to speak
23 to this. Is that right? I can't imagine that.

24 MR. WESTBROOK: Yes, I want to speak to it.

1 MR. JONES: Okay. Oh, I'm sorry.

2 MR. WESTBROOK: If that's okay.

3 MR. JONES: No problem, Mr. Westbrook.

4 MR. WESTBROOK: Basically, I try to address all
5 issues that affect St. John Colony Neighborhood
6 Association. And we've been very affected by the
7 environmental review process in trying to get the sign-off
8 before we can proceed with our drawing of funds. And
9 anything that would help speed up the process which --
10 staff has informed me that by eliminating some signatures,
11 that would help speed up the process and give us someone
12 to talk to within the department. So I'm in favor of
13 anything that would speed up the process and getting the
14 money into the communities.

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

16 MR. WESTBROOK: Thank you.

17 MR. CONINE: Let me clarify my motion, Mr.
18 Chairman, because we have Resolution Number 02-040 that
19 that's attached to.

20 MR. JONES: Okay.

21 We have a motion that has been made and
22 seconded. Further questions, comments, discussion?

23 (No response.)

24 MR. JONES: Hearing none, I assume we're ready

1 to vote. All in favor of the motion, please say aye.

2 (A chorus of ayes.)

3 MR. JONES: All opposed, nay.

4 (No response.)

5 MR. JONES: Motion carries.

6 We then turn to Item 6(d).

7 And, Ruth, do you have the recommendation of
8 staff?

9 MS. CEDILLO: Yes, sir.

10 Under the Housing Trust Fund, we're only making
11 the recommendations for the development/SECO funds and,
12 also, the pre-development funds today. On the capacity
13 building, we are going to delay that until the next
14 meeting, which would be August 29.

15 On December 7, 2001, we published a notice of
16 funding availability, and that was for \$4,951,977 in
17 development funding and \$1,667,922 in the SECO funds.
18 Applications were held in 14 communities across the state.

19 We received 31 applications. We did not receive
20 applications from three regions: Regions 1, 2 and 9.
21 But, ironically, there were application workshops held in
22 those specific regions.

23 Out of the 31 applications submitted, 25
24 applications passed threshold, and they were advanced to

1 underwriting. And then out of the 25, we're recommending
2 16 applications for funding.

3 Now, you have your list of applicants, but
4 Killeen Stone Ranch is not on that list because they were
5 not going to get the tax credits. So we could go ahead
6 and add Killeen Stone Ranch for development funding and
7 for SECO funding. They had requested 175,000 in
8 development funds. And I believe it was 92,000 --

9 MR. HOFFPAUIR: 192-

10 MS. CEDILLO: 192- in SECO funds. And we have
11 enough in both categories.

12 We have a balance remaining in SECO of 764,384,
13 and we also have a balance in the development fund.

14 MS. ANDERSON: So are you proposing that you
15 would reserve that for them subject to them clearing --

16 MR. CONINE: The wait list.

17 MS. ANDERSON: -- the wait list?

18 MS. CEDILLO: Yes.

19 MS. ANDERSON: Okay. Thank you.

20 MR. JONES: Okay. Thank you for staff's
21 recommendation. We have speakers.

22 Mr. Westbrook, did you want to speak on this
23 item?

24 MR. WESTBROOK: I was going to speak on the

1 capacity building, but staff has informed me that that
2 will be taken up at the August meeting. But since I've
3 been here all day, I said I might as well just go on and
4 state what I needed to state.

5 (Laughter.)

6 MR. WESTBROOK: Basically, St. John Colony
7 Neighborhood Association has worked with the staff of the
8 department in trying to set up capacity building funds for
9 rural communities. St. John is definitely a rural
10 community. You've heard all the day about the need for
11 rural communities and you-all's initiatives to set up
12 programs to address our rural communities.

13 We have not been -- if you all had considered
14 today's staff recommendations, we would not have been
15 considered for capacity building funds. We're -- in
16 Region 7, you're funding a CAP agency which is a very good
17 CAP agency, Williamson and Burnet County, that's doing a
18 project over in Leander, and East Austin Economic
19 Development Corporation, which is located in Austin.

20 And like you all just stated earlier, it's that
21 projects that's located in participating jurisdictions,
22 which Austin is, have the opportunity to seek HOME funds
23 from their localities, such as Austin. Well, over in
24 Caldwell County, we don't have a strong United Way nor the

1 ability to go for HOME funds.

2 And so I was hoping that the board would
3 correct that and look -- give priority to rural
4 communities, as you all have stated and the urban affairs
5 committee have stated and everyone keeps telling us this,
6 but we compete against a metro project. And basically,
7 our project not only is a rural project; in you-all's
8 mandate, too, you indicated that you're looking for
9 projects that serve populations that is less than 30
10 percent of the median income.

11 This particular project that will result
12 with -- 30 percent of the units that are proposed are for
13 families with incomes below 30 percent of the median. And
14 so not only do we address that -- you-all's mandate for
15 rural communities but, also, the target population of 30
16 percent.

17 What it puts upon as a burden on St. John
18 Colony is that it's continuously having to borrow from the
19 developer. And we have this conflict with our auditor;
20 it's because it's separating our control. And this was
21 the first attempt in which we could have freed up from
22 borrowing from the developer to develop our project.

23 MR. JONES: Mr. Westbrook, if you would, wind
24 up. Your time's up.

1 MR. WESTBROOK: And I will wind up real quick.
2 And that's why I kind of relate it back to the
3 problems that we're having with the environmental and the
4 clearances there, because we're totally depending upon
5 volunteer help. And this would provide the staff
6 person -- the CHDO coordinator to work with the department
7 staff and give a full-time person to the association.
8 Thank you.

9 MR. JONES: Thank you.
10 We have one more speaker.
11 Mr. Palmer?

12 MR. PALMER: Thank you for your patience and
13 your fortitude in listening to all the speakers today. I
14 just wanted to raise one issue on the award of housing
15 trust funds and the list that has been recommended. The
16 Houston Copperwood Apartments I represent, and they are
17 recommended for an award of \$350,000. But the
18 recommendation calls for a five-year term at a zero
19 percent interest, and then with the payments to be re-set
20 at that time.

21 The problem that that creates for us is that by
22 having a five-year bullet loan like that, our lender and
23 our tax credit investor have to underwrite it as if the
24 whole amount of the loan is going to be called in five

1 years. And that creates a problem in using the funds in
2 that there's no defined source of repayment at the end of
3 five years.

4 So what we have talked to the underwriting
5 staff about -- the reason for this five-year re-look was
6 for underwriting to be able to look at that time to see
7 what interest rate and what amortization schedule the
8 project could afford based on its actual performance and
9 for us to prove up the garage and car-port income.

10 And what we have requested and talked to the
11 underwriting staff about is converting -- changing this to
12 have a 30-year term with five years of payments, as
13 suggested by underwriting, and then, at the five-year
14 point, for the department to re-set the interest rate
15 based on their underwriting at that time.

16 But at least with a 30-year term and a 30-year
17 amortization, our first lien holder and our tax credit
18 investor would underwrite it on the basis of a 30-year
19 pay-back instead of the possibility that it would all be
20 due at the end of five years. I spoke to the underwriting
21 staff here today, and they said that they had no
22 opposition to this change.

23 MR. JONES: Thank you, sir.

24 MR. CONINE: Can we confirm --

1 MR. JONES: Yes?

2 MR. CONINE: Can we confirm that with the
3 underwriting staff?

4 MS. CARRINGTON: Yes.

5 MR. JONES: Underwriting staff?

6 MS. CARRINGTON: Jim Anderson is shaking his
7 head yes.

8 MR. JONES: He's saying yes. He said yes.
9 He's either a bobble-head doll or he's saying yes.

10 (Laughter.)

11 MR. JONES: Okay. Oh, we have one more
12 speaker.

13 Ms. Reed?

14 MS. REED: Yes. I'm here to answer questions
15 on the pre-development --

16 MR. JONES: Excuse me, ma'am. I didn't hear
17 you. I'm sorry. I apologize.

18 MAYOR SALINAS: She wants to wait.

19 VOICE: You'll have to come up to the
20 microphone so we can hear you.

21 MR. JONES: I'm sorry.

22 MS. REED: I'm here to answer questions on the
23 pre-development loan fund allocations the board said it
24 would be -- I'm acting as an associate.

1 MR. JONES: Okay. Well, if we have any
2 questions, we'll remember that. Okay?

3 All right. Then we are on Item 6(d).

4 MS. CEDILLO: We've got pre-development funds
5 that have to be presented under the Housing Trust Fund.

6 MR. JONES: Okay.

7 MS. CARRINGTON: Which is the third part of
8 6(d).

9 MR. JONES: Okay. Well, why don't we -- can we
10 have the recommendations one at a time on what motions you
11 need from the board in regard to 6(d)? And we'll take
12 those things up.

13 What's the first thing you need, Ms.
14 Carrington?

15 MS. CARRINGTON: It would be the first part,
16 which are the Housing Trust Fund Development/SECO
17 recommendations --

18 MR. JONES: Okay. Well --

19 MS. CARRINGTON: -- which are the ones that
20 Ruth just presented.

21 MR. JONES: Great. We will take those up at
22 this point then.

23 Which -- and it -- we've heard public comment,
24 and we've heard the staff's recommendation. What's the

1 board's pleasure?

2 MS. ANDERSON: I move adoption of staff
3 recommendation on the Housing Trust Fund and SECO awards.

4 It looks like \$44,625,620 in the Housing Trust Fund and
5 \$903,538 in SECO.

6 MR. CONINE: Which has an amendment.

7 MAYOR SALINAS: Second.

8 VOICE: Plus Killeen.

9 MS. ANDERSON: Oh. I'm sorry. Plus Killeen.

10 MR. CONINE: Plus Killeen.

11 MS. CARRINGTON: Plus Killeen, yes.

12 MS. ANDERSON: Yes. I'm sorry.

13 MR. JONES: Plus Killeen, subject to the
14 condition that they get off the waiting list.

15 MS. ANDERSON: Right.

16 MR. JONES: Okay.

17 Anything else to that motion?

18 (No response.)

19 MR. JONES: All right. We have a motion that
20 has been made. Is it seconded?

21 MAYOR SALINAS: Second.

22 MR. JONES: Okay.

23 We have a --

24 MR. CONINE: What about Mr. Palmer's request on

1 the note difference? Is he in this group, or another
2 group?

3 MS. CARRINGTON: He is in this group.

4 MR. CONINE: Would you attach an amendment to
5 amend the structure of his note recommendation per staff
6 shaking his head over there?

7 MS. ANDERSON: Yes. I second that or -- I put
8 it as an amendment.

9 MR. JONES: Okay. The motion has been amended
10 by agreement.

11 We have a motion that has been made and
12 seconded. Do we know what we're voting on?

13 (Pause.)

14 MR. JONES: All right. Any questions,
15 comments, discussion?

16 (No response.)

17 MR. JONES: Hearing none, I assume we're ready
18 to vote. All in favor of the motion, please say aye.

19 (A chorus of ayes.)

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

22 (No response.)

23 MR. JONES: Motion carries.

24 And the second part of it, Ms. Carrington?

1 MS. CARRINGTON: Mr. Chairman, the Housing
2 Trust Fund Capacity Building recommendations are being
3 deferred to the August 29 board meeting.

4 MR. JONES: Okay.

5 MS. CARRINGTON: On page 3 of your agenda, the
6 third part of the Housing Trust Fund awards are the
7 recommendations for pre-development.

8 MR. JONES: Okay. And those are the staff's
9 recommendations for pre-development?

10 MS. ANDERSON: Can we do these at the end of
11 the month? We'd do these better justice --

12 MR. CONINE: Are we sure we want to wait until
13 the end of the month?

14 MS. CARRINGTON: We -- they are performance
15 measures. We've got to report them by the 31st of August
16 and have got to have contracts executed.

17 MR. JONES: Okay.

18 MS. ANDERSON: Well, we're not -- we're really
19 not doing this justice. And this concerns me.

20 MR. CONINE: Okay.

21 MR. JONES: Okay. What's the recommendation,
22 Ruth, with regard to the pre-development recommendations?

23 MS. CEDILLO: What we're recommending is that
24 we fund ARK-TEX Council of Governments, which was the 2001

1 grantee for the 2002 funds, which are 558,642, and that we
2 fund Texas Community Capital, which is an affiliate of the
3 Texas Association of Community Development Corporation,
4 for the 530,068 for Fiscal Year 2003.

5 MR. CONINE: Just those two? Move for approval

6 MR. JONES: Okay.

7 We have a motion that they be approved. Is
8 there a second?

9 MAYOR SALINAS: Second.

10 MR. JONES: We have a speaker, Ms. Reed, who
11 says she'll be happy to answer any questions on this if we
12 have any. Do we have any questions?

13 MS. ANDERSON: I have some questions for Ruth.

14 MR. JONES: Okay.

15 MS. ANDERSON: How many applicants were there?

16 MS. CEDILLO: Those two were the only ones.

17 MS. ANDERSON: Okay. Thank you.

18 MS. CEDILLO: Okay.

19 MR. JONES: And are there any questions for Ms.
20 Reed?

21 MS. CEDILLO: Now, the only point is that ARK-
22 TEX did receive the greater number of points, but ARK-TEX
23 still has approximately \$500,000 that they're working
24 with. And they've agreed to --

1 MS. CARRINGTON: Yes. We did talk to ARK-TEX
2 about that.

3 MS. CEDILLO: -- take the 558,000.

4 MS. ANDERSON: Well, why are there not more
5 applicants --

6 MS. CEDILLO: Marketing --

7 MS. ANDERSON: -- for this particular
8 designated --

9 MS. CEDILLO: I think that probably we need to
10 do more marketing. That's the only thing I would
11 attribute it to. But this -- with Texas Community
12 Capital, which is applying for CDFI status, they will be
13 able to leverage additional dollars from the U.S. Treasury
14 Department. So that is something creative that helps
15 leverage funds across the state.

16 And they will have to make an effort to fund a
17 project in each one of the 11 service regions the first
18 year. So I think that this is a really creative way to go
19 with this project.

20 MS. CARRINGTON: Ms. Anderson, I think that's
21 something we're certainly going to be looking at in the
22 future as --

23 MS. ANDERSON: Maybe when we have our little
24 report programs training -- I think part of my problem is

1 I just don't know enough about what these and what we do
2 in the Housing Trust Fund. And I'd like to.

3 MS. CARRINGTON: Okay.

4 MR. JONES: All right. We have a motion that
5 has been made and seconded. I believe nobody has any
6 questions for Ms. Reed.

7 We thank you for being here and for being
8 available to us.

9 Are we ready to vote?

10 (Pause.)

11 MR. JONES: I assume we are. All in favor of
12 the motion, please say aye.

13 (A chorus of ayes.)

14 MR. JONES: All opposed, nay.

15 (No response.)

16 MR. JONES: Motion carries.

17 Now, Ms. Carrington --

18 MS. CARRINGTON: One more, and that's all.

19 MR. JONES: Okay.

20 MS. CARRINGTON: And it's an action item, and
21 it's (e). We can skip the Executive Director's report,
22 Mr. Chairman.

23 MR. JONES: Really?

24 MS. CARRINGTON: Yes. We really can.

1 MR. JONES: I can't believe it.

2 6 (e). What's the recommendation?

3 MS. CEDILLO: The recommendation is that the
4 board authorize staff to proceed in holding a public
5 hearing and proposing to combine 2002 and 2003 HOME
6 allocations and have an application cycle in the spring of
7 2003. This would allow the staff to do the clean-up on
8 IDIS, which has been written up by HUD and the state
9 auditors, and that would also help the staff concentrate
10 on implementing new procedures that have been established
11 to run a more effective program.

12 And what would happen is we would take the
13 2002/2003 and accept all of the applications and go ahead
14 and fund applicants that were eligible, underwritten and
15 everything, when necessary, and use up the funding in
16 2003. Now, what you have to keep in mind, also, is that
17 we do have the funds for contract for deed for conversion
18 that would have to move.

19 Now, we're basically talking about home buyer
20 assistance, owner-occupied housing assistance and tenant-
21 based rental assistance that would be delayed because we
22 have the CHDO set-aside and we also have the preservation
23 funds that have --

24 MR. CONINE: How much money are we talking

1 about, Ruth, total?

2 MS. CEDILLO: I'd say approximately -- and I'm
3 sorry, I don't have that exact figure. But we've got --

4 MR. CONINE: An approximate will work.

5 MS. CEDILLO: 30 million, I'd say, that would
6 be delayed to 2003.

7 MS. ANDERSON: I thought I just asked how much
8 HOME funding --

9 MR. CONINE: 41, but we're --

10 MS. CEDILLO: It's 41. But, see, these other
11 set-asides would --

12 MS. ANDERSON: Oh. I'm with you.

13 MS. CEDILLO: -- be processed.

14 MS. ANDERSON: I'm sorry. I'm just tired.
15 Okay.

16 MS. CARRINGTON: So the bulk of the money would
17 roll into next year --

18 MS. CEDILLO: 2003.

19 MS. CARRINGTON: -- and we'd have one round
20 combining '02 and '03. But there are some reasons that a
21 portion of it would have to go ahead and be allocated this
22 year out of the '02 allocation.

23 MAYOR SALINAS: On the contract for deed, how
24 much money are you all allocating for that?

1 MS. CARRINGTON: It's \$2 million.

2 MAYOR SALINAS: But don't you think that people
3 would have to stop doing that?

4 MS. CEDILLO: No. That's what we're saying,
5 that we would move on the contract for deed now, being --

6 MAYOR SALINAS: But are they doing any new
7 ones? I understand they're still doing them.

8 MS. CEDILLO: Yes, they are.

9 MAYOR SALINAS: I -- and that has got to stop.
10 I don't see how we could fund something that has no end.
11 We still have developers doing contract for deed --

12 MS. CEDILLO: Oh. You're saying they're still
13 doing contract --

14 MAYOR SALINAS: Yes.

15 MS. CEDILLO: -- for deed? I -- our staff --

16 MAYOR SALINAS: And one of the things --

17 MS. CEDILLO: -- is still --

18 MAYOR SALINAS: -- that we saw in El Paso is
19 that if they don't stop, I mean, why should we continue
20 funding a no-ending problem?

21 MS. CEDILLO: I apologize, Mayor. I didn't
22 understand your question when you said they're still doing
23 them. Our --

24 MAYOR SALINAS: They're still doing contract

1 for deeds.

2 MS. CEDILLO: Our staff is working with
3 people --

4 MAYOR SALINAS: Yes.

5 MS. CEDILLO: -- that have contracts for deeds.
6 Okay? But as of --

7 MAYOR SALINAS: Who's in charge of all of this?

8 MS. CEDILLO: Homer.

9 MAYOR SALINAS: Homer?

10 MS. CEDILLO: It has a limit, and I believe
11 it's 1990. Any that have occurred afterwards, they're not
12 supposed to be selling property --

13 MAYOR SALINAS: Well, there's --

14 MS. CEDILLO: -- on contracts for deed.

15 MAYOR SALINAS: Well, this task force that just
16 came about in El Paso is going to look into that because I
17 think they're still doing it. And I know there's
18 nonprofits that have monies to convert these contracts for
19 deeds into warranty deeds. But my understanding of that
20 was that they're still doing it. They're still selling
21 contracts for deeds in El Paso. But, you know --

22 MS. CEDILLO: Well --

23 MAYOR SALINAS: -- we can look into that
24 through that task force.

1 MS. CEDILLO: Absolutely. We can -- and, also,
2 we can have our staff look into that.

3 MAYOR SALINAS: Yes. I think Anibal can
4 probably advise you about what's happening there.

5 MS. CEDILLO: Yes, sir.

6 MR. JONES: All right. Questions? Comments?
7 Discussion? Motions?

8 MR. CONINE: Reluctantly move for approval of
9 staff recommendation.

10 MR. JONES: Reluctantly?

11 MR. CONINE: Reluctantly.

12 MR. GONZALEZ: Reluctantly seconded.

13 MR. JONES: Reluctantly seconded?

14 You have a reluctant board, Ms. Carrington.

15 MS. CARRINGTON: I -- yes.

16 MR. CONINE: I'd like to get some -- yes. I'd
17 like to get some money out the door, and I'd like to get
18 it out as fast as we can, but I understand, you know, that
19 I guess this staff recommendation is being made based on
20 some conversations with HUD and some audit findings that
21 we need to get cleaned up. And it's not like me to not
22 get money out the door when it's sitting there ready to
23 go, but in light of the special circumstance here, I think
24 we ought to support the staff.

1 MS. ANDERSON: Well, what are your thoughts or
2 plans around notification to either the communities that
3 are affected by this --

4 MS. CEDILLO: Oh, absolutely.

5 MS. ANDERSON: -- and the legislative
6 leaders --

7 MS. CEDILLO: This is --

8 MS. ANDERSON: -- and kind of --

9 MS. CEDILLO: This is --

10 MS. CARRINGTON: By you all taking this action
11 today, it authorizes us to go out and schedule some public
12 hearings to amend our one-year action plan. So we will
13 absolutely schedule public hearings, you know, almost
14 immediately.

15 MS. CEDILLO: Notices will go out to all of the
16 communities --

17 MS. CARRINGTON: Tomorrow.

18 MS. CEDILLO: -- the nonprofits. And we'll
19 hold the public hearing and make sure that it gets
20 publicized well.

21 MS. ANDERSON: So --

22 MS. CEDILLO: So this is not --

23 MS. ANDERSON: -- it's not a public hearing to
24 consider the decision; it's a public hearing to announce

1 the decision?

2 MS. CARRINGTON: Well --

3 MR. CONINE: That's --

4 MS. CARRINGTON: And to amend the one-year
5 action plan.

6 MS. CEDILLO: To invite public comment as to
7 what the public --

8 MS. CARRINGTON: Yes. Thank you.

9 MS. CEDILLO: -- how the public feels about
10 amending the action plan. But we felt that you needed
11 to --

12 MR. CONINE: And then the actual amendment will
13 come back to us.

14 MS. ANDERSON: Oh. Okay.

15 MR. CONINE: The actual amendment will come
16 back.

17 MS. ANDERSON: Okay. I'm with you.

18 MR. JONES: But let's make sure that Mr.
19 Conine's question is answered on the record, Ms.
20 Carrington. He was telling us that the actual amendment
21 would then come back to us. And she said yes to that.

22 MS. CARRINGTON: Yes. That's correct.

23 MR. JONES: All right. I'm punch-drunk a
24 little bit. We have a motion that has been made

1 reluctantly and seconded reluctantly.

2 MR. CONINE: Wait a minute. There's a mobile
3 phone that's ringing. It's going to be \$100 for the
4 Housing Trust Fund right there.

5 (Pause.)

6 MR. JONES: Okay. We have a motion that has
7 been made and seconded. Further questions, comments,
8 discussion?

9 (No response.)

10 MR. JONES: I don't think there are any
11 speakers on this. I don't think there any more speakers.

12 If you want to speak, you had better raise your
13 hand quickly.

14 (No response.)

15 MR. JONES: Okay. We're ready to vote then.
16 All in favor of the motion, please say aye.

17 (A chorus of ayes.)

18 MR. JONES: All opposed, nay.

19 (No response.)

20 MR. JONES: Motion carries.

21 We're done. Right?

22 MS. CARRINGTON: Yes, sir. That's it.

23 MR. JONES: The Chair will entertain a motion
24 to --

1 MR. CONINE: I've got two comments.

2 MR. JONES: Yes. Please do, Mr. Conine.

3 MR. CONINE: On the HOME programs, one of the
4 benefits of us being involved in the National Council for
5 State Housing Finance Agencies is that we get to hear what
6 other people do with their HOME funds in other states.

7 And I may have said this before, but I'd like
8 to see us to wherever appropriate take a portion of our
9 HOME funds and do a pilot program at first that would be
10 very similar to what Tennessee does. And that's where
11 they take, I believe, some of the mortgage revenue bond
12 loans in their single family program.

13 And those that are having trouble because
14 they -- making their mortgage payments because they lost
15 their job, or whatever -- they have individual assistance
16 to get them through the rough times and keep the loan
17 current, as opposed to being in default, put it in a
18 second -- in the form of a second lien with no interest or
19 anything, and we get repaid when they ultimately sell the
20 house. I'd like to see us do that or try that.

21 MS. CEDILLO: We get calls about that a lot.

22 MR. CONINE: And the other comment I want to
23 make publicly is, I guess, with regards to the staff. I
24 know there has been a lot of public comment here on tax

1 credit deals.

2 And there's a lot of moving parts in site plans
3 and numbers of units and so forth. And I want to make
4 sure that staff understands that this Board member is
5 especially sensitive to making any substantive changes in
6 any of these projects without coming back to this Board
7 for approval. And I want to, hopefully, make sure that we
8 understand that.

9 MAYOR SALINAS: Uh-huh.

10 MR. CONINE: That's all.

11 MS. CARRINGTON: We do.

12 MR. JONES: Any other Board members that would
13 like to say something?

14 (No response.)

15 MR. JONES: No? If not, I'd entertain a motion
16 to adjourn.

17 MR. GONZALEZ: So move.

18 MR. CONINE: Second.

19 MR. JONES: A motion has been made and
20 seconded. All in favor, say aye.

21 (A chorus of ayes.)

22 MR. JONES: Okay.

23 (Whereupon, at 5:30 p.m., this meeting was
24 concluded.)

C E R T I F I C A T E

1
2
3
4
5
6
7
8
9
10

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: August 8, 2002

I do hereby certify that the foregoing pages,
numbers 1 through 289, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Penny Bynum before the
Texas Department of Housing and Community Affairs.

08/17/02

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731