

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

Ric Williamson Hearing Room
Dewitt C. Greer State Highway Building
125 East 11th Street
Austin, Texas

May 7, 2015
9:30 a.m.

BOARD MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair (not present)
LESLIE BINGHAM ESCAREÑO, Member
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member

STAFF:

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	6
ROLL CALL	
CERTIFICATION OF QUORUM	
Recognition of Barbara Deane upon the occasion of her retirement.	6
CONSENT AGENDA	10
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
COMMUNITY AFFAIRS	
a) Presentation, Discussion, and Possible Action on the Award of Program Year ("PY") 2015 Department of Energy (ADOE@) Weatherization Assistance Program ("WAP"), PY 2015 Low-Income Home Energy Assistance Program ("LIHEAP") WAP, and PY 2015 Comprehensive Energy Assistance Program ("CEAP") contracts to Community Action Corporation of South Texas ("CACST") to provide weatherization and energy assistance services in Cameron and Willacy counties; and its designation as the formula funded provider of these Programs	11
b) Presentation, Discussion, and Possible Action on Awards of Unexpended Program Year ("PY") 2013 Emergency Solutions Grant ("ESG") Funds	
ASSET MANAGEMENT	
c) Presentation, Discussion and Possible Action on Material LURA Amendment	
d) Presentation, Discussion and Possible Action on Housing Tax Credit Application Amendment	
MULTIFAMILY FINANCE	
e) Presentation, Discussion, and Possible Action regarding Waiver of 10 TAC '10.201(1)(c), Uniform Multifamily Rules related to Procedural Requirements for Application Submission	

RULES

- f) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, '5.2 Definitions, and directing that they be published for public comment in the Texas Register

- g) Presentation, Discussion, and Possible Action on proposed repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, '5.503 Distribution of WAP Funds; proposed new 10 TAC '5.503 Definitions; and 5.504 Distribution of WAP Funds; and proposed amendments to 10 TAC '5.505 Subrecipient Requirements for Appeals Process for Applicants; 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; 5.516 Monitoring of WAP Subrecipients; 5.525 Eligibility for Multifamily Dwelling Units; and 5.528 Health and Safety; and directing that they be published for public comment in the Texas Register

- h) Presentation, Discussion, and Possible Action proposing new 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, '5.614 Deobligation and Reobligation of Awarded Funds, and directing that it be published for public comment in the Texas Register

- I) Presentation, Discussion, and Possible Action proposing the repeal of 10 TAC Chapter 23 Single Family HOME Program, Subchapter A, General Guidance; Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds; Subchapter C, Homeowner Rehabilitation Assistance Program; Subchapter D, Homebuyer Assistance Program; Subchapter E, Contract for Deed Conversion Program; Subchapter F, Tenant-Based Rental Assistance Program; and Subchapter G, Single Family Development Program, and proposing new 10 TAC Chapter 23 Single

Family HOME Program, Subchapter A, General Guidance; Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds; Subchapter C, Homeowner Rehabilitation Assistance Program; Subchapter D, Homebuyer Assistance Program; Subchapter E, Contract for Deed Conversion Program; Subchapter F, Tenant-Based Rental Assistance Program; and Subchapter G, Single Family Development Program, and directing their publication for public comment in the Texas Register

- j) Presentation, Discussion, and Possible Action regarding adoption of the proposed amendments to 10 TAC Chapter 10 '10.302 (c)(2), 10.302 (d)(3), 10.302 (d)(4)(D), 10.302 (e)(9), 10.302 (e)(11), 10.302 (e)(12), and 10.302 (i)(4) concerning Underwriting and Loan Policy and directing their publication in the Texas Register

BOND FINANCE

- k) Presentation, Discussion and Possible Action regarding publication of a Request For Proposal ("RFP") for a Market Rate To Be Announced ("TBA") Program Administrator for the My First Texas Home Program
- l) Presentation, Discussion and Possible Action regarding publication of a Request For Proposal ("RFP") for a Master Servicer for the Texas First Time Homebuyer Program and the My First Texas Home Program

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, April 2015
- b) Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")
- c) Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures
- d) Report on the Program Year 2015 Department of Energy ("DOE")

Weatherization Assistance Program ("WAP")
State Plan and Awards

ACTION ITEMS

ITEM 3:	COMMUNITY AFFAIRS Presentation, Discussion, and Possible Action regarding a Program Year ("PY") 2015 Community Services Block Grant Program Conditional Award for Urban League of Greater Dallas and North Central Texas and Possible Action Authorizing the Department to Issue a Notice of Hearing to Initiate Proceedings to Reduce or Eliminate CSBG Funding and to Remove Eligible Entity Status should it be deemed necessary	29
ITEM 4:	MULTIFAMILY FINANCE a) Report on Staff Determinations regarding Eligibility under 10 TAC '10.101(a)(4) related to Undesirable Neighborhood Characteristics b) Report on Site Challenges Made in Accordance with 10 TAC '11.10 Concerning 2015 Housing Tax Credit Applications	38 46
ITEM 5:	BOND FINANCE Presentation, Discussion and Possible Action on Resolution 15-017 authorizing the filing of an application for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds; authorizing publication of a notice of public hearing; approving an underwriting team; and containing other provisions relating to the subject	50
ITEM 6:	MULTIFAMILY FINANCE Presentation, Discussion, and Possible Action regarding Requests for Exemption from Undesirable Site Features under 10 TAC '10.101(a)(3) filed in the 2015 Competitive Housing Tax Credit Cycle	34
	PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.	56
	EXECUTIVE SESSION	none
	ADJOURN	61

P R O C E E D I N G S

1
2 MR. OXER: Good morning, everyone. I'd like to
3 welcome everybody to the May 7 Board meeting of the Texas
4 Department of Housing and Community Affairs.

5 We'll take roll call; I'll get my roll call
6 sheet out. Ms. Bingham?

7 MS. BINGHAM: Here.

8 MR. OXER: Mr. Chisum?

9 MR. CHISUM: Present.

10 MR. OXER: Mr. Gann?

11 MR. GANN: Here.

12 MR. OXER: Mr. Goodwin?

13 MR. GOODWIN: Here.

14 MR. OXER: Dr. Muñoz is not here with us today.
15 I'm here, that makes five, we have a quorum, so we're in
16 business.

17 Tim, lead us in the salute to the flags.

18 (Whereupon, the Pledge of Allegiance and the
19 Texas Pledge were recited.)

20 MR. OXER: Before we get to the consent agenda,
21 I think we have a recognition of something momentous and
22 traumatic that's getting ready to happen.

23 MR. IRVINE: Mr. Chairman, we actually have
24 several momentous and tragic things about to happen. I'd
25 like to recognize Sandy Garcia, who has decided that after

1 24 years with the Department and 40 years with the State,
2 she wants to retire and have some fun.

3 (Applause.)

4 MR. IRVINE: She's been a key member of our
5 HOME team and creates an irreplaceable void, so we'll
6 just, Jennifer, have to find a workaround, so good luck on
7 that one.

8 MR. OXER: So where are you headed, Jennifer?
9 You're going to take some time off and go see some other
10 places?

11 MR. IRVINE: Sandy.

12 MR. OXER: Sandy. I'm sorry.

13 MS. GARCIA: (Speaking from audience.) Like I
14 told everybody, the first thing I'm going to do is clean
15 my garage so I can park my car inside.

16 MR. OXER: Hey, when you're finished with
17 yours, can you come do mine.

18 (General laughter.)

19 MR. IRVINE: Thank you so, so much.

20 And the next one is our consigliere, Barbara
21 Deane, has decided to retire after 25 years of service to
22 the State and for at least 15 of those years you've been
23 providing me with incredible legal advice.

24 MS. DEANE: Right, in various incarnations.

25 MR. IRVINE: Various agencies. And she's been

1 our general counsel now since 2012, and Barbara has
2 decided, you know, retire while you're young enough and
3 spry enough to get out and do wild and crazy things and
4 have fun.

5 MR. OXER: And be able to recover the next
6 morning?

7 MS. DEANE: Yes, that's the key.

8 MR. IRVINE: You know, she is incomparable.
9 She has set the bar so high, not just as a lawyer -- I
10 mean, we all know her as the state's preeminent expert on
11 administrative law -- but as a counselor and as a friend
12 and as a source of just fun and entertainment and positive
13 things. Everything you touch, you touch it in a positive
14 way, and have fun, you've earned it.

15 MS. DEANE: Thank you.

16 (Applause.)

17 MS. DEANE: Can I say something?

18 MR. OXER: I would love to hear you say
19 anything you want to, Counsel.

20 MS. DEANE: I don't want to say too much,
21 because I was going to get all weepy after having 25
22 years, and Sandy has got 40 years. Oh, my gosh. So I'm
23 going to try not to get all weepy.

24 I will say when I was the AG's office, in
25 particular, for I guess eight years, I had 136 client

1 agencies over there that were under our purview, and not
2 to mention the other boards that I've served over the
3 years, and I have to say this is one of the best, if not
4 the best board I have ever served.

5 MR. OXER: Well, I think I can speak for the
6 rest of the Board, and we very much appreciate that, and
7 irrespective of whether you may miss you, I guarantee you
8 we're going to miss you.

9 MS. DEANE: Well, I don't want to insult the
10 other boards I've been with. This board is very
11 thoughtful, careful, always prepared, always cooperative
12 with each other even when they disagree. I mean, this has
13 just been a fantastic board, well informed, receptive to
14 everyone that comes before them. It's just been a joy
15 working with this board. Thank you.

16 MR. OXER: Great. Thank you for what you've
17 done for us.

18 MS. DEANE: And our staff is -- I mean, I know
19 you say it all the time, but our staff is the best ever.
20 So I'm going to miss them.

21 MR. OXER: The staff makes it easy for us to
22 look good, so I appreciate that, and I would corroborate
23 what you say and second everything you say, but thanks for
24 everything you've done for us.

25 MS. DEANE: And our ED that I've known for 15

1 years, a long time.

2 MR. OXER: Good hand on the tiller here,
3 Counselor.

4 MS. DEANE: Thank you.

5 MR. OXER: Okay. That's the hard part for
6 today for us. So with that, we'll consider the consent
7 agenda. I understand some of the folks here want to make
8 a comment on the consent agenda. Is that correct? Okay.
9 Before we start that is there any member of the Board that
10 would like to pull any item from the consent agenda? Your
11 interest is a comment on the agenda, and is there a
12 particular item?

13 MS. BINGHAM: I think it's 1(a), Mr. Chair.

14 MR. OXER: All right. We'll pull item 1(a),
15 we'll officially do it, I'll do it as chair. With that,
16 we'll accept a motion to consider.

17 MR. GOODWIN: So moved.

18 MR. CHISUM: Second.

19 MR. OXER: Motion by Mr. Goodwin to approve the
20 consent agenda, second by Mr. Chisum. You'll have
21 comments here. Any other comments from the Board?

22 (No response.)

23 MR. OXER: All in favor?

24 (A chorus of ayes.)

25 MR. OXER: Opposed?

1 (No response.)

2 MR. OXER: There are none.

3 All right. We'll have comment on item 1(a).

4 Hold on just a second. That's right, it becomes an action
5 item since we moved it.

6 Michael DeYoung, is there anything you need to
7 make a presentation on this?

8 MR. DeYOUNG: Michael DeYoung, Community
9 Affairs Division director.

10 Item 1(a) is the authorization from the Board
11 to award a contract to the Community Action Corporation of
12 South Texas. As you recall, a few meetings back we had a
13 long discussion about not having services covered in
14 Cameron and Willacy counties for two programs: the LIHEAP
15 utility assistance program and the weatherization
16 programs. Staff asked for your authorization to go out
17 with a request for application to establish a new provider
18 for those counties.

19 We received two applications in that process.
20 We've scored those applications and the recommendation
21 before you, the action is to make an award for the
22 administration of the DEO weatherization program and the
23 LIHEAP weatherization program, so two fund sources, one
24 program, and the administration of the utility assistance
25 program funded through LIHEAP to Community Action Corp of

1 South Texas. They're located in Alice, Texas. They're a
2 current provider in the area around San Antonio and this
3 would extend their services down to both Cameron and
4 Willacy counties in both of those programs.

5 So this action is seeking authorization to
6 enter into contracts with them.

7 MR. OXER: And obviously staff recommendation
8 is to approve the contracts to do that.

9 MR. DeYOUNG: Correct.

10 MR. OXER: Any questions from the Board?

11 MS. BINGHAM: Mr. Chairman, I have questions
12 but I don't know if it's a point of order if it's better
13 to go ahead and move forward with the motion and then have
14 the questions to Michael after.

15 MR. OXER: If it's to Michael, we have the
16 questions now.

17 MS. BINGHAM: Okay. Michael, can you refresh
18 us on just previous Board action relative to -- that I
19 recall from looking at the minutes, our previous Board
20 action maybe two times ago that we met had to do with
21 taking a percentage of the funds that were available and
22 kind of allocating them. Can you just refresh us on what
23 we did?

24 MR. DeYOUNG: Certainly. The original
25 action -- and as I did last time, I'll probably have to

1 rely on legal counsel to get everything exactly correct --
2 the original action was we were seeking authorization to
3 award 24.9 percent of the LIHEAP funds to Community Action
4 Corp of South Texas as a temporary provider as a bridge so
5 that we had time to figure out a proper solution. We made
6 that award at that Board meeting, we entered into a
7 contract with Community Action Corp of South Texas, they
8 used those funds to establish some CEAP utility assistance
9 services in those two southern counties, Cameron and
10 Willacy counties. Those services have been ongoing so the
11 clients are receiving services.

12 During that time staff then approached you
13 again to say now we'd like to seek a more permanent
14 solution for a provider. The RFO was published, we
15 received the applications. The recommendation is to go to
16 that same provider that received the first 24.9 percent.
17 That award was solely for utility assistance services, we
18 actually did not have a provider for WAP services in those
19 two counties during that time. This actually establish
20 both programs with CA Corp of South Texas.

21 MS. BINGHAM: Okay. Just clarification. The
22 24.9 percent that we originally approved, was that 2014
23 funds or 2015?

24 MR. DeYOUNG: 2015 funds.

25 MS. BINGHAM: And then our instruction, the

1 next step was the moving forward to secure a longer term
2 agreement with a provider that could provide the LIHEAP
3 and the WAP, and our instruction to Cameron Willacy, the
4 previous recipient was that they could also -- and you
5 guys correct me if I'm wrong -- they could also bid or ask
6 to be engaged but they had to meet the provisions that
7 originally kind of brought this all up, right, which was
8 the data request and that kind of thing? Sorry, I'm being
9 vague. Is my question clear?

10 MR. OXER: Megan.

11 MR. DeYOUNG: I think I understand but I want
12 Megan to assist.

13 MS. BINGHAM: Okay.

14 MS. SYLVESTER: Megan Sylvester, legal
15 services.

16 I think it's actually a two-part issue. They
17 could have submitted a response to the RFP and they did
18 not, and then also at the last meeting if we brought an
19 action back if you would have to award and I said to you
20 at that time that you would not have to and that you could
21 instruct staff to go back and try to work with Cameron
22 Willacy some more, but without that instruction the staff
23 was going to proceed forward with submittals under the
24 RFP.

25 MS. BINGHAM: Okay. I have no other questions.

1 MR. OXER: Any other questions from the Board?

2 (No response.)

3 MR. OXER: So we had the notification out for
4 proposals to establish a different longer term structure
5 to this, you've had two respondents, you've made a
6 selection, and you're asking for authorization to contract
7 with the one you selected.

8 MR. DeYOUNG: Correct.

9 MR. OXER: Is that a good summary? All right.
10 Motion to consider.

11 MR. GANN: I so move.

12 MR. OXER: Motion by Mr. Gann to approve staff
13 recommendation on item 1(a). Is there a second?

14 MR. GOODWIN: Second.

15 MR. OXER: Second by Mr. Goodwin. We'll hear
16 comments.

17 MR. IYER: First of all, my apologies for my
18 accent.

19 MR. OXER: We think that's a South Texas
20 accent.

21 (General laughter.)

22 MR. IYER: Instead of making a presentation, I
23 prefer to read it as it is because it will be much quicker
24 and it will be within the confines of the time allotted to
25 me.

1 MR. OXER: Right. We'll give you three
2 minutes.

3 MR. IYER: My name is Krishna Iyer. I'm a
4 certified forensic examiner and a CPA, and I'm
5 representing Cameron Willacy County Community Projects.

6 First of all, I request this Board to
7 understand that CWCCP happened to this situation because
8 CWCCP did not agree with the lead monitor on certain
9 issues. The lead monitor instead of giving an opportunity
10 for P to explain its stand on the issues took an attitude
11 that if CWCCP does not agree with me, I will burn them at
12 the stake. This became more a personal vendetta than any
13 legitimate monitoring issue. Having said so, let me
14 briefly state the following.

15 This is relating to 2011 DOE ARRA period. The
16 lead monitor tried to disallow an expenditure of \$750,000
17 for weatherization work undertook by the agency on a
18 multifamily apartment complex under a DOE ARRA contract.
19 In fact, this apartment complex was one of the several
20 multifamily complexes recommended and forwarded to us by
21 TDHCA. We were not even aware of this complex until TDHCA
22 sent this to us for weatherization work. The monitor
23 initially came with the objection this was not cleared by
24 TDHCA. Then the complex exceeded 25 units under one roof.
25 We were pressurized to send the money immediately. CWCCP

1 did not agree for this disallowance. After exhausting
2 five months over back and forth correspondence, Mr. Tim
3 Irvine intervened and after hearing our viewpoints he
4 overturned the decision of the lead monitor and the entire
5 cost was allowed. Not only CWCCP received a certificate
6 of achievement, it also received a confirmation statement
7 from TDHCA that questioned cost is zero and DOE ARRA was
8 closed.

9 The it is the 2012 monitoring visit by the same
10 lead monitor. The lead monitor was not happy with the
11 decision taken by Mr. Tim Irvine.

12 The monitoring visit took place for conducting
13 the monitoring of regular weatherization contracts. The
14 monitor took it upon himself to reopen the closed chapter
15 of DOE ARRA and tried to disallow a sum of \$216,000. The
16 executive director brought to the attention of the higher
17 authorities that this was totally out of line for
18 reopening a closed issue. Eventually this disallowance
19 took a natural death, but the monitor's unhappiness and
20 disappointment resulted in more anger towards CWCCP.

21 2012 December monitoring visit. During the
22 December 2012 monitoring visit, the monitor again indulged
23 in disallowing a sum of \$260,000 for CEAP with a statement
24 that CWCCP paid December 2012 bills in January 2013.
25 CWCCP is on accrual accounting basis and it is legitimate

1 for any organization to provide for accruals in the year
2 in which services were rendered and pay in the following
3 year. The contract is for January through December. The
4 contract also allows a closeout period of 90 days after
5 the end of the contract period. CWCCP has been consistent
6 over this for the past two decades. Again, Mr. Tim Irvine
7 took the initiative and after verifying the documents
8 provided for consistency, he overturned the disallowance
9 of \$260,000 and decided in favor of CWCCP.

10 Then freezing of the funds for two months in
11 2012 and first seven months of 2013. On account of the
12 disturbance created by the monitor, our funds were frozen
13 for a period of nine months: two months at the end of
14 2012 and seven months at the beginning of 2013. After a
15 summit meeting which took place in Austin, Mr. Tim Irvine
16 instructed to release the funds. However, substantial
17 damage was done during this period of carrying out the
18 2013 contract. In spite of these obstacles, CWCCP's case
19 managers were able to tripe the self-sufficiency cases.

20 2015 suspension of funds. 2015 funds were
21 again now suspended. Reason: the Department felt that
22 the information required to complete the monitoring was
23 not provided by CWCCP. As a matter of fact, all
24 documentation in the form of a manual was handed over to
25 the monitoring team at the time of entrance interview.

1 This has been the practice for a couple of decades.
2 Somehow the monitoring team left the binder containing all
3 information at our office. How can the monitors complain
4 that we did not provide the information?

5 CWCCP has always taken monitoring and the
6 monitoring visits seriously. We have always implemented
7 the monitors' constructive suggestions. Legitimate
8 disallowed costs were accepted without any question.

9 Whether it is a programmatic issue or if it is
10 a legal issue, it all translates in terms of finance,
11 because everything involves money and that ultimately ends
12 in money. So labeling such issues as financial management
13 practices is not appropriate. They have been calling this
14 as financial management practices. It may be coming from
15 program, it may be a legal issue, but ultimately now they
16 call it as financial issue.

17 Lastly, and perhaps most importantly, the
18 services rendered on Assurance 16 and program services,
19 TDHCA is now attempting to disallow \$300,000 even without
20 verifying facts and figures. We have been following the
21 standards and the best practices being followed in all 50
22 states, including Texas. This is mainly because they did
23 not take the manuals given to them at CWCCP's office and
24 wrote the monitoring report without the writeup documents
25 that are part of the manual.

1 In my professional opinion, even now I believe
2 that we have done nothing wrong, and on account of these
3 things, I just request you to table the consent agenda
4 item which was previously approved by this Board. I
5 request you to table it. And if you have any questions,
6 then I am prepared to answer.

7 MR. OXER: Okay. We appreciate your comments.
8 Michael, do you want to make any comments on
9 this?

10 Please be seated.

11 MS. MURPHY: Patricia Murphy, chief of
12 Compliance.

13 Not unless you have any questions. Is there
14 anything you would like me to address?

15 MR. OXER: Do you have anything, any comments,
16 Mr. ED? No is an acceptable answer.

17 MR. IRVINE: No.

18 MR. OXER: Okay. Thanks, Patricia.

19 Anything else, Michael?

20 MR. DeYOUNG: No, sir.

21 MR. FISHER: Chairman Oxer, Board members, good
22 morning. I'm speaking on 1(a). My name is Bill Fisher.
23 I'm with Sonoma Housing Advisors, and I'm here at the
24 request of Cameron County Commissioner Sofia Benavides,
25 who is an elected official in Cameron County and also

1 serves on the board of the Cameron and Willacy County
2 service provider who, I guess for practical purposes, has
3 their CPA forensic accountant telling the Board that
4 there's an audit going on and that they will prevail, that
5 they will show that they've handled their money properly.

6 Just to give the Board members context, because
7 this is kind of a hard decision, and I think what
8 Commissioner Benavides has asked me to say is can the
9 Board keep their options open. There's an audit going on,
10 an outside audit, to determine whether they're in
11 compliance or not which won't be completed until June. So
12 if all the funds were awarded now, we, in essence,
13 foreclose any options to continue with the service
14 provider in a very needy area with a large geographic
15 footprint perhaps forever, because these charities go away
16 when they don't have any funding, these nonprofit.

17 As I mentioned, I understand they've been
18 serving this area for more than 20 years, extremely large
19 geographic area. They have operated it with 24 employees
20 and ten service centers. According to the Board book,
21 they served 20,000 people in Cameron and Willacy counties
22 last year. So the task that this service provider has
23 been doing is very large and they've been doing it for
24 many years.

25 I really know nothing about their compliance

1 issue, so the only thing I understand is going on is that
2 there is an audit that will be completed in the next 30 or
3 45 days which will be dispositive of the matter as to
4 whether they're right or staff is right. So the
5 commissioner's request is if the Board can keep their
6 options open about not awarding all the money so that if
7 they are vindicated by this outside monitor that they
8 would have an opportunity to apply and receive funding and
9 continue to serve an area that they have for many, many
10 years.

11 My personal opinion is I think it's in the
12 Board's interest to keep their options open. I think the
13 staff would concede this is a very good provider that
14 they're awarding funds to, I don't think we dispute that.

15 The reality is they're not in Willacy and Cameron
16 counties, and as I mentioned, it took a very large staff
17 and many service centers to serve a very poor area which
18 requires bilingual, bicultural staff. In many cases you
19 have to drive out to the resident's location to provide
20 the services or to fill out the applications because they
21 don't have transportation. Again, this is one of the
22 poorest areas of the state.

23 So on behalf of the county commissioner, our
24 request today is that you leave yourself some money here,
25 maybe make an interim award to this group, and leave some

1 funding out there for this group should it turn out that
2 they're right and staff is wrong. And with that, I'll
3 answer any questions.

4 MR. OXER: Any questions of Bill from the
5 Board?

6 MR. GOODWIN: I had a question.

7 MR. OXER: Okay, Mr. Goodwin.

8 MR. GOODWIN: You said you're a spokesman on
9 her behalf.

10 MR. FISHER: Yes.

11 MR. GOODWIN: And if I heard you right, you
12 said, I really don't know anything about this.

13 MR. FISHER: I don't. I got a call two days
14 ago, I read the Board book, I've spoken with the executive
15 director and their accountant, I have consulted with other
16 people about what I understand the status. So the only
17 thing that I understand for sure is that there is a third
18 party monitoring going on and that those results will be
19 in soon. And so I think the commissioner's request is
20 let's not execute the charity here, the nonprofit that's
21 been providing services for 20 years until those results
22 are in.

23 MR. GOODWIN: Well, you may not be able to
24 answer my question. I watched a news clip this morning
25 with the commissioner stating that this agency meets every

1 three months. I'm just curious if that is still the case.
2 Do you know by chance?

3 MR. FISHER: That the county commission meets
4 every three months?

5 MR. GOODWIN: The board for Cameron Willacy
6 County Community Projects agency, the board for that
7 agency meets every three months.

8 MR. FISHER: I have no idea.

9 SPEAKER FROM AUDIENCE: We meet monthly.

10 MR. FISHER: They meet monthly.

11 MR. GOODWIN: Has that started new?

12 SPEAKER FROM AUDIENCE: It started this year.

13 MR. GOODWIN: This year. Thank you.

14 MR. OXER: Thanks, Bill.

15 MR. FISHER: Thank you.

16 MR. OXER: Patricia, we've got a question here.

17 MR. IRVINE: While Patricia is taking the mic,
18 may I just interject a comment? And I encourage Michael
19 and Brooke to flesh this out if I get it wrong or don't
20 expand on it sufficiently.

21 We've got priorities and our number one
22 priority is serving Texans, and we want to ensure that
23 there is a robust stable provider there to serve the
24 eligible households in Cameron and Willacy counties. This
25 is an adjacent county provider, they have a proven track

1 record, we want to ensure that they have the funding where
2 they can make the investment in an expanded service
3 network and deliver these services broadly to the eligible
4 households in these counties, and it's for that reason
5 that we think that this is an appropriate measure.

6 MR. DeYOUNG: And just some additional
7 information. The concern from staff's part would be --

8 MR. OXER: Tell us who you are, Michael.

9 MR. DeYOUNG: I'm sorry. Michael DeYoung,
10 Community Affairs Division director.

11 The concern would be if there was just an
12 interim decision. This is a very critical time of year to
13 get services delivered to the income eligible residents of
14 the Lower Valley. The bills are already creeping up, the
15 days are 90 degrees -- I've been down there a couple of
16 times in the last few weeks with another provider -- if we
17 have an interim provider, we are limited to that 24.9
18 percent with the Community Action Corporation of South
19 Texas and that money will run out soon. If we don't have
20 an established provider down there, we are going to go
21 into the hottest time of the year without critical
22 services being provided in that community until that issue
23 is resolved.

24 I don't have a calendar for when that issue
25 will be resolved. It's taken quite some time to get all

1 the information to the audit firm, and my concern from a
2 programmatic standpoint is I need to provide services to
3 all 254 counties, and especially two counties in South
4 Texas which are rapidly going to need services. These are
5 very large counties. The temporary provider, Community
6 Action Corporation, has established a presence in those
7 communities. In fact, they've worked with the county
8 commissioner that we're talking about to establish at the
9 precinct office some outreach centers, so they are quickly
10 exhausting their current supply of funds and these funds
11 cannot wait for two or three months. It will be very
12 difficult to then start paying bills when the bills are
13 already coming in starting this next month.

14 MR. OXER: Thanks, Michael.

15 Patricia. Or Brooke, do you have anything to
16 add?

17 MS. BOSTON: Hey. Brooke Boston.

18 I would just clarify, as well, I appreciate Mr.
19 Fisher's comments but I think there's a presumption a
20 little bit that this somehow mirrors our competitive
21 programs and that's not the case. With a competitive
22 program I think you could say let's do an interim provider
23 for a year and then maybe the following year you could
24 compete again, but these programs are network programs for
25 a reason and that is that they require a particular type

1 of infrastructure. Offices are set up, weatherization
2 staff with a lot of extensive certifications have to be
3 put on staff, so this isn't the kind of thing that you can
4 do periodically.

5 Being set up as a provider of CEAP, which is
6 the utility payment assistance, and weatherization is the
7 kind of thing they're making a commitment to and then we
8 are as well. So I think it's important to distinguish
9 that it's not something that can simply just -- that would
10 be easy to say, well, let's just try this for a little bit
11 and then if it works out then we'll go back.

12 MR. OXER: Okay. Thank you, Brooke.

13 Patricia. With respect to the audit, because
14 we are currently engaged in an audit, and as I gather,
15 there's still information that has not been available or
16 is unavailable, hasn't been discovered yet, can you give
17 us a summary perspective on that?

18 MS. MURPHY: That is correct. It's not
19 technically an audit. Wipfli has been engaged to
20 determine if any of the amounts we can consider to be
21 allowed. So there's a set disallowed amount that we
22 believe, and we've asked that they take a look and see is
23 any of this allowable. But Wipfli can't do that until
24 Cameron Willacy County Community Project provides the
25 requested information. And they requested a series of

1 documents on April 13, and my understanding is as of May 4
2 they still do not have all of the documents they've
3 requested.

4 I really would like to wrap this up, so I've
5 said, Can you work with what you've got? And they're
6 going to try to, but they still have not received the
7 requested list of information from CWCCP.

8 MR. OXER: And I understand there's been a
9 continuing series of requests for that that predate this
10 back three or four meetings back for us that I recall that
11 we've ask for things and they apparently are not
12 available. Is that correct?

13 MS. MURPHY: They're available but they are not
14 provided, but Cameron Willacy asserts that these records
15 are available.

16 MR. OXER: Michael.

17 MR. DeYOUNG: And just to clarify. Michael
18 DeYoung, division director for Community Affairs. This
19 action does not affect the CSBG dollars; Cameron Willacy
20 County Community Project, Inc. will retain their CSBG
21 dollars. That is a separate contract and there are
22 separate requirements -- we've reviewed those with you --
23 that's more federally instructive on how that contract is
24 established. So just to be sure, this is not stripping
25 Cameron Willacy of all their funding.

1 MR. OXER: Just particular program funding.

2 All right. Are there any questions from the
3 Board? We've had public comment. There's been a motion
4 by Mr. Gann, second by Mr. Goodwin to approve staff
5 recommendation on item 1(a). All in favor?

6 (A chorus of ayes.)

7 MR. OXER: And opposed?

8 (No response.)

9 MR. OXER: There are none. It's unanimous.
10 All right. We move to item 3 on the action
11 item list. Brooke, it looks like you're up again.

12 MS. BOSTON: I am. Brooke Boston.

13 I am talking about item 3 which relates to an
14 award for the Urban League of Greater Dallas and North
15 Central Texas. I'll just call it Urban League during the
16 point of the conversation.

17 They are a CSBG eligible entity and they are
18 part of the CSBG network. We are recommending that they
19 be funded. In December of 2014, along with all of the
20 other CSBG network, all awards were made except for a
21 couple, and this was one of the ones that we had held out
22 because at the time they did not have their single audit
23 submitted, so we had made all the other awards and held
24 this aside. We are now recommended that they be awarded
25 but suspended based on some conditions that we would like

1 to see satisfied.

2 After we had received the single audit, we
3 identified things in that single audit that still were of
4 concern to the Executive Award Review and Advisory
5 Committee, EARAC, which is the group that brings
6 recommendations before the Board. We wanted to make sure
7 that we felt like all the issues that were of concern from
8 the single audit finding were addressed. Those are in
9 your Board book on page 3 and 4, they're referenced in the
10 recitals, so I won't necessarily go through and read them
11 all to you, but if you have questions about specific ones,
12 either I can answer them or Patricia can.

13 I would also note that to ensure that Urban
14 League is compliant with federal and state requirements as
15 it relates to corporate governance and to tripartite board
16 requirements that we will also make sure that is in place
17 before a suspension is lifted.

18 The other part of the action item is that those
19 conditions would be evaluated, the information that's
20 submitted would be evaluated by our chief of staff. They
21 need to be turned in by May 27. If at that time they are
22 satisfactory to chief of staff, then we will raise the
23 suspension. The chief of staff will also have the ability
24 to allow more time to complete that. If, indeed, neither
25 of those are satisfied, I think there will be a couple of

1 other options. One would be, like I said, to give a
2 little bit more time. The other would be that we proceed
3 with the processes that are federally required for
4 removing eligible entity status or reducing funds for a
5 CSBG entity, and that's referenced in your writeup as
6 well. Or the third option is that an organization can
7 voluntarily relinquish funds as well.

8 MR. OXER: What was the last part that they can
9 voluntarily?

10 MS. BOSTON: They can voluntarily relinquish
11 funds.

12 MR. OXER: Okay. So we have an issue with
13 Urban League.

14 MS. BOSTON: And they would be relinquishing
15 their status as well.

16 MR. OXER: So we're giving them until May 27 to
17 meet these conditions. If you do that, everything is
18 okay, if you don't, then we'll take a review, we'll have
19 the chief of staff review those, and then they'll have
20 options after that. Our option would be to take away
21 their money and their eligible entity status.

22 MS. BOSTON: Correct.

23 MR. OXER: Basically, here's the bar and you've
24 got to get over it.

25 MS. BOSTON: Yes.

1 MR. OXER: Any questions from the Board?

2 (No response.)

3 MR. OXER: Motion to consider.

4 MS. BINGHAM: Move to so resolve as staff
5 recommended.

6 MR. OXER: Okay. Motion by Ms. Bingham to
7 approve staff recommendation on item 3. Do I hear a
8 second?

9 MR. CHISUM: Second.

10 MR. OXER: Second by Mr. Chisum.

11 Is there any public comment on item 3? Anybody
12 here?

13 (No response.)

14 MR. OXER: And once more, for a little
15 housekeeping item here, as a specific item comes up for
16 discussion, the front here with the reserved seats is for
17 those who wish to speak on that item. We'll carry them
18 from my left in towards the podium.

19 There's no public comment requested. Motion by
20 Ms. Bingham, second by Mr. Chisum to approve staff
21 recommendation on item 3. Those in favor?

22 (A chorus of ayes.)

23 MR. OXER: Those opposed?

24 (No response.)

25 MR. OXER: And there are none; it's unanimous.

1 Jean.

2 MS. LATSHA: Good morning.

3 MR. OXER: Good morning. How are you?

4 MS. LATSHA: I'm great, except that I'm going
5 to miss Barbara.

6 MR. OXER: Get in line.

7 MS. LATSHA: We all are. Staff didn't get to
8 talk about that, you got to do all the talking, but she's
9 truly fantastic. Going to lunch with Barbara is fun.
10 That's all I'll say. We'll miss you.

11 MR. OXER: Going to lunch with Barbara is like
12 getting a one-hour seminar on administrative law.

13 MS. DEANE: Well, that doesn't sound like fun.

14 MR. OXER: It actually is for some of we nerds
15 up here, that's actually the interesting part.

16 (General laughter.)

17 MS. LATSHA: Jean Latsha, director of
18 Multifamily Finance.

19 I have two items here 4(a) and (b) and then
20 item 6 that are all kind of related to each other because
21 they're all site eligibility, so if it's all right with
22 the Board, I'd kind of like to take all three of those.

23 MR. OXER: Is there any particular reason they
24 were segregated on the agenda?

25 MS. LATSHA: I think possibly one got moved

1 from consent to action, or something like that. I think
2 it was just administrative.

3 MR. OXER: And just didn't combine them.

4 MS. LATSHA: Right, just didn't get combined.

5 MR. OXER: Hold on just for a second. Is there
6 anybody who wishes to comment on item 6, public comment on
7 item 6?

8 (No response.)

9 MR. OXER: Okay. Go for it.

10 MS. LATSHA: Okay, great. And actually, I'll
11 go ahead and take 6 first, if that's all right. This is
12 all Subchapter B, these are all rules that are related to
13 the eligibility of development sites. Item 6 are two
14 requests for an exemption from undesirable site features.

15 You heard something about this at the February Board
16 meeting. This rule is about rehabilitation developments
17 that have ongoing assistance from either HUD or the USDA.

18 Typically sites that are located within proximity to a
19 certain number of undesirable site features are found
20 ineligible, however, rehabilitation developments that do
21 have this ongoing assistance from HUD or USDA have the
22 ability to be exempt from that rule. We have two such
23 applications here.

24 Our rule this year did also require that those
25 exemption requests be accompanied by a letter regarding

1 the site's compliance with the Fair Housing Act. These
2 two applicants, you might recall in February, requested a
3 waiver of that specific provision of the rule. They
4 requested those letters from HUD and HUD basically said,
5 We are not going to write such letters. Those waivers
6 were granted.

7 This action is about the actual exemptions.
8 Back there in February we talked about the waiver but
9 hadn't received the actual exemption requests yet. We
10 received those exemption requests timely and are
11 recommending granting the exemptions for both properties.

12 It's Cleme Manor and Bay City Apartments, I believe.

13 MR. OXER: Any questions of the Board? This
14 seems fairly straightforward. Could you give us an
15 example? Actually, any questions from the Board?

16 (No response.)

17 MR. OXER: Okay. Can you give us an example of
18 where there would be a rule that we would have that would
19 have a undesirable site feature that under the USDA
20 program would not be applied under a USDA funded program?
21 Tell me what you just said because you said if there was a
22 difference in the funding for these because of the USDA
23 set-aside.

24 MS. LATSHA: Okay. Well, these two properties
25 are perfect examples. The Bay City property has USDA

1 financing, it's a USDA 515 loan that they basically
2 refinanced it as part of that being in that USDA set-
3 aside. The other application is public housing HUD
4 financed property. It's pretty typical, the application
5 of this rule we've done it. At least every year that I've
6 been here, at least one or two have required an exemption
7 that are USDA set-aside applications that happen to be
8 next to a railroad -- I think that's the case in both of
9 these, and then also a HUD property that happens to be
10 next to a railroad as well.

11 MR. OXER: Well, they're both basically close
12 to a railroad, if I understand it correctly.

13 MS. LATSHA: Yes, sir.

14 MR. OXER: Is there anything in what we require
15 that's the separation between the railroad and the
16 property that's to be developed for one of our tax credit
17 deals?

18 MS. LATSHA: Yes. We require that you be at
19 least 100 feet from the railroad.

20 MR. OXER: And so this is an exemption from
21 that requirement.

22 MS. LATSHA: That's right.

23 MR. OXER: Okay. And so even if there's an
24 exemption from that requirement, are we in a position to
25 expect that there is a fence between so kids don't meander

1 out?

2 MS. LATSHA: Not necessarily. However, this is
3 only an exemption for this particular rule. We had some
4 discussion about this last year as well. There's still
5 opportunity for both of these sites if there were some
6 other features surrounding these sites that we found
7 undesirable, whether it was under the undesirable
8 characteristics rule or something else. There's still an
9 opportunity to holistically look at the site and find that
10 it's ineligible. This is a very specific part of the rule
11 that basically exempts them from the requirement with the
12 particular distance from a particular feature only because
13 they're already existing deals that are proposing
14 rehabilitation and they already have ongoing assistance
15 from HUD or USDA.

16 MR. OXER: Got it.

17 MR. GOODWIN: Jean, this is probably an unusual
18 question, but the acoustical concern on the Houston
19 project took some readings, and they stated in their
20 report and they bolded it there were no trains over a
21 three-day period. Has the track there been abandoned, or
22 they just run on the weekends or something?

23 MS. LATSHA: You know, I'm not sure, although I
24 have to admit I've been to that site three times now and I
25 don't think I've ever seen a train.

1 MR. GOODWIN: I was curious. The readings next
2 to the train track are lower than the readings they took
3 from in the middle of the complex.

4 MR. OXER: Trains are sort of focused. You
5 have basic noise with kids in the complex.

6 (General laughter.)

7 MS. LATSHA: That might be just it. I'm not
8 sure of the actual status of that track.

9 MR. OXER: All right. Any other questions?
10 Motion to consider.

11 MR. CHISUM: So moved.

12 MR. GOODWIN: Second.

13 MR. OXER: Motion by Mr. Chisum, second by Mr.
14 Goodwin. Is there any public comment? There's none.

15 All in favor?

16 (A chorus of ayes.)

17 MR. OXER: Opposed?

18 (No response.)

19 MR. OXER: There are none. Thanks, Jean.

20 Next.

21 MS. LATSHA: Sure. And so we'll jump back to
22 4(a), and so this part of the rule, this is the
23 undesirable neighborhood characteristics part of the rule.

24 The way that this works is we have asked that applicants
25 disclose if they have some issues related to crime or

1 environmental issues -- and I can't even remember what the
2 third one is off the top of my head -- and high poverty
3 rates. So if you're in a census tract or a neighborhood
4 that exceeds one of our thresholds, we ask that you
5 disclose that. Then we take a closer look at the site,
6 assess that site a little bit more holistically, and then
7 present a recommendation, and that's what we have here.

8 So there were four sites that disclosed. One
9 thing I will note about all of these sites is that none of
10 them were challenged by a competing applicant. On our
11 next item you'll see that there was an opportunity to do
12 so, a couple of other sites were challenged, but one of
13 these sites were.

14 MR. OXER: Jean, just an administrative
15 question here, are we taking these all four at once or one
16 at a time?

17 MS. LATSHA: However you'd like. The
18 recommendation is the same for all four sites which is to
19 find all of them eligible.

20 MR. OXER: All right. Is there anybody in the
21 audience that wishes to comment on any of these four?

22 (No response.)

23 MR. OXER: We'll take them all four at once.

24 MS. LATSHA: All right. We'll start with Cleme
25 Manor. So Cleme Manor, this is a site in Houston, this is

1 one that we just talked about with respect to the
2 exemption, this is an existing HUD property, heard a lot
3 about this. I understand that we have a couple of new
4 Board members who weren't privy to that discussion last
5 summer, but this site was discussed at great length last
6 summer. The disclosure had to do with a high crime rate.
7 Staff had some concerns about this site last year for the
8 same reason which is why I've been there three times.

9 So we went out to the site last year. We were
10 a little bit uncomfortable with the railroad track, some
11 of the crime issues and things like that. We then heard
12 from the City of Houston and the applicant and found that
13 there's a pretty significant revitalization effort going
14 on in that part of Houston, and includes not just an
15 influx of funds from the city but also some substantial
16 private investment. At the end of the day we were
17 presented also with some demographic data that supported
18 that this area of town is changing and improving, and
19 basically ultimately found the site eligible.

20 Although all of that was presented in last
21 year's round, and although the rule has changed a little
22 bit with the way that we administer it, the rule itself is
23 really the same, we're looking at the same issues, we're
24 looking at crime and we're looking at blight and poverty
25 rates and land use and seeing if the neighborhood itself

1 is moving in a direction that we'd like to see. And we're
2 still seeing that, we saw that last year. It took a lot
3 of convincing last year from the applicant and the City of
4 Houston, but they convinced staff, and then we, I guess,
5 in turn convinced the Board, and basically the assessment
6 is still the same. Staff feels that this site should be
7 eligible. The revitalization efforts that are going on
8 there are really quite substantial.

9 MR. OXER: So we're going to do all of these
10 together. So essentially you're saying that there was a
11 contention for each one of them, the staff recommends that
12 they be given this consideration on each one of them.
13 Nothing is inverse on any of these sites. Right?

14 MS. LATSHA: That's right. The recommendation
15 is the same for all. We performed our assessment for all
16 of them and are recommending that all are eligible. I
17 just wanted to kind of give you an idea of how we got
18 there.

19 MR. OXER: Okay.

20 MS. LATSHA: The second on the list is Wheatley
21 Courts in San Antonio. This is really similar to Cleme
22 Manor, also applied last year with Phase 2 of their four-
23 phase development, and this is, I think, Phase 3 of their
24 four-phase development. Again, staff's initial visit last
25 year raised some concern. There were a lot of vacant and

1 boarded up houses, crime rate was relatively high. We
2 spoke with the applicant and the City of San Antonio,
3 again, a pretty lengthy discussion with the Board, found
4 out that, again, a significant revitalization effort going
5 on there.

6 We actually drove down again this year and it
7 already looks a lot different this year than it did last
8 year, mainly because the site in question last year has
9 been demo'd and they're doing all of the excavating and
10 grading. There are more single family homes that are
11 boarded up but that's because the city has purchased them
12 and has plans to rebuild them, and I'm not sure exactly
13 what their plans are, but it's a rebuild and home
14 ownership plan they could speak to.

15 MR. OXER: And so even though they're boarded
16 up, it's just a snapshot in a longer transition.

17 MS. LATSHA: That's right. And again, staff's
18 conclusion is an eligible site, similar to last year.

19 Third on your list is Provision at Four
20 Corners. The disclosure with respect to this site was, in
21 my opinion, kind of a technicality. We do have a
22 requirement to disclose if there are issues in your ESA.
23 There was a disclosure related to a site that was a half
24 mile away that at one point was part of the Texas
25 Voluntary Cleanup program, but it's been inactive for

1 several years. This is a high opportunity area site. I
2 think that was just a part of that disclosure that
3 although technically they were required to disclose that
4 issue on their ESA, there's not really any serious
5 environmental concerns about the site. So again, staff is
6 recommending.

7 Fourth on your list is Thomas Westfall in El
8 Paso. This is another site that was required to disclose
9 due to some issues you would see in their ESA but actually
10 the issues were that they're a quarter mile from a Walmart
11 and a Burlington Coat Factory and all the stuff that we
12 actually like to see.

13 MR. OXER: Why was that an issue to begin with?
14 What was the issue?

15 MS. LATSHA: It was that they were included in
16 their Resource Conservation and Recovery Act generators
17 database, which basically means they generate some --

18 MR. OXER: A lot of trash.

19 MS. LATSHA: Right, a lot of trash. This is a
20 great neighborhood. I actually went to this site last
21 year as well when we were visiting all of the El Paso
22 sites, so I've breathed the air there too, along with
23 another staff member, and again, staff is recommending
24 that it be found eligible.

25 MR. OXER: Good. Okay. Any questions from

1 members of the Board?

2 (No response.)

3 MR. OXER: This is on item 4(a). 4(b) is to
4 come yet. Is that correct, Jean?

5 MS. LATSHA: That's right.

6 MR. OXER: All right. Item 4(a), so motion to
7 consider.

8 MR. GOODWIN: So moved.

9 MR. OXER: Motion by Mr. Goodwin to approve
10 staff recommendation on item 4. Do I hear a second?

11 MR. GANN: Second.

12 MR. OXER: Second by Mr. Gann. Any public
13 comment?

14 (No response.)

15 MR. OXER: Motion by Mr. Goodwin to approve
16 staff recommendation on item 4(a), second by Mr. Gann.
17 Those in favor?

18 (A chorus of ayes.)

19 MR. OXER: And opposed?

20 (No response.)

21 MR. OXER: There are none; it's unanimous.

22 MS. DEANE: Let me just point out, as Michael
23 just mentioned, the resolved portion of this is merely
24 accepting the report, so that's actually the action that's
25 taking place today is accepting the report of staff.

1 MR. OXER: This is on item 4(a). Let Peggy get
2 her comment in.

3 MS. HENDERSON: All of these comments are
4 regarding item 4(a) and project number 15069, and it looks
5 like they're all in approval but I should go ahead and
6 read in all of them individually.

7 MR. OXER: Yes.

8 MS. HENDERSON: So registering public opinion
9 for Alicia Walter for Urban Strategies, Inc., approval of
10 staff recommendation. Arie B. Porter, San Antonio Housing
11 Authority, Choice Neighborhood Initiative, approving the
12 request. Lorraine Robles, San Antonio Housing Authority,
13 approving the request. San Antonio Housing Authority for
14 Tim Alcott. Daniel H. Arellano, Jr., approving the
15 request. LaShawn Roberson, approving the request. Mary
16 Ellen Burns, representing United Way Promise
17 Neighborhoods, approving the request. Dr. Morris
18 Stripling, San Antonio Housing Authority, approving the
19 request. David Nisivoccia from San Antonio Housing
20 Authority, approving the request.

21 MR. OXER: David in town? You want to correct
22 that?

23 (General laughter.)

24 MS. HENDERSON: I apologize.

25 MR. OXER: Came down the right direction, so

1 keep going, Peggy.

2 MS. HENDERSON: And Mary Emerson, a community
3 resident, also approving the request.

4 MR. OXER: Okay. Jean.

5 Item 4(a) is approved unanimously, so
6 congratulations to each of you on that one.

7 4(b), Jean.

8 MS. LATSHA: All right. 4(b) is regarding site
9 challenges, and this is also the resolution here is about
10 accepting the report. You'll see that in our report we
11 are recommending, basically, that you tell us to take some
12 further steps and evaluate these sites a little bit more,
13 but the rule requires us to submit this report with
14 respect to these site challenges.

15 So the rules allow third parties to challenge
16 applications. What we did this year, so that we could get
17 all of this site stuff out of the way earlier and not
18 later, was ask that anyone that wanted to challenge the
19 eligibility of a site, not necessarily the entire
20 application, needed to do that a little bit earlier in the
21 game, and so we've received two of those. So I'll talk a
22 little bit about what's in the report and the
23 recommendations that are in that report.

24 First, in want to make a correction too. We
25 were using an old template for this report and the

1 challenger on the Place of Grace application in Beaumont
2 is not Enrique Flores, it was Dan Algier with New Rock
3 Companies. And also, we talk about in the report on Place
4 of Grace that the challenge was talking about high crime
5 in the areas and the number of affordable units that are
6 already there. The challenge also spoke to some blight
7 and proximity to some sexually oriented businesses.

8 So we did receive a response to the challenge.

9 The response basically was that there wasn't a
10 requirement for disclosure. This is technically true.
11 The way that we wrote the rule, we asked that applicants
12 kind of define the neighborhood itself and then gather
13 data to see if they were over certain thresholds, this one
14 being 18 violent crimes per thousand persons annually. So
15 the data that the applicant used brought them under that
16 threshold. That is data out there, particularly on
17 NeighborhoodScout.com, that suggests that they're over
18 that threshold.

19 With respect to the actual disclosure, I think
20 that they did meet the rule and they were not technically
21 required to disclose, but as a result of this challenge,
22 we do want to take a closer look at this site. Typically,
23 the way that the rule works is that we wouldn't go out and
24 assess this site unless there was a disclosure like the
25 ones that you just heard about, but as a result of this

1 challenge, we'd like to go ahead and do that entire
2 assessment, go out there and see if there really is in
3 existence of some blight and proximity to some other
4 undesirable site features and things like that.

5 MR. OXER: So essentially what you're saying is
6 that this wouldn't have come up had there not been a
7 question, but since the question has arisen, you need to
8 answer it.

9 MS. LATSHA: Exactly, yes, sir. So that's
10 what's in the report is that we'd like to ahead and
11 conduct that site visit and then bring that back in the
12 same format that we brought the other four.

13 The second one that was challenged is the
14 Abington Commons of Whitewright. So this application was
15 challenged because it is about 960 feet from a company
16 that stores ammonium nitrate. This is pretty recent
17 memory of the disaster at West, and that was alluded to in
18 the challenge as well, and so initially when we read the
19 challenge we had some pretty significant concerns about
20 this too.

21 However, we talked with the applicant, we read
22 their response. They were aware, obviously, of the
23 ammonium nitrate storage but this is a high opportunity
24 area, technically. There is like a big Walmart and a
25 school that are just as close to the storage facility as

1 the proposed development site. There's some question as
2 to what sort of analysis HUD would use.

3 MR. OXER: The problem is the 24-6-8 fertilizer
4 down at Home Depot, that's the ammonium nitrate.

5 MS. LATSHA: So anyway, there's a lot of
6 questions that we still would like to answer with respect
7 to this site, especially because none of us are engineers.
8 The applicant has already expressed a willingness to work
9 with us and see if there are some mitigating factors, some
10 things that they can do to the site to make it safer, and
11 so we'd like to just simply work with that applicant and
12 see if we can come up with some conditions should they
13 ultimately be recommended for an award.

14 MR. OXER: Any questions by the Board? I think
15 that's a good idea to make sure you're happy with all
16 this.

17 Motion to consider.

18 MS. BINGHAM: So moved.

19 MR. OXER: Motion by Ms. Bingham to approve
20 staff recommendation on item 4(b). Do I hear a second?

21 MR. CHISUM: Second.

22 MR. OXER: Second by Mr. Chisum.

23 MS. DEANE: And again, this is acceptance of
24 the report and staff's statement about how they intend to
25 proceed.

1 MR. OXER: Correct. It's just an acceptance of
2 the report with an indication of what they intend to go do
3 to bring back the information. We're not saying that
4 there's any decision that needs to be made with respect to
5 the eligibility.

6 MS. LATSHA: Right. We just met the
7 requirement of the rule to submit the report, so I can
8 check that off my list.

9 MR. OXER: Motion by Ms. Bingham, second by Mr.
10 Chisum to accept the report on item 4(b). All in favor?

11 (A chorus of ayes.)

12 MR. OXER: And opposed?

13 (No response.)

14 MR. OXER: There are none; it's unanimous.

15 Thank you.

16 Monica. Good morning.

17 MS. GALUSKI: Good morning. Happy to be here
18 this morning with this item. It's item number 5 which is
19 the presentation, discussion and possible action on
20 Resolution 15-017 authorizing the filing of an application
21 for reservation with the Texas Bond Review Board with
22 respect to qualified mortgage bonds, authorizing
23 publication of a notice of public hearing, approving an
24 underwriting team, and containing other provisions
25 relating to the subject.

1 MR. OXER: So we're getting back in the bond
2 business?

3 MS. GALUSKI: Let's hope.

4 MR. OXER: I hope.

5 MS. GALUSKI: I probably skipped a part.

6 Monica Galuski, director of Bond Finance.

7 The Department has historically used single
8 family mortgage revenue bonds as the primary financing
9 vehicle for assisting low and moderate income first-time
10 homebuyers. Back around 2008 market dynamics changed a
11 little.

12 MR. OXER: That's a fair statement.

13 MR. IRVINE: Understatement.

14 (General laughter.)

15 MS. GALUSKI: And the mortgage rates that we
16 could generate through a bond issue were not as attractive
17 or at least no better than the traditional mortgage
18 market. As a result, the Department moved away from bond
19 issues and we've been doing the TMP-79 which is out to be
20 announced program, and that's the program that funds down
21 payment and closing cost assistance through the forward
22 sale of mortgage-backed securities that we sell at a
23 premium. We've been using that program to assist
24 homebuyers since its inception in October of 2012.

25 Always striving to provide the lowest cost and

1 the best benefit on our financing options, we've continued
2 to analyze the feasibility of a bond issue. We've been
3 working closely with our financial advisor, bond and tax
4 counsel and members of the Department's underwriting team
5 to evaluate various structures and to work through the
6 associated legal and tax issues. We're still working
7 through some of those issues, but believe it's prudent to
8 begin the process of preparing to issue bonds. We're in
9 good company. State agencies around the country have been
10 doing bond issues again. There are several that are
11 already back in the bond market, others that are currently
12 preparing to implement new issues.

13 The viability of a new bond issue, like why did
14 it not work yesterday and it looks like it works today,
15 it's not tied specifically to one market dynamic but it's
16 more that people have gone back to the drawing board and
17 it's maybe more tied to the fact that we've modified the
18 traditional bond structure to take advantage of
19 efficiencies that are available in the current market.

20 We've been working more closely with potential
21 investors and being more responsive. You know, when
22 things were easy you just kind of did them and everything
23 worked. People have had to work a little bit harder,
24 structures have evolved, and we're back to viability
25 again.

1 MR. OXER: So we're evolving in a changing
2 context.

3 MS. GALUSKI: Yes, we are. And we've also been
4 looking at the 2006 Series H bond issue for a potential
5 restructure. That's a variable rate issue.
6 Preliminarily, it sort of looks like we might be able to
7 achieve some tax and economic benefits by doing that issue
8 in conjunction with a new money issue, but we're also
9 looking at them both independently as well.

10 MR. OXER: Quick question on that. The 2006 H
11 issue, would it have to be rolled separately or could it
12 be rolled into the new one?

13 MS. GALUSKI: It could potentially be rolled
14 into the new one. There may be reasons why we would want
15 to do it separately, but for right now it really looks
16 like we're leaning towards a combination.

17 MR. OXER: I think the history of this Board in
18 transcripts would support the idea that we're more than
19 happy to take down our variable rate debt as fast as we
20 can.

21 MS. GALUSKI: And recognizing that, we're still
22 evaluating possibilities. It wouldn't necessarily
23 completely take out the swap on the other side, but we
24 recognize the importance of managing that and increasing
25 the optionality and moving us in the right direction.

1 MR. OXER: This is a journey and a direction,
2 not a cliff we're going to fall off of.

3 MS. GALUSKI: Yes. So the action that we're
4 seeking today includes approval to proceed with some of
5 the preliminary work necessary for the implementation of a
6 bond issue, particularly those items that require a fair
7 amount of lead time. The request includes resubmission of
8 an application to BRB for reservation of private activity
9 volume cap for qualified mortgage bonds. We're requesting
10 an amount not to exceed \$150 million in authority. We
11 would publish notice of and hold a public hearing, as
12 required by tax law for the issuance of qualified mortgage
13 bonds. That would be the TEFRA hearing. And we would
14 name the underwriting team from within the Department's
15 pool of approved underwriters. Staff is recommending
16 Morgan Stanley as the senior manager, and as co-managers
17 Ramirez & Co., Estrada Hinojosa & Co. And RBC Capital
18 Markets.

19 It's important to be clear at this time we're
20 not seeking nor is the Board granting final approval of a
21 bond issue. We will return to the Board with the
22 specifics of the financing structure with target mortgage
23 rates, timing and/or size of the issue, as well as
24 substantially final documents at a later date for final
25 Board approval before pricing and selling the bonds.

1 MR. OXER: So you're looking for authority to
2 go do your homework.

3 MS. GALUSKI: We are. We're looking for
4 authority to officially move forward.

5 Staff recommends approval of Resolution 15-017,
6 and I'd be happy to answer any questions.

7 MR. OXER: Great. Any questions from the
8 Board? I like the idea that this is getting more
9 attractive and we can get some of this variable debt out
10 of the way.

11 With respect to item 5, motion to consider.

12 MR. GANN: I'd like to move that we accept
13 Resolution 15-017.

14 MR. OXER: Motion by Mr. Gann to approve staff
15 recommendation on that resolution. Do I hear a second?

16 MR. GOODWIN: Second.

17 MR. OXER: And a second by Mr. Goodwin. Is
18 there public comment on this item?

19 (No response.)

20 MR. OXER: With respect to item 5, motion by
21 Mr. Gann to approve staff recommendation, second by Mr.
22 Goodwin. Those in favor?

23 (A chorus of ayes.)

24 MR. OXER: And opposed?

25 (No response.)

1 MR. OXER: There are none; it's unanimous.

2 Just as a quick question, Monica, how long will
3 this take? You're talking it's in the future we'll issue,
4 we'll have the hearing. What's the sort of schedule
5 generally? If this all happens and it happens, well, not
6 really fast or in a regular schedule, but if it happens,
7 when would this come out? This fall?

8 MS. GALUSKI: I would think by the fall,
9 hopefully late summer.

10 MR. OXER: So four or five months.

11 MS. GALUSKI: Yes.

12 MR. OXER: Good, great. Thanks.

13 MS. GALUSKI: Thank you.

14 MR. OXER: Okay. We have reached the end of
15 the published agenda. We'll accept public comment on
16 items other than for this agenda. I would remind those
17 who wish to speak that we cannot comment or do other than
18 accept your comments with respect to building the agenda
19 for our future meetings. Is there anybody who wishes to
20 speak? If you're in the front and you're sitting in a
21 chair that says you want to speak, then that's you. Come
22 up to the front.

23 MS. LEDBETTER PARHAM: Hi. I'm Amy Ledbetter
24 Parham with Habitat for Humanity of Texas.

25 First I wanted to thank you for your service.

1 I want to tell you a little bit about Habitat for Humanity
2 affiliates in Texas. There are 83 and it includes the
3 largest affiliate in the world which is Dallas affiliate,
4 and most of our affiliates in Texas are all volunteer or
5 mostly volunteer affiliates. Probably 60 percent of
6 affiliates in Texas are all volunteer or mostly volunteer.

7 And like Ms. Deane, I want to echo what she
8 said about the staff that we deal with, mostly through the
9 Texas Bootstrap Loan program and the Office of Colonia
10 Initiatives. We really appreciate the dedication and
11 thoroughness and responsiveness of Homero Cabello and Raul
12 Gonzales.

13 That said, we are concerned about making sure
14 that small and mid-size affiliates have access to that
15 Bootstrap Loan program. Habitat Texas doesn't build
16 houses but we support the efforts of those who do build
17 houses, we provide back office support in mortgage
18 servicing, training, technical assistance and resource
19 development, mostly for those small and mid-size
20 affiliates around the state.

21 So we just wanted to make you aware of our
22 concern that those small to mid-size affiliates aren't
23 able to access the Bootstrap Loan program and want to
24 continue to work with staff to make sure that those funds
25 are spread more evenly across the state. We understand

1 that Homer and Raul are, as I said, very, very dedicated
2 an very responsive to any questions that are asked from us
3 about the Bootstrap Loan program, but those small and mid-
4 size affiliates really need a lot more hand-holding and
5 detailed help. They can build houses like nobody's
6 business. My Midland executive director says she'll put
7 her house up against any multimillion dollar house across
8 the state, and that's a true story, I think.

9 But just to let you know that that's something
10 that we want to continue to work with staff on, and
11 always, always we would appreciate you considering an
12 increase in budget request for the Texas Bootstrap Loan
13 program. You will get your money's worth with it. Thank
14 you so much.

15 MR. OXER: Thanks, Amy. We appreciate your
16 comments.

17 MR. CHISUM: Question. Sorry.

18 MR. OXER: Those questions come up when the
19 option comes up for that item to be considered on the
20 agenda.

21 MS. LEDBETTER PARHAM: I'll hang out.

22 MR. OXER: You do that. As long as you're not
23 talking to more than three of the Board members at one
24 time, you'll be fine.

25 MR. CHISUM: Excuse me, Mr. Chairman.

1 MR. OXER: All right. I have a request, one of
2 the few that I get to do. I want to ask Ms. Deane, our
3 consigliere, to come down to the front and all the Board
4 members, and since we can't meet informally and get a
5 picture with any four of us, I'm going to get all of us
6 here today.

7 MS. DEANE: I'd love that.

8 MR. LYTTLE: Mr. Chairman, we have new employee
9 Amy Kincheloe who is our photographer and a new member of
10 my staff, and she'll be happy to assist.

11 MR. OXER: Great. Welcome aboard.

12 (Pause for photographs.)

13 MR. OXER: We are formally now at this point
14 where we accept comments. There's no other public
15 comment. Anybody else in the audience care to say
16 anything? Any others from the staff care to say anything?
17 We're going to miss Barbara.

18 Tim.

19 MR. IRVINE: Yes. I have a comment, and
20 actually, Amy kind of set the stage for it without even
21 realizing it. We are constantly trying to improve our
22 structure and our operations, and it's always mission-
23 driven. We have just reorganized three of our functions,
24 our loan servicing function, our single family asset
25 management function and program services function, to

1 combine them under the leadership of Homero Cabello.

2 And somebody rolling this out in our directors
3 meeting talked about sort of cradle to grave service for
4 single family loans. And I said, We need a better
5 euphemism, it's from signing the mortgage to burning the
6 mortgage. We want to make great successful Texas
7 homeowners, and we realize that sometimes people need some
8 special attention and understanding, and we want to have
9 the synergies that these three functions will provide
10 really provide a solid framework in which we can ensure
11 successful homeownership. Plus, there's nothing wrong
12 with a little more efficiency.

13 MR. OXER: Really. I don't think anybody here
14 expects that the appropriations are going to get bigger or
15 heavier, so we're going to have to do more with less
16 constantly, so it's a higher efficiency investment of the
17 intellectual capital.

18 Is Homero here?

19 MR. IRVINE: He's off working.

20 MR. OXER: That's right. I applaud him and I
21 appreciate the fact that he's stepping up and wants to get
22 into this and make this program work like this.

23 MR. IRVINE: And thanks for piping up, Cameron.
24 Cameron is such a great facilitator. He brought so many
25 folks together in this effort to forge this new creation,

1 and thanks very much.

2 MR. OXER: Any other members of staff? Anybody
3 else from the Board?

4 (No response.)

5 MR. OXER: Okay. I get the last word. I
6 appreciate what you do. It's a service to Texas that
7 everyone in this room does. Thank you for what we're
8 doing.

9 I'll accept a motion to adjourn.

10 MR. CHISUM: So moved.

11 MR. GANN: Second.

12 MR. OXER: Motion by Mr. Chisum, second by Mr.
13 Gann. Those in favor?

14 (A chorus of ayes.)

15 MR. OXER: See you in four weeks.

16 (Whereupon, at 10:45 a.m., the meeting was
17 concluded.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board

LOCATION: Austin, Texas

DATE: May 7, 2015

I do hereby certify that the foregoing pages, numbers 1 through 62, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

(Transcriber) 05/12/2015
(Date)

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ERRATA PAGE

May 7 TDHCA Board of Directors Meeting

<u>PAGE</u>	<u>LINE</u>	<u>CHANGE</u>	<u>REASON FOR CHANGE</u>	<u>MADE BY</u>
16	7	tripe to triple	typographical error	ACornier
16	10	add: understand that CWCCP happened to " come to " this situation...	left out of transcript	ACornier
18	19	P to CWCCP	typographical error	ACornier