BEFORE THE
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Waller Creek Office Building
Room 437
507 Sabine Street
Austin, Texas

1:45 p.m.
Friday,
May 19, 2000

BOARD MEMBERS PRESENT:

MICHAEL JONES, Chair
DONALD R. BETHEL
MARGIE BINGHAM
C. KENT CONINE
MARSHA L. WILLIAMS
ROBERT BREWER
DR. FLORITA BELL GRIFFIN
JAMES DAROSS

STAFF:

DAISY STINER, Executive Director
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MR. JONES: This is the board meeting of the Texas Department of Housing and Community Affairs for May 19, 2000. First thing I will do is certify a quorum by role call. Mr. Don Bethel?

MR. BETHEL: Here.

MR. JONES: Mr. Robert Brewer?

MR. BREWER: Here.

MR. JONES: Mr. James Daross?

JUDGE DAROSS: Here.

MR. JONES: Ms. Lydia Saenz?

(No response.)

MR. JONES: She's absent.

Ms. Margie Bingham?

MS. BINGHAM: Here.

MR. JONES: Mr. Kent Conine?

MR. CONINE: Here,

MR. JONES: Dr. Florita Bell Griffin?

DR. GRIFFIN: Here.

MR. JONES: Marsha Williams?

MS. WILLIAMS: Here.

MR. JONES: And Michael Jones, the Chair, is here. I'd like to take this opportunity at the first of the meeting, if I could, and do something that's not on our agenda. But this is the first meeting we've had as a
board in a long time where our chairman was not Mr. Donald R. Bethel.

And in honor to you, Don, if you'd come up here just for a second, I'd like to give you from your colleagues on the board -- you consider us colleagues --

MR. BETHEL: I have to consider you colleagues.

MR. JONES: -- a plaque which reads, To Mr. Donald R. Bethel, Chair, Texas Department of Housing and Community Affairs Governing Board, 1998 through 2000, in appreciation for your years of dedication and service to the citizens of the state of Texas whose lives you have enriched. We thank you for your service, we thank you for your courage, and we thank you for your leadership. Thank you very much.

(Applause.)

MR. BETHEL: If I could -- I haven't filled out a witness affirmation form.

MR. BREWER: You've got three minutes.

MR. BETHEL: I'm going to use my two minutes.

This has been a real good experience. When I got on this -- first got on this board, well, they asked me, since I had a little experience with it as mayor and on the original review community that -- in community development, they said, You know, you know about that CBDG things, and this board does community development. Then
there's some housing stuff.

And, not being very smart from out there, I didn't know the housing stuff was pretty big. And so I got on it and I've learned a lot, and I've enjoyed it. I've made some really good friends with fellow board members.

I've made some good friends with some advocates and some developers. We've got -- you got people like John Henneberger, that's finally wearing a tie to the meetings. We had Tim Thetford with -- that had a coat on and a tie. That's one of the first in things. And then some of the legislators.

But I've really enjoyed this, and I look forward to working with the board and with Mr. Jones for the next six or seven months until the term ends.

I would like to have my wife stand. Linda's here. I know that -- she gave me a bad look. If she would stand -- she has been with me a long time. It's been real -- it's been a real experience for both of us.

And I appreciate it, and I appreciate all you guys -- Ms. Stiner. Ms. Bingham, who is the chair before me and did such a great job. Thank all of you.

(Applause.)

MR. JONES: Well, you did that so good you sure you don't want to just sit here and continue on?
MR. BETHEL: I'm going to stay over here in the corner.

MR. JONES: I understand. Thank you. And the next thing we have on our agenda is the time for public comment. And I have before me one, two, three, four items of people that wish to speak and give public comment.

Was there anybody else that would like to give public comment? Mr. Kilday?

MR. KILDAY: I'm working on it.

MR. JONES: Great. If you'll just bring it up, we'll certainly allow you to. Anybody else that would like to provide public comment? Anybody else?

(No response.)

MR. JONES: All right. I had a request from Dr. Griffin that you'd like to make public comment. Is that correct?

DR. GRIFFIN: Yes, I'd like to just make a quick comment on -- as all of the board and many of the public know, we went through Sunset hearings this week, which were quite interesting.

And on Wednesday night, I delivered a short speech to the Sunset Commission. And since that time, I've received numerous phone calls from press around the state and around -- actually around the country who wanted -- who were asking me certain parts about it,
because evidently by the time they got to me much of the media had gone.

So I have brought this, and I wish to enter it into our record so that I can just tell them to come and submit an open records request and get a copy of the speech. Is it necessary to read it in order to enter it into the record, or may I just submit it?

MR. JONES: Why don't you just submit it?

Thank you, Doctor.

DR. GRIFFIN: Okay.

(Dr. Florita Bell Griffin's submission is as follows:)

Good afternoon, Sunset Advisory Commission Members. I am the infamous Florita Bell Griffin, Ph.D., the most notorious member of the Texas Department of Housing and Community Affairs board according to the Austin Chronicle. I was appointed to the board in 1995 to a six-year term ending January 31, 2001.

Today, I have not come to offer any reasons for you not to sunset the agency, if that is your desire. However, with all due respect, I have come to highlight some critical facts of importance which were not located in your staff report, and based upon what I have witnessed here today, will not be discussed in this setting.

The courage to tell the truth about what we see
around us is well illustrated in the parable by Hans Christian Anderson entitled "The Emperor's New Clothes."

In the story, a vain emperor required all the latest fashions, and he was assured that only simpletons would be unable to see the new suit he had just bought.

Not to be judged simple in the head, all the advisors, ministers, and even the emperor were too proud to admit they saw nothing when the tailors said the suit was made of costly jewels and the finest silks. Afraid to lose their jobs, the advisors said, "Ah, What A Beautiful Suit. Truly Magnificent. Worthy of our Noble Emperor. A Great Work of Art."

In the parade, none of the public would risk being thought simple, and all admired the great suit. Only a little child could risk declaring, "the Emperor has no clothes!" and then all the people awoke from their delusion and collusion.

But the emperor was so ashamed that he had been fooled that he kept marching down the street, pretending that the people were wrong and acting as if he were wearing a wonderful suit.

This story shows how all kinds of lies can be told if enough people collude in the lie and deny their own senses for fear of ridicule. As I will demonstrate to you today, that is precisely what has happened in the case
of TDHCA. I encourage you to demonstrate the courage needed to set aside anything that would blind you from seeing and hearing the truth.

After watching the ludicrous tyrannous display put on today by Senator Harris, I am so happy to be able to present this to you. The real problem here is power.

The truth is that TDHCA's biggest problems are not listed in the Sunset staff's report but in the Texas Register among the ranks of Senators and State Representatives.

For the entire five-and-a-half years that I have served on the board, board members and staff have been inundated with letters, calls, and other mediums used by elected officials to lobby for projects for their friends and constituents and thus control the agency's budget.

This places the agency in a very difficult situation on a regular basis. On the one hand, if the agency were to honor the official's request, this would give the elected official's project choices an undue advantage over those projects not represented by elected officials.

On the other hand, if the agency follows its policies of judging projects on merit, without outside pressure, we get publicly ambushed and sabotaged as has
been witnessed over the last two years and more recently today.

Of the hundreds of letters that have been received and saved from elected officials, I have selected three that may be of interest to you, as well as several examples to demonstrate the severity of this problem.

As Mr. Harris stated earlier today, the Senators and State Representatives are charged with oversight of taxpayer dollars. This is precisely the reason that I am bringing this to your attention.

How can elected officials fairly oversee the agency on the one hand and pressure the same agency for preferential treatment for friends and colleagues on the other hand?

The first letter is dated August 31, 1998, and reads thusly:


This project belongs to former U.S. Congressman Kent Hance, who was also the Chairman of the Railroad Commission. He is now a lobbyist, tax credit developer, and liberal campaign donor. It scored 54 points and was the lowest one funded that year.

As you note in his letter, Mr. Harris encouraged the subjectivity element since the project
scored so poorly. Subjectivity is usually discouraged by him.

On October 6, 1999, Senator Harris summoned the agency's executive director, Ms. Stiner, to Arlington to suggest that she work with him to develop the tax credit program guidelines, and to inform her of the noose that would be tightened around her neck if she didn't. Ms. Stiner, I guess this is your noose. This incident was reported to the full board in detail in October 1999.

Additionally, Mr. Harris used the time to solicit a job for his daughter and a manufacturing housing contract for his wife. Senator Harris stated that the lieutenant governor had instructed him to suggest that his daughter work for the agency. Coincidentally, of course, on the same day, October 6, 1999, tax credit developer Kent Hance gave a $25,000 campaign contribution to the lieutenant governor.

Oh, here's a good one: On October 22, 1999, Mr. Hance gave State Representative Bill Carter $250. Shortly thereafter Mr. Carter rewrote the entire qualified allocation plan and presented it to the board. This plan included the dismantling of the three-member Tax Credit Committee which was implemented earlier this year.

On October 26 Mr. Hance's business partner, Ken Mitchell, sent a letter to the Attorney General requesting
that Margie Bingham and I not be allowed to vote on a
Senior Citizen Project that he was proposing in San
Marcos, due to a $25 million lawsuit that I have pending
against him for liable and slander. On the same day, Mr.
Hance sent the Attorney General a check for $5,000.

I could further share Harryette Ehrhardt's
campaign contribution sage, and the fact that she removed
stacks of confidential and proprietary financial
information from the agency regarding various developers
and distributed it to the public statewide. She was only
permitted to have this information because she is a state
representative.

Or I could discus the letter that she wrote me,
which has been turned over to the Travis County District
Attorney, in which I was informed of an unwritten pact
among public servants that I violated and threatened that
"there is a price to pay."

Or I could tell you about Senator Steve Ogden
calling me to his office in October 1998 to inform me that
if I didn't take a leave of absence from the board
something bad was going to happen to me. To which I
responded, I'd rather die than run.

Following that particular encounter, my family
insisted that I hire bodyguards to accompany me until I
finished my personal investigation into all of this
madness. I have gathered and securely stored all of the information that I have shared with you today and many, many boxes more.

With the help of private investigators, information regarding elected officials that I was not seeking was also uncovered, including affairs with lobbyists, homosexual orgies, and a host of other activities that I found to be quite contrary to the high moral character that the Texas State House and Senate claim to adhere to.

I stand prepared to address the full House and Senate on all of these matters and show some of the hundreds of influence peddling letters that have been received from elected officials over the years.

The bottom line is this: Sunset TDHCA if you like, but tell the truth and the whole truth about what has happened. Your staff report is both onerous and inaccurate.

As you may have figured out by now, I could care less about what is said or written about me, and I am not afraid to die. However, enough is enough. And it is high time to set the record straight and put an end to these horrific lies about and harassment of the TDHCA staff members.

This is the proper forum to begin to repair the
damage that has been caused to staff's integrity and reputations by this highly publicized and degrading process sabotage attempt.

As you, the OIG, the State Auditor, the Texas Rangers, the FBI and God knows, TDHCA has not been mismanaged, but instead effectively managed by people of character, morals, and ethical backbone, traits that are obviously foreign to many government officials.

Additionally, the agency's current and former executive director and staff are among the finest on the planet and the housing production record over the five years is among the best in the country.

If you Sunset the agency, then tell the truth. It's the least you can do for the citizens of Texas.

Thank you for your time.

(End of statement.)

MR. JONES: The first witness affirmation form that I have here is from Mr. John Henneberger. Mr. Henneberger, if you wouldn't mind, it would be my request that you wait and speak when Daisy Stiner gives her report concerning fair-housing issues. If you mind, then we certainly can do it now.

MR. HENNEBERGER: That would be fine, Mr. Chairman.

MR. JONES: Thank you. I appreciate it. Mr.
Michael Hunter? Thank you, sir.

    MR. HUNTER: Good afternoon. My name is Michael Hunter. I'm with Hunter and Hunter Consultants. And in deference to Don Bethel I didn't wear a tie today. It's probably the first time I've been here where I didn't have a suit on.

    There's been a lot of news about the Department of Housing and Community Affairs, and I wanted to bring some good news to you. I want to talk to you a little bit about several of my clients. I'm also the executive director of Garvin [phonetic] Housing Finance Corporation -- that's one of them. Another one is Springtown Spring Garden Apartments and the Community Development Corporation of Brownsville.

    They all received funding from you last year, and Springtown received two pieces of funding, one to build some elderly housing -- rural housing. They were able to do that within approximately four months after they received the contract, and the people were in. We also have a waiting list there of 50 wanting to get into those properties. So that worked very well.

    And in the homebuyer assistance, all three of the clients have reached 90 percent reservation. They will complete their reservation probably by the end of this month. If not, it would be by mid next month. They
will have spent all of their money that they had that you
awarded to them probably by mid-July.

And I think that speaks a lot for the type of
assistance that you've given these folks, because they
have really helped some low-income folks. The average
income of the families assisted have been below 60
percent.

Garland, just last week, helped a family -- a
single head of household mother buy a house. She makes 20
percent of median income.

So I think one of the things that we want to do
is thank you for providing the resources that would allow
the local entities out there to help the people in their
communities. And I don't know if people thank you or not,
but I just think it's an opportunity to do so, and you
should. And that's all I've got.

MR. JONES: Thank you, sir. Appreciate it.

The next witness affirmation I have is from Gary Traylor.

Gary, are you here? Mr. Traylor?

MS. STINER: He addressed the Programs
Committee right before one o'clock. So I think he went to
catch a bite.

MR. JONES: If anybody knows him and he happens
to walk in tell him he'll be -- I'll be happy to let him
testify at another time later in the meeting.
DR. GRIFFIN: And if he doesn't -- if, for some reason, he doesn't come back, we're prepared to summarize his comments for you.

MR. JONES: Thank you. Appreciate it, Doctor.

Mr. Steven Rogers?

MR. ROGERS: Good afternoon. Steve Rogers with the Texas Manufactured Housing Association. I just wanted to distribute the latest and greatest information on the status of the industry in Texas -- the manufactured housing industry -- and let you know that over 40,000 people chose manufactured homes as an affordable housing choice last year, and wanted to leave these -- this information with you. Thank you so much for your time.

MR. JONES: Thank you, sir.

Mr. Kilday?

MR. KILDAY: Could I defer --

MR. JONES: Sure.

MR. KILDAY: -- at this time?

MR. JONES: That would be fine. That would be great. Thank you, sir.

MR. KILDAY: You bet.

MR. JONES: Is there anybody else who'd like to make public comment? Seeing none, we'll move on to the next item on the agenda and the first action item. Item number 1, presentation, discussion, and possible approval
of the minutes of the board meeting of April 14, 2000.

MS. WILLIAMS: Move approval.

MR. CONINE: Second.

MR. JONES: We have a motion by Ms. Williams and a second by Mr. Conine that the minutes be approved. Is there any discussion of the motion?

(No response.)

MR. JONES: Hearing none, are we ready to vote?

All in favor say aye.

(A chorus of ayes.)

MR. JONES: All opposed say nay.

(No response.)

MR. JONES: The ayes have it. I believe it is unanimous.

We move then to item 2 -- action item 2 on the agenda, which is the presentation, discussion, and possible approval of a report from the Programs Committee. Dr. Griffin, would you present that please?

DR. GRIFFIN: Yes, Mr. Chairman. Ms. Stiner, could I defer to you for you to have the staff member of your choice to come and summarize this?

MS. STINER: Yes, Madam Chair. Is David Long in the audience?

(Pause.)

MS. STINER: Okay.
DR. GRIFFIN: Well, then, we'll summarize it.

MS. STINER: You can give the --

DR. GRIFFIN: Okay.

MS. STINER: Do you want to move to the next item while we call the staff down?

MR. JONES: That would be fine.

DR. GRIFFIN: I wanted -- Mr. Chairman, I wanted the staff to present it, because it's an unusual situation and I just felt, since it probably is going to lead to legal actions, that the board should know the detail.

MR. JONES: Thank you. Should we move all the way to item 3 and come back to the Programs Committee?

DR. GRIFFIN: That would be fine.

MR. JONES: I mean, I --

DR. GRIFFIN: At this time?

MS. STINER: The Strategic Plan is on there as well.

MR. JONES: Shall we take --

DR. GRIFFIN: It doesn't matter. Whatever you want, Mr. Chairman.

MR. JONES: Let's just go ahead and take up the Strategic Plan if that's all right.

DR. GRIFFIN: All right. That's fine with me.

Ms. Stiner?
MS. STINER: Thank you, Madam Chair. John Garvin, who's director of Strategic Planning in the Housing Resource Center, made a presentation to the Programs Committee this morning of a draft of the agency's Strategic Plan that is due to the Legislature by June 1.

We will ask him to come forward and make some general observations about the plan and ask for the board's consideration of that particular agenda item. Mr. Garvin?

MR. GARVIN: Good afternoon. My name is John Garvin. We'll first go over the process we did in building the Strategic Plan -- updating continual Strategic Plan. This is a continuing plan from '99-2003 plan.

We got the instructions for the Strategic Plan process from the LBB and Governor's Office of Budget and Planning.

MR. JONES: Excuse me. Nobody can hear you because of the microphone. And you may want to adjust it.

MR. GARVIN: I'll stand up. Is that better?

MR. JONES: Anyway you can do it so people can hear, please, sir.

MR. JONES: Okay. So we went and we got the instructions from the LBB and GOBP on how to do the plan. And they were very much different than they were in the
past biennium.

Through directors meetings -- and we actually this year did something different. We had each program planning person involved to make sure that they're going to address the outcomes to meet our annual targets as it relates to performance measures, and that the program structures were in sync with our measures.

This year also we included as required a regional need section on uniform state services region -- what housing assistance is needed in each region. We included a compact of Texans, which is a method of communication for the citizens of Texas and our agency -- who takes information across, who takes complaints, how do you -- what is our location, our mission -- you know, kind of a something we can put in our internet website to get everyone to have open communication with the department.

We also put our response to Senate Bill 1563, which is customer satisfaction assessment, and we explained how we use -- and this is our customer satisfaction assessment we've used over the years.

That, basically, the public hearings we do mainly for the low-income housing plan, which is all programs at the agency -- and we brought as an informational hearing and we take public comment.

The summary of that public comment is our basic
tool stating how people consider our efforts and if we're
doing things the way -- and that's how we respond to our
program changes too is based on the public comment. So
that's the customer satisfaction assessment.

We also -- definitions for the measures are in
a new format this year -- this biennium where you take the
measure -- the definition of what it means, and then the
purpose and the importance of the data, method of
calculating the data, data limitations, seeing if that
performance measure -- for example, if we don't get enough
bond money for single family, that would be a data
limitation that wouldn't get us to our annual target under
the single family measure.

And that's the plan.

MR. JONES: Thank you.

DR. GRIFFIN: And I can add -- would you like
to make some comments on it, Ms. Stiner?

MS. STINER: If you would, John -- if you just
indicate what the handout is -- the information resource
Strategic Plan that's part --

MR. GARVIN: Oh, I'm sorry. That's -- Appendix
G is in the new requirements as well. It's that appendix
for the information services strategic plan.

MR. JONES: Thank you.

DR. GRIFFIN: Mr. Chairman, I move that the
plan be accepted as presented by staff.

JUDGE DAROSS: Second.

MR. JONES: And is that also the recommendation of the Programs Committee?

DR. GRIFFIN: Yes, sir, it is.

MR. JONES: Okay. Further discussion?

(Pause.)

DR. GRIFFIN: There may be some discussion. May we have a side bar?

(Pause.)

MR. JONES: Ms. Stiner, is there something further you'd like to tell us about the plan?

MS. STINER: Yes, sir. The Strategic Plan is a document that we can amend as we move forward in implementing and instituting new strategies. I think there was some discussions and initiatives -- there was some discussions earlier about the department's changing gear, such as moving toward developing a more regional based statewide plan.

We will have the opportunity to incorporate it in this plan. We want the board to know that as we amend the plan we'll be coming back to the board to incorporate some of those initiatives.

DR. GRIFFIN: And I apologize, Ms. Stiner. Mr. Chairman, I apologize. I should have explained that --
sorry, Mr. Garvin -- because it was my comment. The staff was basically telling us that -- basically it is my impression that they were telling us that they were trying to incorporate into this plan some of the information that had come out of Sunset this week.

And I told them that they needed to go ahead with the plan as they were going to originally do it, because they don't -- I don't feel like they needed to be rushed trying to incorporate all that information because that is not going to do anything but lead to further problems.

So if they will just stay on schedule and do what they had intended to do with this plan, then whatever we have to do when the recommendations come from Sunset then we'll do that. But I don't think that we should stress them out now any more than they've already been stressed out trying to do anything else for Sunset.

MS. BINGHAM: Isn't there a deadline for this one?

MR. GARVIN: June 1 to the Legislature.

MS. BINGHAM: Oh, yes. So you really can't --

MR. JONES: Well, then, if I understand you, Ms. -- your comment, Ms. Stiner -- thank you, Dr. Griffin --

DR. GRIFFIN: Uh-huh.
MR. JONES: -- for that word. If I understand your comments then, Mr. Garvin and Ms. Stiner, is that this is the plan you've come up with. Obviously you've been working on it a long time in light of the fact there was a June 1 deadline, and there may be further revisions to it that you want to bring to the board based upon new information that can come from a variety of sources.

MS. STINER: Yes, sir.

MR. JONES: I understand. So we have a motion on the table. Do we have any further discussion?

MS. WILLIAMS: I'm not a member of the Programs Committee, but there were some comments made with regard to asbestos.

MR. GARVIN: Oh, I can go over that, if you'd like.

MS. WILLIAMS: I mean, I just throw that out since I did attend the meeting -- or was present.

MR. GARVIN: There were comments on including -- we have a lot in there on lead-based paint abatement as it relates to the new HUD regulations. And Mr. Brewer suggested we put in information about asbestos that we -- we're not required to, but it's a good addition and we'll get some research in there.

And we've checked the formatting from -- we had a virus so the formatting -- the 18 different formats was
corrected -- has been corrected. I think that was it.

MR. JONES: All right. We have a motion on the floor and a second. Any further discussion?

(No response.)

MR. JONES: Hearing none, are we ready to vote?

All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed say nay.

(No response.)

MR. JONES: I believe it's unanimous.

At this point in time, I've been informed by Dr. Griffin that action item 2(a) is an item that will involve potential or possible or probable litigation. And, for that reason, we should take it up in executive session.

I would suggest to the board that we delay that till our very final matter so that those who don't want to come back when we come back into session don't have to be here. And in the interest of the fact that we do have people here so they won't have to wait on us.

So, with that in mind, I will move then to item number 3 -- action item number 3 and ask if Mr. Bethel will give the report of the Finance Committee.

MR. BETHEL: Yes, sir.

MR. JONES: And, at this point in time, Marsha
Williams is recusing herself, and she will leave the room. And she does so pursuant to this letter:

"Dear Chairman Jones and board member, Due to our firm's representation of mortgage lenders which originate residential mortgage loans under the TDHCA's Mortgage Revenue Bond Program, I recuse myself from the votes related to the approval of the sale of Collateralized Home Mortgage Revenue Bonds Series 1990A and Series 1990B GNMA/FNMA Mortgage Certificates and approving the redemption and other related matters and to approval -- and to the approval of resolution approving the Residential Mortgage Revenue Bond Series 2000B, Series 2000C, Series 2000D, and Series 2000E and other related matters.

"If you or any member have any questions regarding this letter please do not hesitate to contact me. Very truly yours, Marsha L. Williams." And it's dated May 19, 2000.

And I will submit this to be included as part of the record.

With that in mind, I will then turn to Mr. Bethel and let you make the report of the Finance Committee.

MR. BETHEL: Thank you, Chairman Jones. And Ms. Williams has left the room.
The Finance Committee met this morning, and agenda item number 3(a) was the possible -- the approval of Resolution 00-17 approving the sale of Collateralized Home Mortgage Revenue Bonds Series 19A and Series 19 -- 1990A and 1990B GNMA/FNMA Mortgage Certificates and approving redemption and refunding of Collateralized Home Mortgage Revenue Bonds.

The committee did make a motion to approve that. If -- Byron, would you like to give just a brief synopsis of what you did this morning just for the rest of the board members?

MR. JOHNSON: Good afternoon, Chairman, board, staff. This morning I discussed with you -- or presented to the Finance Committee proposal to refund an old issue of bonds. These were the Collateralized Home Mortgage Revenues Bond Series 1990A and Series 1990B.

The tax code permits issuers to use prepayments for one of two purposes generally; that is, to either call bonds or to recycle those prepayments into new mortgage loans.

What we've proposed to do is take and sell the certificates, generate one prepayment, and then take that prepayment and use it to generate or create more loans for the department.

We anticipate being able to create about 18 to
$20 million in loans. And this recycling program is very similar to the process we use for the commercial paper program.

We would sell the certificates, issue commercial paper to redeem the old bonds, hold on to the proceeds from the sale of certificates, and then make new -- market those, then issue refunding bonds to take out the commercial paper.

We have to do this within a certain time frame because the bonds were issued in July 12 -- in July of 1990. So it is the opinion right now of tax counsel and bond counsel that we have to reflect this sale prior to July 12. In order to do that, we really need to sell the loans -- or the certificates prior to June 5 or 6 because we have to issue redemption notices.

There is also another stipulation that we must sell the certificates at a price equal to 100 percent of par -- or par. You know, we cannot sell for a discount. So that's going to necessitate us negotiating a price with the underwriters.

We -- right now market conditions have moved against us, and the price of the certificates is approximately 98 to 99. But we believe that there is a CRA component to these certificates and that potential buyers may be willing to pay a premium in order to acquire...
the certificates.

So right now we're proposing this. We think it's a good opportunity, and we're setting ourselves up to take advantage of this opportunity.

MR. BETHEL: Thank you, Byron. And we also -- the Finance Committee did confer with their financial advisor, Gary Machak, and he concurred with the presentation. And we did vote to approve this resolution. In fact, Mr. Chair, I'd make a motion that we pass Resolution 00-17 approving the sale of these Collateralized Home Mortgage Revenue Bonds and the redemption refunding.

MR. BREWER: I second that.

MR. JONES: We have a motion by Mr. Bethel, seconded by Mr. Brewer. Discussion of the motion?

(No response.)

MR. JONES: Are we ready to vote? Assuming that we are, all in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed say nay.

(No response.)

MR. JONES: I believe it's unanimous.

Action item number 3(b).

MR. BETHEL: This one also came before the Finance Committee. And I will defer to Mr. Johnson.
MR. JOHNSON: Thank you. This is the second part of the transaction. The certificate sale would be the first stage of the transaction. The second phase of the transaction would actually be refunding the commercial paper.

So this is kind of an informational-type of disclosure for you. We anticipate selling four series of bonds. The particular series are 2000B, which is $83,515,000, which would consist of tax-exempt new money; 2000C, which would be up to about $15 million, which would be a general commercial paper refunding, which is something we have been doing consistently for about five or six years, since we've had a commercial paper program.

2000D relates back to the sale of the certificates. Whatever amount of certificates we sell is the amount we probably will be redeeming in bonds -- or whatever amount of bonds we redeem in connection with the sale of those certificates will be the amount of the -- this particular component, the 2000D. And that will be up to 20 million.

And then 2000E -- and to order -- in order to further expand the volume of loans permitted, we may add a taxable component. Of course, this will be subject to the rates in the market at the time, and taxable market at this time is extremely volatile.
And one banker informed me this morning that the spreads are widening, you know, like constantly. So this may or may not be feasible by the time we price.

MR. BETHEL: Thank you, Mr. Johnson. And I make a motion that we pass Resolution 00-18 approving the Residential Mortgage Revenue Bonds Series 2000B, 2000C, 2000D, and 2000E.

JUDGE DAROSS: Second.

MR. JONES: We have a motion on the floor from Mr. Bethel. It has been seconded by Mr. Daross. Discussion of the motion? I notice that Mr. Machak has come back into the room -- our dear financial advisor who discussed this item and the last item with the Finance Committee and gave us his recommendations, which were positive about that. Excuse me. Sorry.

MR. MACHAK: Yes, sir. I would be happy to answer any questions. I went through a presentation at -- in Finance Committee and been working with Byron and staff on this plan of finance, and recommend at this point that it be adopted -- will be a lot of work that will go into this between now and when we do come back to you for even more final approval.

So this is very preliminary, and the numbers that are represented in this analysis are preliminary too, of course, subject to market change and to negotiation.
with underwriters with regards to their fees.

MR. JONES: Thank you.

MR. CONINE: Mr. Chairman, editorial comment if I might. With rising interest rates the way they are now, this program here is as important as it ever has been and encourage you guys to go out and find us the best rate possible.

MR. MACHAK: Yes, sir. That's an important perspective for sure. And we are -- with our calendar, we're on a fast -- very fast track in trying to get this to Bond Review Board and back to your board for final resolution.

MR. JONES: Thank you. Any further discussion?

(No response.)

MR. JONES: Are we ready to vote? All in favor of the motion please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: I believe it's unanimous then.

Action item 3(c).

MR. BETHEL: All right. May I get Ms. -- was Ms. Williams' recusal for the first two items, wasn't it?

MR. JONES: I believe so. At this time -- I'm
a rookie at this, and I have already made an error which I
would like to correct.

Here with us today is State Representative
Harryette Ehrhardt. Representative Ehrhardt --

VOICE: She was in the hall.

MR. JONES: She's in the hall. Well, I'll
introduce her in a moment. Also here today from the
Speaker's office is Johnnie Morales. I know him.

MR. BETHEL: Yes, he's back there.

MR. JONES: He's back there, yes. Thank you
for being here. We appreciate you being here. Also here
from Senate staff is Michael Grimes from Senator Harris'
office. And --

VOICE: Where is he?

MR. JONES: Here he is. Thank you for being
here. We also have Jason Anderson from Senator Madla's
office. We appreciate your being here.

We have Donna Chatham here from the House Urban
Affairs Committee. Thank you for being here.

We have Tim Thetford from Representative
Ehrhardt's office. We thank you for being here.

And we have Jeremy Mazur here from the Sunset
Review Commission. And we appreciate you being here.
Thank you very much.

So, with that, Representative Ehrhardt, we sure
do appreciate you being here. Thank you so much.

    REPRESENTATIVE EHRHARDT: Thank you, sir. It's always a pleasure to come to these.

    MR. JONES: Thank you.

    MR. BETHEL: Okay. Thank you, Chairman Jones.

The last item on the Finance Committee was the possible approval of the underwriting team for the sale of the Collateralized Home Mortgage Revenue Bonds and the refunding, and then also the MRBs on the 2000s -- Series 2000s.

    And staff made some recommendations, which the Finance Committee concurred. And Byron will give those recommendations. Did you get the breakout on that -- on those spreads?

    MR. JOHNSON: Yes.

    (All talking at once.)

    MR. BETHEL: In our agenda, we have this year's makeup, and we were asking a question of how it compared to last year's. And Mr. Johnson got that for us. Thank you, sir.

    MR. JOHNSON: Sure. Along with the sale of the certificates and the sale of the bonds, we need an underwriting team. So what we did -- the staff -- was got together and I guess selected a team.

    And the components of the team are George K.
Baum as senior manager; Bear Stearns and Company as co-senior; First Southwest Company, co-manager; M. R. Beal and Company, co-manager; Morgan Keegan and Company, co-manager; Salomon Smith Barney as co-manager; and Siebert Brandford Shank as co-manager.

We did change the liability percentages. The senior manager would retain 45 percent as last year. The co-senior we reduced from 25 percent to 20. And we reduced the co-managers from 7-1/2 percent to 7.

Last year we had a total deal -- team size of six firms. This year we have seven firms. And that's why we made the changes to the liability percentages for the co-senior and the co-managers. The reason -- okay.

MR. JONES: I didn't mean to interrupt. Go ahead.

MR. JOHNSON: Oh, okay. The reason why we selected -- well, one of the reasons we selected -- one of the factors why these firms were selected is that these firms provide advice to the department on a consistent basis.

We have a pool of approved firms -- of 14 firms. And of the 14 firms, these seven consistently provide advice and are appearing before the department to express an interest in doing business with the department.

MR. JONES: Thank you.
DR. GRIFFIN: I have a question, Mr. Chairman.

MR. JONES: Sure.

DR. GRIFFIN: I have a question about the structure of these. I want to understand how you decide on the percentages, because I asked for some information on the -- over the last three years.

And I'm looking at -- and I know interest rates change, but I just want to understand what our system is, because $96,000 at one time is the largest structuring fee I've seen in the last five-and-a-half years I've been on the board.

So I'm wanting to understand how you got there, because I'm looking at a deal Bear Stearns did in -- on December of '98. And they were -- they did $20 million more money and it was the same kind of structure, and they didn't make that -- as much as this deal.

MS. STINER: Gary, you can respond to that -- or you weren't here. So let's -- Mr. Johnson, I'm sorry. I wasn't speaking. Mr Chair, may I --

MR. JONES: Surely.

MS. STINER: I've asked Mr. Gary Machak to come forward and try to assist to that response.

MR. JONES: Please do so.

MR. MACHAK: Thank you. These numbers that are included in the breakout of the spread are very
preliminary.

DR. GRIFFIN: I'm not really -- okay.

MR. MACHAK: They're just a first cut at it.

In fact, we expect these numbers on -- in a lot of these categories to come down as we're working with the group and before we go to Bond Review Board.

In fact, when we put -- what we put in our Bond Review Board package is usually a little bit higher than what we ultimately agree with the underwriters on -- because once we put that in the Bond Review Board we have no way to go up -- to go above that unless by letter.

DR. GRIFFIN: If that is the case --

MR. MACHAK: So my expectations are -- I'm sorry -- is that that number will come down by quite a bit when we're back to you for final approval. And it will be more in line of -- if not better than what you've done in the past.

And we will be -- and I'll make sure that it's in line with what other state agencies are paying for those types of services.

DR. GRIFFIN: Then, if that is the case and if these numbers really don't mean anything, why is it necessary to vote on anything today other than who the team will be? Why would we just vote on arbitrary numbers?
MS. BINGHAM: I think we need to take something to the Bond Review Board.

DR. GRIFFIN: That's -- I'm just asking a question.

MR. MACHAK: Well --

DR. GRIFFIN: Okay.

MR. MACHAK: And I'm not sure if these were provided for illustration -- illustrative purposes. I don't think that it was intended for you to approve of these amounts right now. It was just as -- for an indication.

So, in your resolution, if you contemplated putting in the fee amount and the structure, it's -- I don't think there's any problem with anybody in the working group or from the legal side of my side if you leave that out because we would certainly -- even if you did, we would be back to you for approval of that again in the future when we're ready to sign up the bond issue with the underwriters.

MR. BETHEL: Which fee -- Dr. Griffin, which fee are you talking about?

DR. GRIFFIN: The structuring --

MR. BETHEL: The structuring fee?

DR. GRIFFIN: Yes, the structuring fee.

MR. BETHEL: The --
DR. GRIFFIN: $96,386.25.

MR. BETHEL: And then, compared to last year's structuring fee, 136,000? You were saying this is the largest?

DR. GRIFFIN: Last year's -- I'm looking at both of last year's structuring fees, and that's not what Byron just gave me when I asked him the information. I don't know where this one came from, but it's not matching up with what he just gave me. I see that, but he gave me a breakout of the last three years, and that's not what it says.

MR. BETHEL: Oh, okay.

MS. STINER: I think -- may I, Mr. Chair?

MR. JONES: Certainly.

MS. STINER: I think what you have there is what we're talking about -- we came to the board with a projection of those fees. And what we have are the actual -- they are actually -- well, the way I allocated them, Gary's talking about coming back a second time and setting those fees. I think that's what you have in the second handout.

DR. GRIFFIN: In this one?

MS. STINER: Yes, ma'am.

DR. GRIFFIN: This was the actual?

MR. MACHAK: Yes.
MS. STINER: Yes, ma'am.

DR. GRIFFIN: Okay.

MR. BETHEL: So this first one --

DR. GRIFFIN: Yes, see, that's what I --

MR. BETHEL: This first one we've got is what we approved last year at the board meeting. Right?

MS. STINER: Yes, sir, in terms --

MR. BETHEL: With these fees -- and then they came back at a lower level.

MS. STINER: Yes, sir.

MR. BETHEL: I make a motion that we approve the recommendation -- I mean, the recommendations of staff, which the Finance Committee did unanimously approve that.

MS. BINGHAM: I second.

MR. JONES: So we have a motion made by Mr. Bethel, a second -- it's been seconded by Ms. Bingham.

Further discussion on the motion?

(No response.)

MR. JONES: Are we ready to vote? I assume we are. All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: I believe it's unanimously, the
ayes have it.

MR. BETHEL: And, Mr. Chair, that -- I think that concludes the Finance Committee's report.

MR. JOHNSON: Thank you very much.

MR. JONES: Thank you, Mr. Bethel. We then move to action item number 4, which is the presentation of the items that were before -- would have been before the Low Income Housing Tax Credit Committee, which did not meet. But, Ms. Bingham, would you go ahead and present those for us?

MS. BINGHAM: Mr. Cherno Njie here?

MR. NJIE: Good afternoon, Madam Chair, Mr. Jones. The item we have --

MS. BINGHAM: We have one extension. Right?

MR. NJIE: Yes. We have one extension for project number --

MR. BETHEL: Since we didn't meet this morning, shouldn't we approve the minutes of the last --

MS. STINER: Tax credit meeting?

MR. BETHEL: -- tax credit meeting, if this is going to be the tax credit meeting.

MS. BINGHAM: Or the tax credit -- next Tax Credit Committee meeting?

(General laughter.)

MR. BETHEL: I don't have any idea. I'm just
asking the question. I don't --

MR. JONES: I will accept that as a form of a
motion. So Mr. Bethel moves --

MR. BETHEL: Okay. I move that we approve, but
I'm not going to vote, because I wasn't there.

MR. JONES: I understand. I understand.

MS. BINGHAM: I don't think that the next Tax
Credit Committee meeting is going to approve this last
meeting's minutes.

MR. JONES: That's fine.

JUDGE DAROSS: Yes. I think that would be more
appropriate.

MR. JONES: Okay. That would be great. Why
are you getting me out -- in trouble? You're supposed to
be helpful.

MS. BINGHAM: So could we move on to our one
extension, please?

MR. NJIE: Okay, again, for the record I'm
Cherno Njie, the manager of the Tax Credit Program. The
item we have is for the property based in Dallas, Edgewood
Manor Senior Apartments, 99203.

The property owner is requesting an
extension -- a 30-day extension to close their
construction loan. They are right now finalizing that in
conjunction with the permanent loan and the equity
syndication for the credits. And we're recommending the extension onto the 27th of May.

And we've gotten very good compliance for the 1999 projects so far. And we're projecting that, except for one or two, most of them will be moving forward. So, with that, I will let the committee deal with --

MS. BINGHAM: Mr. Chairman, I would move for approval of the extension.

MR. JONES: We have a motion to be approved by Ms. Bingham.

MR. CONINE: Second.

MR. JONES: We have a second by Mr. Conine.

Further discussion on the motion?

(No response.)

MR. JONES: Hearing none, are we ready to vote?

All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: The ayes have it. I believe it's unanimous. Is there anything else that we need to take up before the board?

MS. BINGHAM: I don't think there's anything else for the tax credit -- do you have anything --

MR. NJIE: The other item on the agenda, the
tax-exempt bond projects, was not -- is not moving forward at this time, so that item was withdrawn.

MR. JONES: Thank you.

MS. STINER: Thank you.

MR. JONES: We then will move to item number 5, which is the presentation, discussion, and election of the vice chairman of the board.

MR. CONINE: Mr. Chairman?

MR. JONES: Yes, Mr. Conine.

MR. CONINE: If I could, it would please me to be able to present the name of our own judge, Jim Daross, as proposed vice chairman. I'd like to nominate him, please.

MR. JONES: We have a motion that we elect Judge Daross by Mr. Conine.

MR. BREWER: I second.

MR. JONES: We have a second of the motion by Mr. Brewer. Is there any discussion?

MR. BETHEL: Mr. Chair, I move that the nominations cease and that Judge will be elected by acclamation.

MR. JONES: Any discussion of that? All in favor of the motion by Mr. Conine -- you're ruled out of order -- say aye.

(A chorus of ayes.)
MR. JONES: All opposed say nay. Judge,
you're --

JUDGE DAROSS: I'll abstain.

MR. JONES: Yes. No, he doesn't abstain. The judge is elected unanimously.

(Applause.)

JUDGE DAROSS: Thank you very much. All I ask is that Mr. Jones stay healthy.

MR. JONES: And the odds on that are very, very poor. The odds are very poor. We will then move to the discussion of the issue stated for the executive director's report, which is discussion of the fair-housing issue.

And, if I could, I would like to now ask for the public comment of Mr. Henneberger, if that would be all right. Please, sir. Thank you.

MR. HENNEBERGER: My name is John Henneberger. I'm the co-director of a nonprofit organization in Texas, the Texas Low Income Housing Information Service. It's a nonprofit organization that represents the interest of low-income people and their housing needs.

Mr. Chairman, I had really thought I was going to respond to the executive director's report, but I'd be happy to do whatever you'd like me -- yes, I could lay out our concerns if -- about this issue again.
MR. JONES: Well, I tell you what, if you would -- you've introduced these concerns -- excuse me. You've introduced these concerns to us before. And, if you would -- if you would introduce them again, and then we'd let our executive director speak. And then I would be delighted to let you have another opportunity. Would that be all right?

MR. HENNEBERGER: That would be fine.

MR. JONES: That would be the way I think that we might logically at least get them on the floor again. I know you've stated them before, but it's almost like I think it would be good to refresh our concerns --

MR. HENNEBERGER: Surely.

MR. JONES: -- and then let Ms. Stiner reply. And then we'll also certainly give Mr. Kilday a chance too. Is that all right?

MR. HENNEBERGER: That's fine. Thank you. In July of 1998 I learned from a board member of mine, who was an attorney with Legal Aid here in central Texas, that certain -- that two disabled Section 8 applicants had been denied admission to a low-income housing tax credit funded development here in the Austin area for the reason being that their income was insufficient in order to pay the rent.

There -- Section 8 program, just to give you a
little background -- there are more than 100,000 families in Texas, all of whom are below 60 percent of median family income, who currently receive Section 8 rental certificates and vouchers.

The way the program works is a local housing authority -- a local administrating body grants a certificate or a voucher to a low-income family who makes application.

The federal government then provides the difference on their rent between 30 percent of their income and a fair market rent which HUD establishes for each geographical area in the state -- a maximum fair market rent.

So, in essence, the resident is not rent burdened any more in order to obtain decent housing. They will pay 30 percent of their income for rent and utilities, and the federal government will pay the difference.

The logic of saying to a Section 8 -- a disabled woman who's on Section 8 who makes application at a tax credit project that you have an insufficient income to pay the rent struck me as a little strange since the rent is being guaranteed by the housing authority through the HUD Section 8 grant.

It seems to us that the reasonable standard
should be that the landlord should be allowed to examine the tenant's income to determine if it was sufficient to pay that portion of the rent which the tenant would pay -- 30 percent of their income -- but not the entire amount of the rent.

In essence, what was happening in these two cases -- of these two disabled ladies -- was that they were functionally denied access to a tax credit development because the developer was requiring that they have three times the total rent in income. And that amount of rent was actually in some cases in excess of the maximum income limit being -- that a Section 8 resident should have.

In other words, let's say this is $1,000 a month rent on this tax credit development. They would be required to show an income -- a minimum income of three times that amount, or $3,000 per month, which would be $36,000 a year, which was above the qualifying level for Section 8.

Now, why is this -- this is matter that really clearly strikes home is that when Congress set up the Low-Income Housing Tax Credit Program, it was specifically understood that the rent levels that would be allowed to be charged, and would have to be charged in some cases, would exceed that that would make the rents affordable to
a low-income person.

So they made a specific provision in the Code which says that no tax credit development can discriminate against an applicant solely on the basis that they receive Section 8 assistance.

In essence, the public purpose that we could get out of this, in terms of getting low-income people housing out of the Low-Income Housing Tax Credit Program -- truly low-income people -- was the promise that they could access it if they were able to obtain a Section 8 certificate.

This is a problem in Austin, it's a problem in Dallas, it's a problem in many parts of the state of Texas, because there are an insufficient number of private landlords who are willing to rent apartments to Section 8 tenants.

In Texas, there is no law which bars a landlord at large from saying, I will not rent to you because you receive government assistance. There is no law. And, in fact, it is often the practice of private landlords to deny admission into their apartments of people who receive government rent assistance.

This is placing a tremendous strain on the local housing authorities and is a huge hurdle for low-income people who have Section 8 certificates.
The problems of the Section 8 certificate is similar to the problems of school vouchers and other programs along those lines. It's to say, Let the private market work. Empower low-income people to exercise some choice in their lives about shopping for an apartment in a community near a job with a type of quality of life that the rest of us get to enjoy who can afford to pay the market rent.

Functionally in large cities now where high occupancy rates prevail, low-income people are being denied the opportunity to exercise any choice under the Section 8 program, because there are not enough landlords willing to rent to them to give them a real choice.

The result is unfair concentration of Section 8 residents in certain geographical areas and in substandard -- C grade and below -- apartment projects. In essence, in a tight market, landlords get to choose.

The tax credit landlords don't get to choose under the law. The one thing that we have that makes sure that these properties are accessible by low-income people is the federal law requirement which says that a landlord may not discriminate solely on this basis.

Now, a landlord may discriminate on any other basis, and we have no problem with that. A landlord may say, You have a criminal background; I will not rent to
you. A landlord may say, You have bad rental references; I will not rent to you. They may say any valid reason that they have -- wrong family composition, like too many people for the number of bedrooms in the unit -- any valid private nonprohibitive, nonfair-housing violation basis. We have no problems.

Section 8 landlords should exercise that, and we encourage them to exercise that. We don't want them to rent to convicted felons and drug dealers and other people.

But we do believe that the only way this program will ever help the poor in this state is going to be to allow those people who have rent vouchers to be able to access the units. That, in summary, is our argument.

MR. JONES: Thank you. And I appreciate you presenting the issue to us again. My suggestion is this. As the board will recall, this issue obviously has come up before. We have had a report from an outside legal counsel on the matter, and we also noted at that time that there were policy issues that we would need to address.

And we kind of referred that to staff, and I've also asked Daisy to just get us an update on how she thinks we can move forward with this policy issue and get the information we need to take the appropriate action as a board. Thank you, Daisy.
MS. STINER: Thank you, Mr. Chair. You've heard the issue laid out by Mr. Henneberger. And, subsequent to staff's report to you, the staff organized as a task force to look at this issue, along with strengthening where there were opportunities -- current fair-housing initiatives.

They are ready with a report today, but, because of an intervening discussion that we've had with not only Mr. Henneberger but with some other groups who have very distinct approaches to how you resolve these issues, we have proposed to the Chair and would like to discuss with the board a strategy for beginning a series of workshop and roundtable discussions with those principals that are going to be impacted by this issue once the board makes a policy decision.

Mr. Kilday is here, and I don't know if this is the appropriate time --

MR. JONES: That would be fine.

MS. STINER: -- for him to come forward, but you will have some recommendations on what the agenda should look like for those discussions, organizations that initially we think should be involved.

So I would ask that he come forward -- also lay out some issues that we've been asked to consider as staff's preparation of a position. And, again, we are not
advocating that -- either position. We are ready to make a recommendation on either position right now, but we think it's important that you also be able to hear where this group -- Mr. Kilday, as you may know, represents TAAHP, and we've also had some discussions with him about it.

So I just allow him to read his remarks into the record, and then we will talk -- Chair, about what the task force -- the internal task force is recommending as an approach to this.

MR. KILDAY: We understand that you all are deliberating on this -- on fair housing and Section 8. And let me just make a remark or two.

I'm Dick Kilday, Kilday Realty Corp., and I'm also president of the Texas Affiliation of Affordable Housing Providers, TAAHP, like T-A-P.

And we have -- we're interested in this issue. We talked about it at Sunset. And here's the note I want to make -- that I was maybe a little naive, but I was surprised to hear that there really are a number of projects in Texas that either deny Section 8 vouchers or discourage them, for whatever reason.

Because the two operating projects we have right now -- one in Dallas and one in Houston -- we are capped in Dallas and we have -- actually we had I think at
one point 215 applications that were -- that had been approved, and found out that they were over our limit, because the Dallas Housing Authority, I understand, imposes a limit on how much Section 8 -- how many tenants you can have. So we obviously abided by that limit.

Our community in Houston, I think -- and I wasn't able to get the manager a while ago -- but I was going to -- I think we're somewhere up in the 40 percent of our whole entire -- all of our residents that are Section 8 residents.

So we embrace that and have done so from the very beginning. And I thought -- I'm not -- we don't have a management company in house, so I'm not there every day looking at these issues, but it was really a surprise to me.

Anyway, we're interested. TAAHP has a -- we've got for-profit developers, not-for-profit developers. We build large projects, small projects. We've got other -- we've got syndicators, et cetera.

But we have differing views and perspectives on fair housing and on Section 8, and we would be delighted to participate in any kinds of discussions that you all might want to do -- a roundtable or whatever, and any time you give us -- you know, be convenient for you.

And I just wanted to offer TAAHP, because we
are very interested in that. So just let us know what we can do and we'll be glad to help do it. Okay? Any questions or anything?

MR. JONES: Thank you. Ms. Stiner?

MS. STINER: Thank you. I think that --

MR. KILDAY: Thank you.

MR. JONES: Thank you, sir.

MS. STINER: -- pretty much -- thank you.

MR. KILDAY: Okay.

MS. STINER: -- indicate some of the perceptions about the -- about this problem. I do want to go on record that -- as saying that when the staff approached this problem, I think the report that you got back and that you have been hearing is that, because of the report we made back, that the practice in some developments of setting minimum income standards do not, in and of itself, violate the Fair Housing Act.

It was perceived that we were saying that we somehow were promoting any developer's or owner's attempt to circumvent the requirement on all of our programs that to refuse to lease to a holder of a Section 8 voucher is, in fact, a violation of that law.

So we were trying to be very clear on separating the two. That, by no means, is meant to represent that somehow this department promotes any
practice of circumventing the fair-housing law.

To that end, we had the staff prepare a report that we were prepared to make to the department today on recommendations for discussion some of the practices within all of our programs, not -- in all of our rental programs, not only the LIHTC Program.

Again, I think I started out this report with the fact that because we have not included in that report contributions which we think are valuable to any recommendations that we are prepared to make to this board, that we present to the board today a recommendation that we convene a series of discussions -- roundtable discussions with principals that will be impacted by a final recommendation to this board.

We did speak with both Mr. Henneberger and Mr. Kilday on -- last evening, not to say that those are the only organizations that are impacted about this approach, and want to bring it to this board for consideration today.

But the participants that we anticipate will be a part of the discussions that would ultimately result in a position to present to this board would be representative from a PHA, public housing authority, the Texas Affiliation for Affordable Housing providers, whom -- the organization that you hear from that
represents CDCs throughout the state of Texas, the United Cerebral Palsy organization that you hear from many times here, who represent the disabled segment of the population.

That is just also a very important part of any discussion on fair housing and access to affordable housing. Certainly the Texas Low-Income Housing Information Service, the Texas Apartment Association, the Texas Interfaith organization, as well as the National Center for Housing Management. These are trainers, on a tenant eligibility criteria.

So that is our presentation. That is our recommendation. If there are other organizations that this body or perhaps even other members of the public would like to suggest to this board be included in the workshop, we're certainly welcoming of that, Mr. Chair.

And, with that, I think it's only reasonable that we defer with any staff recommendations today and move forward with this board's approval to convening those individuals or participants.

I would also request that a member of the board perhaps -- or all of you, once those roundtable discussions are underway, be a part of those discussions.

MS. BINGHAM: Are you going to have representatives from those groups that you called out?
MS. STINER: At a minimum, yes, ma'am, and others as they are identified. But I wanted to give some idea to the public who will be involved.

Vice chair? He's leaving for a very special event. We want to announce that his son is graduating from U.T. He thinks he's giving himself a raise.

(Applause.)

MS. STINER: I don't think so. Having had two leave -- but they don't leave. You don't get a raise. I'm sorry to bust your bubble.

JUDGE DAROSS: Yes, I understand that.

MS. STINER: Good luck.

JUDGE DAROSS: Thank you very much.

MR. JONES: Mr. Bethel?

MS. BETHEL: Ms. Stiner, do we have a time frame on this? I know I was at some of the hearings yesterday, and this has been going on probably for three or four months. If we approve this roundtable discussions, can we put a date to make some kind of action? Or do you have some date in mind or --

MS. STINER: No, sir. I don't have a date in mind. I would --

MS. BINGHAM: I would recommend no more than 60 days.

MS. STINER: I was -- I didn't have a date in
mind --

MR. BETHEL: I mean, something like that. I mean --

MS. STINER: -- but certainly we can work within a time frame that's set by this body. We would hope that it would be a time frame that would turn us around pretty quickly. As I've indicated, and as you all know, it is not our desire to not get back to you as soon as possible with a recommendation. So whatever time frame you want to assign to that we can live with anything.

MR. BETHEL: The reason I was asking that is, being a Methodist, we do a lot of committees, and, at committees, you never do --

MR. BREWER: And still don't build it.

MR. BETHEL: Yes, still don't -- we still never end up with anything.

MR. JONES: Mr. Conine?

MR. CONINE: I was looking at the schedule the other day, and I think the July meeting, Mr. Chairman, is going to change. It is toward the end of July, and that would, you know, give us plenty of time I think to get this thing fleshed out and brought back to us.

MR. JONES: You know, my suggestion would be that it certainly be a report item at the very least on our next meeting -- I mean, just to know where we're
going. And then hopefully the target would be to have something for public comment and perhaps board action by that next meeting.

That's -- I mean, because where we stand right now, as I understand it, is that staff has worked to present a report based upon the input they've gotten. They really want more input.

MS. STINER: Yes, sir.

MR. JONES: And they want the opportunity to do that. And I do think before we make a rule it would be nice to hear from the people that are going to live with it. So it doesn't sound unreasonable to me. This is not an action item, so we don't have to vote on it.

MR. CONINE: I'd like to also suggest that the committee take a look at the mechanics of the Section 8 program. I'm one who wants a level playing field for everybody and be fair and treat everybody the same when they walk through the door in any apartment project that we may be involved in.

And I don't -- I personally don't have a good handle on a lot of the characteristics that come with a Section 8 program. I don't know when a person hands in that certificate when the owner actually receives the funds. I don't know how quick that turnaround takes place.
MR. BREWER: Effective when they move in.

MR. CONINE: I don't know whether there's any other considerations that might affect that particular tenant's -- resident's occupancy of that particular unit. And especially when it comes to such hard things to discuss such as eviction.

Both regular paying people and nonregular paying people unfortunately have to be evicted from time to time. And I'd like a thorough discussion and, you know, side-by-side analysis, if you will.

My hunch is that there's a lot of work that can be done in Washington, D.C. relative to Section 8 voucher program and some changes to it that would put these low-income people on a fair playing field and an equal playing field with those that pay on a normal basis.

And if it just was solely a rent -- making up the rent difference, my feelings would probably be a little different. So I -- if we could get some analysis and come back to us, I'd like to see it.

MR. JONES: And I know that we've discussed about getting board material out -- some things of that nature, you know, sooner to our -- not closer to the board, but further out so that board members can have it more ahead of time and so the public can have it more ahead of time.
And I think that would be crucial in this instance, because there are going to be a lot of questions that are going to be generated. And I think the sooner we can get it to the board and let them consider it the better.

Any further comments? Mr. Henneberger, we -- I would love to hear what you have to say now.

MR. HENNEBERGER: Thank you, Mr. Chair. I think that's an excellent approach. We are prepared to move forward immediately. We don't need 60 days. We can get this thing resolved in 30 days.

I don't know -- but I understand the staff may have additional time requirements, but we're ready to start meeting this afternoon, and we think we can work this out real quick.

MS. BINGHAM: I want to go to San Antonio this afternoon.

MR. JOHN HENNEBERGER: We'll meet in San Antonio. The other thing I'd like to ask is that, among the list of organizations which have an interest, certainly the fair-housing organizations in Texas and the civil rights organizations in Texas do.

And I would specifically ask that included among the participants would be the fair-housing centers in Texas -- I'd be happy to furnish a list of those -- as
well as the state chapter of the NAACP and the Mexican-American Legal Defense Education Fund.

And also as well the legal services centers have a housing interest group which deals with clients -- low-income clients trying to access the program. They have quite a detailed knowledge about the issues that Mr. Conine's talking about, as I know the apartment association does as well. And I would ask that they be included as well. Thank you very much.

MR. BREWER: Mr. Chair, also I went to a conference not too long ago. And Dallas Housing Authority was discussing the Section 8 opt-out and things like that. And the lady that's in charge over there had -- they have had problems in the area that Mr. Henneberger has brought up, and they may be a good housing authority to be involved. And, you know, I just don't know, but they've got a lot of experience in the Section 8 area and some of things that go on.

MS. STINER: Yes, the Dallas Housing Authority has worked with this department quite closely. Suzanne Phillips is probably in the room -- but, yet, we have good experience with working with them. That's one of the organizations that we hope to interest in being part of these discussions.

MR. JONES: Mr. Conine.
MR. CONINE: Did we decide on board participation in this? Can we get -- maybe assign one of us to --

MR. JONES: The only concern I have there is open meeting requirements as far as the fact that I don't think it would be appropriate for a quorum of the board to be there. Now, as far --

MR. BETHEL: I'll opt out.

MR. JONES: Yes. So --

MR. CONINE: So will I.

MR. JONES: -- I would think that if it's not a quorum, I don't see any, you know, problem with that. But I think that is an issue.

MR. CONINE: Can we get -- can we see if Mr. Brewer would serve?

MR. JONES: Mr. Brewer, would you serve and would you go?

MR. BREWER: I would.

MR. JONES: Thank you. Then that would be very good. Very good. Thank you, Mr. Brewer. All right. Any other report items?

MS. STINER: Yes, sir, Mr. Chair. The Programs Committee took up an issue this morning. I know we're about to go into executive session on one of their issues, but is Mr. Gary Traylor in the audience, or did he leave?
(Pause.)

MS. STINER: I guess --

DR. GRIFFIN: I don't think he's here.

MR. BETHEL: He's not out there.

MS. STINER: There was an issue -- he presented a presentation to the committee this morning on the zero to 30 percent problems that they have working in rural areas with clients meeting the zero to 30 percent -- serving households at zero to 30 percent. And he was going to -- Madam Chair --

DR. GRIFFIN: Yes, ma'am.

MS. STINER: If I make a mistake -- I mean, he -- we were expecting him back at the board meeting to continue that discussion.

DR. GRIFFIN: I don't know if he said he was coming back or not. But what he did -- he was representing seven cities. The cities were Gladewater, Lufkin, Lindale, Rusk, Sundown, Stanford, and White Oak. And all of them had received --

MR. JONES: Sounds like home to me.

DR. GRIFFIN: And all of them had received HOME funds to serve the zero to 30 percent income level. And they can't find the people to meet with those criteria, and they've been looking high and low. And he says he could get us a list of a lot of other cities who are
having the same problem.

So he was coming to us asking for relief. And I told him that I really wasn't interested in giving him relief until he gave us a letter saying -- so that we wouldn't be getting beat up for not being concerned about these people, saying all the things that they had been through and all the avenues that they had, you know, taken to try to meet this mandate.

And he said he surely would get us a letter and tell us all the things they've done. And staff is in the meantime looking into their contracts to see what can be done to help them so they won't lose the money that they can't spend on zero to 30 percent.

MR. JONES: Other report items, Ms. Stiner?

MS. STINER: That ends our report items, Mr. Chair. That ends our report items, Mr. Chair. I think our microphone's off.

MR. JONES: There we go. Seeing nothing else on our agenda, then, at this point in time --

MR. CONINE: Excuse me. I have one other --

MR. JONES: Yes.

MR. CONINE: -- thing, if I might, Mr. Chairman, in the spirit of trying to help you through your first meeting. Would you like to speak to the future schedule of board meetings? My understanding we may be
moving next month's meeting, and are you going to kind of adhere to the previous schedule set or --

MR. JONES: I think there is a reason why we need to move the June date of our board meeting. And Daisy was going to get back to me on an exact date. And, I'm sorry, Mr. Conine, but I don't know it. Do you have a suggestion?

MS. STINER: A week later than the posted meeting and if somebody with --

MR. JONES: That would make it June 16 I believe.

MS. STINER: June 16. We were trying to bring before the board an MRB transaction. And in order to coordinate that, in terms of timing so they wouldn't miss their reservation date, we need to work with them for about a week longer. And that would be June 16.

I don't think the Chairman has indicated that he wanted to --

MS. BINGHAM: What was the scheduled date for the next --

MR. JONES: I think it was June 9 was the scheduled date.

MR. BREWER: June 9.

MS. BINGHAM: June 9?

MS. STINER: Yes, ma'am.
MR. JONES: Other than that, Mr. Conine, I don't know. I don't have any other -- is that a problem for you? Do we need to --

MR. CONINE: No, no. I was just curious for the -- making it an issue --

MR. JONES: Yes. Sure.

MR. CONINE: -- understand before we go into executive session --

MR. JONES: I understand. I appreciate your bringing that up. Also one proposal that I think we're going to try to do -- we've had some problems with the size of this room. We've certainly had some problems with the acoustics in this room.

And we're going to try to move our future board meetings to the Capitol, particularly when they're not in session. I think it will be a much more convenient room for our board meetings. And so we are going to make that move. Ms. Stiner is locating --

DR. GRIFFIN: Mr. Chairman, I would appreciate it if you would reconsider. Parking is horrible, and walking that distance is wild. And I'm not sure whether or not that, you know, is more convenient for us and the citizens or not.

So would you just really think about whether or not that's absolutely necessary or whether we can get the
P.A. system fixed?

MR. JONES: Sure. Well, we tried for so many times. I will say this. We've been trying ever since I've been here. I would also say this. I have parked over here quite a bit lately.

And when the legislation -- when the Legislature is not in session, the parking real close in that garage there is very convenient and I've -- you know, it's like half full.

MS. BINGHAM: There's a garage there?

MR. JONES: Yes. So I think it may be a more convenient place, and I would suggest that. With that then, anything else that we need to take up?

(No response.)

MR. JONES: Then I would say that at this point in time on this day May 19, 2000, at a regular board meeting of the Texas Department of Housing and Community Affairs held in Austin, Texas, the board of directors adjourned into a closed executive session as evidenced by the following:

"The board of directors will begin its executive session today, May 19, 2000, at 2:55 p.m. The subject matter of this executive session deliberation is as follows, and it has been posted. Litigation and anticipated litigation, potential or threatened, pursuant
to Section 5551.0711(a) and 551.103 of the Texas
Government Code.

"Secondly, personnel matters regarding duties
and responsibilities in relationship to budget pursuant to
5551.074 of Texas Government Code. Number 3, consultation
with attorney pursuant to Section 551.0712 of the Texas
Government Code."

Do we want to go upstairs, Ms. Stiner?

MS. STINER: No.

MR. JONES: We can just stay here? Fine.

Thank you.

MS. STINER: Clear the room.

(The meeting recessed from 3:00 p.m. to 3:13
p.m. for executive session.)

MR. JONES: We will go back into open session
with regard to our meeting -- our board meeting today of
May 19, 2000.

And we will state that the subject matter of
the executive session that we just had, which was
concluded at 3:13 p.m., was litigated and anticipated
litigation, and action taken was none.

Personnel matters regarding duties and
responsibilities -- and the action taken was none.

And consultation with attorney pursuant to
Section 551.0712 of the Texas Government Code -- and
action taken was none.

And all the members of the board of directors were present with the exception of James Daross and Lydia Saenz. Okay. Thank you. So we're back in open session now.

And we will return then to item -- action item I believe 2(a) and also go back to the Programs Committee.

DR. GRIFFIN: Yes, sir. Ms. Stiner?

MS. STINER: I'm going to ask David Long to come forward and make a -- just to read into the record what is being requested of the board on item 2(a) of the board agenda. David?

MR. LONG: Thank you. My name is David Long, manager of Loan Administration for Texas Department of Housing and Community Affairs.

What we're recommending is a transfer of the HOME award existing -- HOME award 535023 from its current award name, Corporation for Affordable Housing, to the Housing Authority of Travis County, along with those recommendations as proposed in the write-up attached.

In doing so, that would also allow for additional funds of $75,000 to be awarded in conjunction with this to allow for additional finish out in construction activities related to these six units, along with the opportunity to work with the LURA and the
restrictions on the property to ensure that we meet HOME guidelines and move from rental to homeownership activities.

DR. GRIFFIN: Mr. Chairman, I move that -- well, first of all, the Programs Committee recommends approval of this. And I make the motion that the full board approve item 2 as per staff's presentation.

MR. BETHEL: Second.

MR. JONES: We have a motion by Dr. Griffin and a second by Mr. Bethel. Any further discussion on the motion?

(No response.)

MR. JONES: Hearing none, are we ready to vote? All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed say nay.

(No response.)

MR. JONES: The ayes have it I believe unanimously.

MR. LONG: Thank you.

MR. JONES: Is there any further motions?

MR. BETHEL: I'd like to say one thing that -- you've had the chairmanship for a few days now, and I thought that you did a good job before Sunset the last couple of days, which was a real trying time for you and
the staff.

And I thought that the whole agency did a good job over there, and I appreciate you getting an opportunity to do that and not me.

MR. JONES: Thank you. And I will note that you were so helpful over there. I believe you did say one word; that was no. Now --

DR. GRIFFIN: And I'd like to make a comment on that too, Mr. Jones. And everybody was here -- everybody on the board was there except Ms. Bingham. But you've been through it before, so you know it really was a trying time. And it's going to be quite interesting for the rest of the year on into the time that the session starts and this issue is dealt with.

And I guess I would just challenge you to, you know, just really think about it and realize that the senators and the state reps are people just like we are, and they don't have the right to talk down to us or to holler at us or to call our staff and us ignorant. They don't have that right. I've been reading their manual on the things they can and cannot do.

And I really think that, even if you don't want to challenge them for yourself, it's our responsibility as the board not to let them do that to our staff, because staff can't say anything back to them. But we, as board
members -- we can say it, and we should say it. And
that's going to be the only thing that brings some kind of
civility back to the process. As you witnessed this week,
there wasn't any.

MR. JONES: Is there a motion that we adjourn?

MR. BETHEL: I move we adjourn.

MR. JONES: We've got a motion we adjourn. Is
there a second?

MR. CONINE: Second.

MR. JONES: Seconded. All in favor say aye.

(A chorus of ayes.)

MR. JONES: We're adjourned.

(Whereupon, at 3:25 p.m., the meeting
concluded.)
CERTIFICATE

MEETING OF:        TDHCA Board
LOCATION:          Austin, Texas
DATE:              May 19, 2000

I do hereby certify that the foregoing pages, numbers 1 through 77, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing and Community Affairs.

05/30/2000
(Transcriber)             (Date)

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