

**SUPPLEMENTAL
BOARD BOOK OF
APRIL 25, 2019**



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice-Chair

Paul Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Leo Vasquez, III, Member

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING**

**A G E N D A
8:00 AM
APRIL 25, 2019**

**William B. Travis Building
1701 Congress Avenue
Room 1-111
Austin, Texas 78701**

CALL TO ORDER

ROLL CALL

J.B. Goodwin, Chair

CERTIFICATION OF QUORUM

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

Resolution recognizing May as *National Mobility Awareness Month*

Resolution recognizing May as *Community Action Month*

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Tex. Gov't Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

LEGAL

- a) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Homes of Persimmons (HTC 98170 / CMTS 2026)
- b) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Fountains at Chimney Rock (HTC 93048 / CMTS 1129)

Jeffrey T. Pender
Deputy General Counsel

COMMUNITY AFFAIRS

- c) Presentation, discussion, and possible action on awards for 2019 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant Seasonal Farmworker populations

Michael DeYoung
Director of
Community Affairs

BOND FINANCE

- d) Presentation, discussion, and possible action on Resolution No. 19-030 regarding the annual approval of the Department's Investment Policy
- e) Presentation, discussion, and possible action on Resolution No. 19-031 regarding the annual approval of the Department's Interest Rate Swap Policy

Monica Galuski
Director of
Bond Finance

MULTIFAMILY FINANCE

- f) Presentation, discussion and possible action on staff determinations regarding Application disclosures under 10 TAC §11.101(a)(2) related to Applicant Disclosure of Undesirable Site Characteristics

Marni Holloway
Director of
MF Finance

19051	Casa de Manana Apartments	Corpus Christi
19078	Provision at Patriot Place	Hurst
19079	Provision at Patriot Parkway	Venus
19126	3104 Division Lofts	Arlington
19132	Village at Boyer	San Antonio
19139	Hamilton Wolfe Lofts	San Antonio
19214	Lakeridge Villas	Ennis
19239	Talavera Lofts	Austin
19285	Everly Plaza	Fort Worth
19296	McKee City Living	Houston
19319	Bardin Apartments	Arlington
19332	Avanti at South Bluff	Corpus Christi

- g) Presentation, discussion and possible action on staff determinations regarding Application disclosures under 10 TAC §11.101(a)(3) related to Neighborhood Risk Factors

19040	Vista East	Houston
19047	Parkway Meadows	Houston
19085	Gala at MacGregor	Houston
19088	Metro Tower Lofts	Lubbock
19132	Village at Boyer	San Antonio
19134	Village at Nogalitos	San Antonio
19136	Luna Flats	San Antonio
19159	Mid Tule Village Apartments	Tulia
19202	Heritage Heights at Big Spring	Big Spring

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

19403	Mesa West	San Antonio
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- i) Presentation, Discussion, and Possible Action regarding an Update to the State of Texas 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program

ASSET MANAGEMENT

- j) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement

Rosalio Banuelos
Director of
Asset Management

02097	Grove Park Terrace	Waxahachie
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RULES

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

Brooke Boston
Director of
Programs

- l) Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §5.802, Local Operators for the Section 8 Housing Choice Voucher Program, and directing its publication for adoption in the *Texas Register*

- m) Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC §1.15, Integrated Housing Rule, and directing its publication for adoption in the *Texas Register*
- n) Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC §1.405, Bonding Requirements, and directing its publication for adoption in the *Texas Register*
- o) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter H, Income and Rent Limits, and an order proposing new Subchapter H, Income and Rent Limits, and directing their publication for public comment in the *Texas Register*

Patricia Murphy
Director of
Compliance

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, (March-April)
- b) Report on the Department’s 2nd Quarter Investment Report in accordance with the Public Funds Investment Act
- c) Report on the Department’s Interim Balance Sheet/Statement of Net Position for the period ended February 28, 2019
- d) Report on the Department’s 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures
- e) Report on the closing of the Department’s 2019 Series A Residential Mortgage Revenue Bonds
- f) Report on deadlines after force majeure actions

Michael Lyttle
Director of
External Affairs
Ernie Palacios
Director of
Financial Administration

Monica Galuski
Director of
Bond Finance

Marni Holloway
Director of
MF Finance

ACTION ITEMS

ITEM 3: BOND FINANCE

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds Series 2019 Resolution No. 19-032 and a Determination Notice for Housing Tax Credits for Lago de Plata (#19600) in Corsicana

Teresa Morales
Manager of
Multifamily Bonds

ITEM 4: ASSET MANAGEMENT

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application
18269 2400 Bryan Street Dallas

Rosalio Banuelos
Director of
Asset Management

ITEM 5: COMPLIANCE

- a) Presentation, discussion, and possible action regarding termination of Program Year 2019 Low Income Home Energy Assistance Program Comprehensive Energy Assistance Program award to Galveston County Community Action Council, Inc.; the commencement of the 30-day notification period required by Tex. Gov’t Code §2105.203 and §2105.301; and the authorization of staff to identify a permanent provider, through release and subsequent award of a Request for Application or through a direct designation, to permanently administer the Comprehensive Energy Assistance Program in Brazoria, Fort Bend, Galveston, and Wharton counties (the areas served by Galveston County Community Action Council, Inc.)
- b) Presentation, discussion, and possible action on initiation of proceedings to remove the eligible entity status of Galveston County Community Action Council, Inc. and terminate the 2019 Community Services Block Grant contract and future funding

Earnest Hunt
Director of
Subrecipient Monitoring

ITEM 6: COMMUNITY AFFAIRS

- a) Presentation, discussion, and possible action on the Program Year 2019 Department of Energy Weatherization Assistance Program State Plan and Awards
- b) Presentation, discussion, and possible action on release of the draft Federal Fiscal Years 2020-2021 Community Services Block Grant State Plan for public comment
- c) Presentation, discussion, and possible action on release of the draft Federal Fiscal Year 2019 Low Income Home Energy Assistance Program State Plan for public comment

Michael DeYoung
Director of
Community Affairs

ITEM 7: MULTIFAMILY FINANCE

- a) Presentation, discussion, and possible action regarding Awards of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability
18506 Golden Trails West
- b) Presentation, discussion, and possible action regarding refinancing for Legend Oaks (HTC #00155/ State HTF #85100) with TCAP Repayment Funds reserved for workouts
- c) Presentation, discussion, and possible action on the First Amendment to the 2019-1 Multifamily Direct Loan Notice of Funding Availability
- d) Presentation, discussion, and possible action on timely filed appeals under the Department's Multifamily Program Rules
19223 Bamboo Estates Apartments Progreso
- e) Presentation, discussion, and possible action on a waiver relating to 10 TAC §11.2, related to Program Calendar for Housing Tax Credits for #19098 Pinewood Crossing Apartments
- f) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer
19404 Legacy Ranch at Dessau East Austin

Andrew Sinnott
MF Loan Programs
Administrator

Marni Holloway
Director of
MF Finance

ITEM 8: RULES

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC §1.24, Protected Health Information; and an order proposing new 10 TAC §1.24, Information Security and Privacy Requirements; and directing their publication for public comment in the *Texas Register*

Brooke Boston
Director of
Programs

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

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public):

J.B. Goodwin
Chair

The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;

Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;

Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;

Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or

Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five (5) days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least five (5) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado, al siguiente número 512-475-3814 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Galveston County Community Action Council

Joe Compian
Acting President

Melvin Williams
Executive Director

Telephone (409) 765-7878
Fax Number (409) 765-9951
4700 Broadway Suite C109
P.O. Box 3206
Galveston, Texas 77552

April 19, 2019

Members of the Board of Directors
Texas Dept. of Housing and Community Affairs
Austin, TX,

Dear Board Member:

The attached information is submitted to you in response to the information you have been provided by the staff of the Texas Department of Housing and Community Affairs, regarding the viability of Galveston County Community Action Council, Inc. (GCCAC). GCCAC has responded to the unfounded allegations presented to the board by TDHCA through this mechanism as a means to ensure that you will in fact receive all pertinent data to this activity.

We are providing you with the information identified in the QIP that we were mandated to complete and we have provided you with information regarding a monitoring report and single audit that were conducted during the same time period. During this time period, the goal posts were continually moved a little further back in an effort to prevent us from meeting our goal. We have in fact met our goal and the goals established by those persons who created the QIP.

The QIP was performed in the middle of having a review from the TDHCA monitoring team. We were, the Board Chairman and I, were told to concentrate on accomplishing the goals of the QIP. The Board approved unanimously the Progress of that directive, and the approvals follows:

QIP RECOMMENDATIONS

- **Cost Allocation Plan revised to meet the law.**
- **Address security risks in the MIP system**
- **Re-write the procurement policy to reflect updated regulations**
- **Restructure the Finance Dept.**
- **Create Financial Tracking System**
- **Update Policies and Procedures**
- **Update H.R. Policies and Procedures**
- **Document re-written finance positions**
- **Clarify work standards for employees**
- **Take advantage of full functionality of MIP System**

ALL ITEMS RESOLVED

Last remaining QIP item not classified as resolved is the request to create a grant monitoring process. That will be an on-going process once we start getting a large number of grants.

- Board Governance
- Define new, democratic way to elect candidates
- Implement job description for Board members
- Adopt new by-laws
- Hold new elections

ALL ITEMS RESOLVED

All remaining QIP items, “Ensure that Bd is receiving required info and the Elimination of Bd interference in operational areas is ended. These two activities are on-going.

- IT Issues
- Fill the vacant IT support contracts

ALL ITEMS RESOLVED

All remaining QIP items: “long term technology strategy, decrease the number of copies and develop sources of unrestricted funds.” These are on-going activities of the board.

The board has demonstrated through the above that we have met the law as required and we have implemented processes and procedures that will ensure we remain in compliance and that we will be doing the things that will help to bring people away from the shackles of poverty. The consultants said the following upon leaving the campus:

As with every organization, there is always room for improvement and one of the first steps to building a strong, viable, and lasting organization is recognizing when change may be needed. By being open with us during interviews as we evaluate the performance and opportunities for growth, GCCAC management is demonstrating its commitment to the mission and future of the Organization. While we did gather much information about individual processes, the goal of this engagement was not to do a detailed analysis of accounting practices. To the extent we have observations on detailed processes, they are included here, but are not meant to be a comprehensive review.

We were under the impression that finalizing the QiP was our marching orders, but apparently that is not the case. Our next hoop to jump came from TDHCA through, yet, another monitoring review of April 30—May 4, 2018. Now we have a new master to whom we must respond.

MENTORING REVIEW—APRIL 30—MAY 4, 2018

- Finding 1: Ensure costs are properly allocated. TDHCA—UNRESOLVED
GCCAC—RESOLVED Cost Allocation plan meets the law and TDHCA admits the same in three pages into their document. We contend that payment is not owed to TDHCA but if it is determined that payment in a small amount is due—it should be returned through the grant.
- Finding 2: Ensure costs are properly supported. TDHCA—UNRESOLVED
This is a questionable item as TDHCA admits. It is considered unrestricted because TDHCA cannot identify the problem, therefore, no problem. Three pages of “non-documentation.”

- Finding 3: Ensure Federal and State Procurement Requirements are met. RESOLVED BY APPROVAL OF MANUAL
- Ensure Income Eligibility Requirements are met. TDHCA—CLOSED

Sincerely,



Melvin Williams,
Executive Director

P.S.—I have also attached a letter for your review. I would hope that you will put this letter into the record, not that I'm asking you to read it into the record, but please get it into the record. Thank you.

combating poverty through communication, consultation, cooperation, coordination

Epilogue 1

**GULF COAST COMMUNITY
ACTION COUNCIL, INC, dba
GALVESTON COUNTY COMMUNITY
ACTION COUNCIL, INC.**

Written response to the various Monitoring Reviews, Quality Improvement Plan and other auditing functions of the Texas Department of Housing and Community Affairs

Date: April 25, 2019

I have given much thought to the efficacy of writing this particular letter to the Board, but I think the necessity of providing you with a historical look at what has been happening at GCCAC since I began my employment with the agency exactly two years ago. This could be a novel, I will attempt to leave it brief as possible but succinct.

I believe I informed you at the last meeting I attended that I began work in April, 2017. I was very excited about going to work for the Galveston County Community Action Council, Inc. (GCCAC), especially because so many people (who were aware of difficulties at GCCAC had been asking me since my retirement why I didn't apply for the Executive Director's job at GCCAC. The reason being is was never advertised outside of the agency.

Briefly, the reason I was being asked is because of the success I had as an administrator at UTMB-Galveston. I went to UTMB as the Director of the Affirmative Action Office and after several name changes and responsibility changes I left there as the Director of the Office of Diversity and International Affairs. I can honestly say I left the organization with many successes at the university and was invited to participate in a round table at the University of Cambridge, Cambridge, England, to dialogue about affirmative action, equal opportunity and inclusion on an international level. I created many socially relevant activities at the university that were placed into the community and I attempted to involve the community in as many of the university's activities as possible to demonstrate to the community that the university was and is a very integral part of the community.

I began a couple of activities that had significant impact, one being the Hector P. Garcia, MD Scholarship Luncheon that will be celebrated for the 21st year this September. I wanted it to begin the "Hispanic" Heritage Month celebrations in September as a means of kicking off the month's activities. I also had a very big celebration for Black History Month by having a big gala recognizing the first black graduate of UTMB medical school and wrote a mini novel, for a token of the event entitled, "From Africa, to America, African Americans Contribution to American Health Care." I recognized Israel's 50 years in existence, I had programs each year of Hispanic Heritage Month recognizing different Latin cultures and their activities, I had east and West Indian Celebrations, Chinese Celebrations, etc. My desire being to

demonstrate that people are the sameness through all these various celebrations and that poverty is not a one color phenomenon, we all have things to share and we all should have a bit of the golden apple and will take a bit if given the proper chance.

I did have to make sure the university met all of its federal obligations regarding equal opportunity, affirmative action, disability laws, etc. I was able to get great cooperation from the university and was able prevent problems and resolve problems equitably when they came into being. Chairman of Departments, Directors of Departments, Business Managers, etc., would call me in advance, anticipating, rather than waiting for the ball to drop. These actions I think demonstrate my competence but also the trust I generated from a very diverse, consequential staff who could get you run off very quickly if you were simply causing problems or were incompetent.

One of the most troubling things about taking this position has been the lack of meaningful communication between myself and the director of contract services. The first month I started Mr. Michael DeYoung attended the board meeting. I thought we would have some conversation but he was more interested in speaking to a couple of the board members than speaking with me. I thought that would change but it never did. After a while I understood the why. He was coming to every meeting and the amount of contact we had with one another was minimal and I tried to initiate conversation but really got nothing back, so I began to give up. The interest in talking to only certain board members, I found troubling but, así es la vida and I had a job to do.

TDHCA had recently completed a monitoring review when I began, which was not very complimentary with the biggest hit being the need for the agency to pay TDHCA \$130,000 for disallowed costs. This took me back a bit and I was looking for a way to get out of such a large hit on our unrestricted funds. I had been told when offered the job that we had about \$500,000 in unrestricted moneys available, by the time I started a couple of weeks later the figure was down to approximately \$300,000 and within a week after my start date, it was down to around \$200,000. I couldn't figure out what was happening. I had a \$130,000 bill in front of me that would practically exhaust the unrestricted moneys we had available. I needed to find a means to preserve some of that money, it is very hard to operate without unrestricted money so I felt I had to try to get the state to back off some of that payment or find out how we can change some of the payments that we owed by finding errors in the monitoring review.

I came to Austin to talk to the compliance group, I thought I would be speaking to Mr. Earnest Hunt but I met with his whole team, a somewhat intimidating first meeting, especially when not planned. Anyway, I gave them my pitch, which was simply give me a chance to survive, after all, I have just started. One would think, that else could happen at this point.

It wasn't too much into the future that it came to my attention that not only did I have the TDHCA problem, I had serious trouble in Head Start and we, Head Start, might not make it through the year. Apparently that was where a great deal of the unrestricted money was being spent. The Head Start problem was so significant that I limited any spending during the summer until I could get a good feel on what it would cost for us to get through the end of the fiscal year (Nov). Before I knew it the entire unrestricted (remember \$500,000) was about gone. It was down to low five figures. I couldn't figure out how this happened and then I learned that money had been spent to pay for Head Start meals at \$250,000 a month for a meal and snack for three and four year olds. Anything that had not been properly procured was paid for out of the unrestricted account and there were a number of things that had to be paid. It went on and on. I was told that those expenditures were approved by the board.

When next I checked into the Head Start situation I learned that we might not make it until the end of the year if we didn't do something to totally control cost. I immediately stopped all spending in September just after we had the Harvey storm. Now, I had the Harvey storm, a Head Start disaster and a board who wanted me to conduct all the Harvey Storm activity because they did not trust the staff to not steal the money. This after I had been required to do a total HR review of the Head Start staff, involving their credentials and after being required to provide a ton of data as a result of an OIG investigation that had been initiated by the Board. The HR review was ridiculed because members of the board did not believe I completed it but the same information was requested by the OIG and all of the data was provided to the investigator. Plus, I did not feel it appropriate to give the personnel data to the board since there was no urgent reason to do so, nothing but conjecture on the part of some board members.

I conducted a training session for the board so that everyone would understand and be able to answer any questions regarding what GCCAC's strategy would be regarding expending funds for the victims of Harvey. This training session was attended by Mr. DeYoung. I held a training session for the staff to inform them how I wanted to approach this tragic event. In the meantime, a gentleman I had met at the TACAA conference knew I was new and called me one day to offer the assistance of his agency. I thought this was tremendous and we agreed to come to a contract amount, i.e., how we would take on the event and how I would pay him. We agreed, to the point that he said if a push came to a shove, we spent all of the money providing needed services, we would discuss whether or not there would be any payment. Things seemed to be headed in the right direction, I received a call from the TACAA office offering our agency another \$125,000 for the Harvey Disaster victims. I thought this was great and could not wait to get the money, at least I would now have some startup money—an issue I will get to a bit later.

Not sure what happened or how it happened but after I signed the contract with TACAA I never got the money. I was getting notices that the money would be forthcoming but it never came. I spoke with the director and she informed me that the TACAA Board had decided it was too risky to give us the money; they, the board and or the Board president had heard about the treasurer of GCCAC going to the bank checking on the accounts every day and other unsavory behavior of board members. Therefore, they felt it was in the best interest of TACAA not to award us the moneys. This was a blow but we didn't have time to fret, we would need to do all we can with what we were given. A challenge that could have been made much easier if we had gotten a modicum of cooperation from TDHCA. We were eventually offered an advance, this after we had spent, in December, thousands of dollars and I was doing all the generating of the bank cards we were using for cash. Bank cards that the Board wanted me to pay \$4.95 a card to utilize with the bank we had been using for some 50 years. I thought that was ridiculous and started looking for other means, after all the money was not for the investors, but for the victims. I was running from Walmart to Sam's Club up and down highway 6 getting \$10,000 to \$15,000 worth of cards every other day, sometimes every day. A real efficient use of my time.

The local Moody Bank, with which I have an account, was kind enough to start giving me cards at no costs but I could not depend on them to continue giving me \$10,000 to \$15,000 worth of cards when we didn't even bank with them. After pursuing several leads, and getting a bit of luck, I was finally able to contact a person at Sam's Club who understood my plight and set me up an account so that we could begin purchasing cards at the \$50,000 level, making my plight much easier. While going through all of

this, I never got an encouraging word from the Board, nor from the person who I thought would want to see TDHCA doing all it could do to help, i.e. Michael DeYoung

Epilogue 2

When I was trying to get Head Start a foot, trying to do all we could to help the victims of Harvey, provide the GCCAC Board with information they had requested regarding the employees, trying to provide comprehensive data to the OIG request and trying to provide a logical reasonable response to TDHCA regarding our monitoring review, what help was provided to me by TDHCA, minimal. And even though I can't prove it, I'm most positive that the information being requested by the OIG was planted and that the planters had someone on the inside telling them what to request. It was during this time I was told by one of the GCCAC Board members that he was told by Michael DeYoung that I could not do the job. What gall!

During this time frame, the GCCAC Board had a meeting the sole purpose of which was to terminate me and everyone that worked under me. Naturally I learned about the meeting and asked a few of Galveston's leaders to come and speak on my behalf. One of the GCCAC board members was overheard saying that I had set the whole thing up, otherwise why did all those people show up to speak on my behalf. (Logic beyond comprehension.) The vote for termination failed by two votes. Other things happened that I found disappointing, like Mr. DeYoung sitting there through the process, not uttering a word, when he had felt so comfortable injecting himself so many times before, inappropriately. This gave me insight into the fact that it was a set-up, he, Mr. DeYoung wants to get rid of the agency and who would be in the wings to take it over?

Fortunately, for the board, which met in early October, they did not terminate me because it had been determined that the Head Start program would be approximately \$280,000 short of meeting its budget for the fiscal year. In other words, to meet payroll, pay for food, pay for rent, and the other essentials for Head Start to complete the year with a zero budget, we needed an infusion of \$280,000. I was fortunate enough to have a relationship with one of the philanthropic families in the community and was able to get a grant for the needed funds. Head Start made it through the year but we were put on drawdowns from the FEDS, which meant now we had two organizations from which we would receive moneys through reimbursement, and for the most part we did not have any unrestrictive moneys. Maybe I should have taken more time to explore our finances, but as I indicated to you earlier, I'm not a CPA, nor accountant, so since it appeared we were getting our reimbursements from TDHCA in a time fashion, money on that side of the institution was not a problem. MISTAKE. Since we had not had any difficulties in the past in that area, I assumed we were safe so I never explored it any further. Nor did I explore the possibility of getting advancements from TDHCA. My question being, if that was possible, why didn't Mr. DeYoung offer such to our agency? He, Mr. DeYoung knew we were strapped for cash

and I was doing everything in my power to ensure that the agency was going to make it, just give us a chance.

What happened? The Christmas holidays were upon us and we were short of cash. I was running to banks, credit unions, trying to do all in my power to make sure people were paid before the holidays. Things were very bleak, very, very bleak. I couldn't get a line of credit, I couldn't get .50 to see us through the holidays. I had people at my desk complaining about the plans they had and now they were not going to get paid, this is the Christmas of 2017. I didn't have a business manager, I was trying to run everything, staff was at my door and I had told everyone, that if I couldn't pay one person, no-one was going to get paid. I had no choice. I went to prayer, and you might think this cookie, but prayer saved the day. About 2:30 on the afternoon of the 23rd of December, money appeared, we had already prepared paper checks and the holidays were saved for approximately 100 employees. How it happened, I don't know other than divine intervention. I repeat, I got the advancement from TDHCA after Christmas.

Additionally, why didn't Mr. DeYoung inform the Board, that on the night that Mr. Cleveland Lane resigned, the night his attempt at the coup evaporated, why didn't Mr. DeYoung at that meeting or one of the immediate future meetings that he attended, inform the Board that Mr. Lane was not qualified to sit on the board because he had resigned and needed to be replaced through an election. He failed to do that, he failed to provide one of his constituents with valuable information that would have made the task of getting the organization, the board in working condition. Instead, he confronts me in a meeting after we had received funds from TDHCA about paying off the organization that had helped us through Harvey. It was my intent to pay, even though we were not obligated to do so, but I was having money problems at the time so I didn't want to do it all at once. I needed bills to pay and as long as I paid the helping organization before March 15, they told me it would be fine. We were not in the first part of January. Why Mr. DeYoung felt the need to interject himself viciously at that point, in the aggressive fashion he did, took me by surprise (and I must say, please forgive me, pissed me off).

One other significant item during this time is the response I received back from Mr. Hunt regarding the \$130,000 payment to TDHCA. After I thought we were through, after we had paid the money it seemed that inquiries about the money would not go away. The last significant inquiry wanted me to swear under oath that I had spoken to everyone and anyone who may have been in the fiscal office or who may have information about how the \$150,000 was generated, and to not do so I would face penalty of jail. What in the world was this about? No, I had not spoken to everyone, two of whom were dead and others I didn't know and why was I obligated to do this when I had provided the agency with 6 years of audits, defining a trail of where moneys were entered and spent, why was I being put under this kind of scrutiny. It was finally dropped

What I did learn through this period is that Mr. Cleveland Lane had Section 8 property of which almost none of the Board members were aware. Additionally, I'm willing to bet Mr. DeYoung was aware of it, yet we never heard him, nor Mr. Lane, plead a conflict of interest one time during his tenure on the Board. Though Mr. Lane did accost me one time telling me that no-one was going to accuse him of stealing GCCAC money to build his big new home in Hitchcock. I simply find it incomprehensible that Mr. DeYoung was not aware of this conflict. This is something else that probably needs exploring more thoroughly.

The first real conversations, i.e., one on one strategizing, I had with Mr. DeYoung regarding our activities at GCCAC occurred when he actually called me and not one of the Board members regarding doing a QIP. I was excited, even though I had not done one, but based on what he was telling me I felt confident this would start our ship headed in the right direction. He told me what would happen, the consultants help and the time we would have to respond, etc. I was happy, I began to think this man is finally going to provide us with the technical assistance we need. That is the purpose I saw the QIP serving. I interpreted the QIP to be the guide for us to utilize to right the ship and become the functioning organization we need to be for the communities we serve.

The Board chair and I met with Mr. DeYoung after one of our Board meetings. This was a hectic time and I was in the process of changing some staff and trying to figure out exactly how were we going to proceed with the QIP and do the other things, based on the audit findings, we had to do. Mr. DeYoung said forget everything else, the QIP is priority and that must be done or you are through. Ok, message received. Now create a strategy. (Our audit findings will be discussed in detail by our current, excellent CPA. We had just had a million dollars added to our CEAP grand. Mr. DeYoung said, don't spend, spend all of your time on the QIP, the money will be there. That is the way we proceeded.

I had never done a QIP but when I was working at UTMB we did some things I considered comparable. We created a chart, and through that chart we identified the problem, identified the primary persons to deal with the problem, identified what interruptions hindrances that might exist as problems to eliminate the problem, establish a completion date for the problem and any other materials that would be relevant to ensure the problem goes away for good. I felt good about our approach, and especially since we had had not received any real TA on writing it, one must remember, I'm working with new staff, but, I said less go with it. The response I got back from TDHCA was crumbling to the soul. They essentially said I was an idiot and what we had prepared was totally unacceptable and we need to proceed in a different fashion. All of this without any significant TA from TDHCA. So it was back to the drawing to the drawing board to meet some undefined TDHCA criteria, so it was time to locate some other organization that had gone through the process.

Our time frames are now getting shorter, not to mention the fact that when notified of a time change, i.e., when certain materials must be submitted was getting shorter all the time and what made it even shorter is that we would receive notices on Friday evening, sometimes as late as 4:50. A good time to call the team together to put together some thoughts before hitting it hard on Monday.

Several times I attempted to get our "new" staff trained. I think it is virtually impossible for everyone to come into this agency and all of a sudden know everything and get everything exactly right the first couple of times they do it. That is why you have checks and balances. You tell the staff your needs, they attempt to carry it out, if they do not, you explain their error, give them another opportunity, at some very near future point if they don't get it, we have to go a different direction. I wanted to provide the staff with training, had training set to do, then all of a sudden I'm told, sorry we can't come out there, you must come to us. This is not customer friendly and it definitely is not helpful to an agency that is looking for a way to serve the community in the most efficient manner possible. While at the same time trying to find its way. This is not small potatoes in the fight against poverty in the counties we serve. We are talking about money, real money that this agency has the opportunity to generate locally if given the opportunity. The agency, with its Head Start Program pumps about \$7,000,000 real dollars into the economy of Galveston, Brazoria, Ft. Bend and Wharton Counties. Multiply that by a turnover of \$7 per

and you have a very significant amount of money that someone wants to give to Baker/Ripley. That takes away home control of the money and in my opinion loses the opportunity to get other millions, yes I mean millions of dollars into our economy that would otherwise go somewhere else. I'm sorry I can't be more specific about those millions of dollars at this time, but would be glad to meet with members of the board to discuss in private.

I'm not a CPA, nor am I an accountant, but some of the things said to us at our last "assessment" interview regarding the latest QIP I found fascinating. I think you will find fascinating also, question .63 of my salary, telling us we have mis-allocated the space when they did not have a measuring tool, nor did they speak to the lessor about the space—yet we documented the space we have and it is all there. It was obvious to me that our CPA was talking way above their heads, but after all neither Mr. Hunt nor neither of the ladies with him are CPAs. Auditing is Mr. Mahasivam's business and he knows what he is doing but all they can say is you are doing it wrong without a reasonable explanation.

It is easy for those of us at GCCAC to look upon this as a sham. When we learn of a meeting (the Jan. meeting of the TDHCA Board) accidentally at the last minute, to learn that the agency is asking for our disbarment, there is something strange about that message. We then learn, that Baker/Ripley has already been given our initial allotment of \$800,000 plus, for the current fiscal year, one wonders what is going on, who is in the cookie jar. To add to the mystery we obtained a memo showing that conversations with Mr. DeYoung were being held before the last meeting of the board of directors. I would be willing to bet that the one piece of evidence we have documenting conversations between Mr. DeYoung and Baker/Ripley operatives is only one of many backdoor conversations that took place, wanting to move GCCAC dollars to an off-site campus where all of the administrative moneys and other moneys would not be spent locally.

We have been working on the QIP now for several months. We have attempted to meet each deadline established but the finish line keeps moving. I will point out a couple of instances when we thought we were meeting one deadline (either the QIP deadline, the legislative mandate, or some made-up mandate created by staff.) A couple of recent examples: the "Assessment Team indicated we had not done the proper procurement for our offices, especially the offices located in Galveston and Brazoria Counties. The Galveston Offices were procured properly. The property manager followed our request for information regarding cost for space. She diagrammed the space we requested and provided us square footage for the space. We, based on that information, made a decision to give the bid to Galveston Housing Authority. The "Assessment Team" had no tapes, asked my staff for tapes or measuring sticks, which we did not have, but then the Assessment Team made a decision indicating that we are paying too much for our space. How did they make that decision? What was their foundation for making such a decision?

The QIP indicated that the Board composition was incorrect and it needed to be fixed. We understood that the board was out of compliance and we were working to change that fact. A couple of problems existed at the time, the primary one being that many members of the "old" board did not want to give up their seats on the "new" board. The leadership provided by TDHCA regarding this issue I thought was valuable. They gave us their idea of what it takes to hold elections, we spoke with the Partnership regarding election of low-income representatives, and we spoke with CAPLaw about low-income representatives and felt we were ready to go.

When the team arrived on site, I informed them it was my idea to make sure that we had low-income representatives, representing low-income individuals. I received some push back, making reference to the law saying that others could represent low-income representatives. I was very adamant that I wanted low-income persons to represent themselves and not vice versa. It appeared they relented and at least for the time being would give me my way. I guess, based on the latest information we received, they are not giving me my way, they simply ended the discussion by saying we are out of compliance. Our current board is made up of 12 individuals: 4 from Galveston, 2 low-income; 3 from Brazoria, 1 low-income; 3 from Ft. Bend, 1 low-income; and 2 from Wharton, 1 low-income. All four counties will have low-income representation and all four counties will have representation from the public sector. As of this writing the only vacant seats are the vacant seats for low-income representatives in Ft. Bend Brazoria and Wharton counties, but the elections will be finalized tomorrow. Currently the new board has 9 seated members, and with the elections being finalized this week, all seats will be filled with low-income representatives having the largest number and percentage of members. The reason the Ft. Bend Galveston and Brazoria county low-income representatives have not been seated is because we were told we did not have documentation demonstrating that these representatives had in fact been elected through an election. This, after being told we could utilize other methods to elect low-income representatives, e.g., using an internal method of electing candidates. This information was provided to the chairman of the board by Michael DeYoung, at least that is what I was told.

I have mentioned that the goal posts are constantly moved when it has come to exactly what is required of GCCAC. I'm sure this is becoming a task you would like to put on the back burner so I'm going to identify a couple of more items to emphasize what I have been saying to you for the past few pages. The last visit by the "team" we needed to shore up the following—by the way, this isn't everything, I'm simply pointing out a couple of items: they indicated our cost allocations were off and we needed a new fiscal policy manual. We have done what we were asked to do, we have a new manual, we have done what is required by law to do for our cost allocations and the "team" indicated we had met the obligations. Yet, when you read their required report, you are not sure if we have resolved this issue or not. They leave it in the QIP as an item that still needs to be addressed.

The team requests information regarding support for some of the salaries we have issued, we provide the support and yet they tell us this isn't all of what they need. We need to proceed in another manner. We attempt to do that to the extent the law will allow, but they come up with an excuse as to why that is unacceptable.

They tell us that we have too many files that are corrupt, when we identify the problem and tell them how the problem has been resolved, they balk and come up with a reason as to why that is unacceptable. Most of this is unacceptable to the "team" yet it meets what the consultants said we needed to do and what we have done. We are complying with the law, while at the same time we are attempting to ensure that we are getting the most and best for the people we are trying to serve. You have to serve at the local level and we believe we have the locals who will do a tremendous job so ensure that the people who should be served will get served.

They say in the review that we have not done what is necessary to procure our IT people and when we provide the information, they say Ok, yet it comes up in the report. One would think they are simply trying to find things to put in the report to make the report look big. Most of the things are repeat issues of current or old reviews and they seem to merely be stacking the deck. Why would you

constantly repeat issues that have been resolved, when they have been resolved? This happens time after time.

Epilogue 3

I have been impressed for years about the dedication Dr. King had towards the people who were living below the poverty level. His interest level to insure that everyone had a living wage is historical. His everyday action as well as his Vietnam speech speaking out against the unequal economy for those below the poverty guidelines.

We got into this business to ensure we could help people get a bit of the golden apple. Not to live like millionaires, but to be able to live; to buy food for their families, to buy the little extra gift for the family, to be able to take a short vacation with the family, to be able to buy food and afford expensive drugs for the family when needed. Everyone is not trying to live extravagantly but to live. People want to live. TDHCA is trying to prevent us from providing an opportunity for people in the areas that we serve to live. We are confident that we can provide the type of environment that people desire but we can't do it if the money is given to someone who is not part of the community. We are the community and to take the opportunity away from us will have a devastating impact on the community. This is not the idea that President Johnson had when he initiated the Office of Economic Opportunity, to fight the War on Poverty.

I sincerely apologize for the length of this document but I think it important that you understand the microscope we have been operating under for the past two years. Most of it can be contributed to Michael DeYoung, working hand in hand with members of the Board of Trustees of GCCAC. I have not touched, except briefly what was happening in the Section 8 program, for which I was allowed limited information. I have said nothing regarding the hours I spend with Board Members, who I believe were speaking directly with Mr. DeYoung about things dealing with GCCAC issues. I have not gone into the lack of support from the board and Mr. DeYoung when the money was generated to keep Head Start going and what it took to ensure that all staff would get paid during the Christmas holidays. The effort to ensure that we have a compliant board that is willing to work for the people and not to promote themselves. This has been a task that received no support from TDHCA, and specifically none from Mr. DeYoung. We had Board members who said we should not go with the QIP, that TDHCA would use it as a means to take over the agency. I now question whether or not that was the intention from the very beginning.

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PULLED FROM THE AGENDA