

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
2007 STATE OF TEXAS

Thursday, April 12, 2007
Capital Extension Auditorium
State Capitol
1100 Congress Avenue
Austin, Texas

BOARD MEMBERS:

BETH ANDERSON, Chair
SHADRICK BOGANY
C. KENT CONINE, Vice-Chair
SONNY FLORES
GLORIA RAY
NORBERTO SALINAS

STAFF:

MICHAEL GERBER, Executive Director

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P R O C E E D I N G S

MR. CONINE: Good morning. And welcome to the April meeting of the Texas Department of Housing and Community Affairs board meeting, April 12. It looks like we need to call the roll, and I will do the same. Beth Anderson?

(No response.)

MR. CONINE: Not present currently, but she will be here. Don't worry, folks.

Vice-Chairman Conine is here.

Shad Bogany?

MR. BOGANY: Here.

MR. CONINE: Gloria Ray?

MS. RAY: Here.

MR. CONINE: Sonny Flores?

MR. FLORES: Here.

MR. CONINE: Mayor Salinas?

MR. SALINAS: Here.

MR. CONINE: We have got currently five present, and that will do for a quorum. The first thing I want to do is take public comment. As you know, we give you the opportunity here to speak to the Board on whatever the issue might be. And you can either do it here at this

particular time frame or when the actual agenda item that you may want to speak on is present.

I have some witness affirmation forms for both; at this time frame and later on when we have specific agenda items. So I will call the first witness to the stand.

John Meinkowsky, it looks like. Sorry if I butchered it up. Hello, John.

MR. MEINKOWSKY: Nice to see you again, sir. Is this working.

MR. CONINE: It is working.

MR. MEINKOWSKY: This is not an agenda item. I wanted to make a quick comment to you. John Meinkowsky with ARCIL, Inc. We are the Center for Independent Living in this area. And we have a contract with TDHCA to provide TBRA to people to people who are in the Olmstead population, people transitioning out of institutions. My main point, at this point, is to let you know after we have been in this for a couple of years, that this is working the way it is supposed to. In our area, and I believe, with the people I have talked to around the state who have these contracts, people are coming out of institutions with the help of this rental assistance. Almost to the person, out of a vat of big money, that none

of the people that we serve would be able to do that without this program being available. The other affordable housing program just isn't fair. The waiting lists are too slow. One of the things we have probably been struggling with for a while in this program is the 24 month limit of rent assistance, through this funding stream, because other affordable housing programs have waiting lists that can be much longer than that. In many parts of the state, people have been unable to apply for a Section 8 voucher during the last couple of three years. So we have to find other options for these people. And we actually came to some pretty serious issues around that. We have one person who had completed the 24 month as of this past month. That is, as of today, he has no rent assistance. He can't pay his rent. And fortunately, the good news is that we have arranged for a Section 8 voucher that were available through the old Project Access program that was funded for this same population. But for the most part, people have been diligent in looking for other options. For the most part, people have transitioned to other affordable housing during the time that 24 months. So we wanted to say, thank you again, and let you know that this is working the way it is supposed to for the most part. And thank you for your time. Do you have any

questions for me?

MR. CONINE: Questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

MR. MEINKOWSKY: You all have a good day.

MR. CONINE: Doug Dowler.

MR. DOWLER: Good morning.

MR. CONINE: Good morning.

MR. DOWLER: My name is Doug Dowler. I am the Executive Director of Pineywoods Home Team affordable housing out of Lufkin, Texas. I am here today to bring to your attention, and thank you for the opportunity to speak before you, by the way. But I am here today to bring to your attention some of the challenges we are experiencing in attempts to bring our developments in the Orange and Lufkin Hurricane Rita redevelopment tax credit allocations. In 2006, Hurricane Rita allocation, we received an allocation for two projects. One in Orange, Texas, and one in Lufkin, Texas. Both of which counties were eligible under the Hurricane Rita set-aside. When we made the application, the numbers were very small and among other things, construction costs, during that

particular period of time. We tried to anticipate what the increased construction costs due to the hurricane would be. We know that the Agency tried to determine what the increase in costs could possibly be in. Certain concessions were made in the allocations to try to address those issues. In any event, construction costs have risen beyond our expectations. We are working very diligently now with staff at TDHCA to try to address the issues into the increased construction costs, determine alternatives that we can address those increased construction costs, and come back with a viable plan to get the housing on the ground. Basically in a nutshell, we are seeing about a 43 percent increase in construction costs over what we had projected in early 2006 and awarding late 2006. In an effort to bring about additional funds to the project, we have contacted the local consortium and have actually received an additional HOME allocation of consortium funds from the City of Orange, bringing to the total \$440,000 of additional funds that we have put into the project. We are naturally deferring as much of our developer fees. Our contractor is cutting his overhead contingencies, his general profits, everything by half of what would normally would be seen in a construction project, all in an effort to try to bring about this project. We have been in

contact with TDHCA staff on several occasions in our discussions of possible solutions. Staff has asked us to go out and consider getting other contractors' bids from the Houston area as well as other areas in Southeast Texas. We certainly will seek reputable general contractors to bid the work. However, in our efforts to try to find additional contractors, we have also been in touch with the other developers in the area. They too are experiencing much of the same concerns as we have in our projects. Just to give you an example, we contacted one developer in the South Louisiana Hurricane Katrina affected area. Three projects have been awarded tax credits in those areas. In the Iberville Louisiana project, a very similar project to the one that we have in Orange; a construction of 57 single family houses, our project is the construction of 51 single family houses in Orange. Their project in Iberville, Louisiana is coming in at \$127 per square foot. Our project in Orange is down about \$103 per square foot. Very similar type projects. Very similar type construction concerns, very similar type costs. In order for us to move forward, though, we are going to have to find some resolution to this funding gap. Our equity investors, our construction lenders are ready to close. Our contractors are ready to build. But we

have got to find a way to overcome this gap. It is our purpose here today to alert you to the large increase in construction costs in the Southeast Texas area. And hopefully, to help you understand the problem not of our making in which we are facing and trying to overcome. We will continue to work with staff over the next few weeks, hopefully to find a viable solution to the problem, and hopefully return with a solution that you can approve. Thank you. Is there any questions?

MR. CONINE: Yes. Mr. Dowler, I have a question. You mentioned some square foot costs a minute ago, relative to your project and maybe some over in Louisiana. Are those square foot costs at the actual hard construction costs, or are they --

MR. DOWLER: They are not total development costs. They are hard construction. Site on site, hard and other.

MR. CONINE: That is a little disconcerting, isn't it?

MR. DOWLER: Yes, it is.

MR. CONINE: Okay.

MR. DOWLER: And that was the middle. There was one at \$116 which was a multi-family. Just single family at \$127. And then a modular project at \$163, all

in South Louisiana.

MR. CONINE: Sounds like you need a little more competition amongst the trades down in that end of the world.

MR. DOWLER: If you can find any.

MR. CONINE: Yes.

MR. BOGANY: I have a question for you.

MR. CONINE: Mr. Bogany.

MR. BOGANY: What are you guys doing to recruit getting out of Southeast Texas, maybe going to West Texas, maybe going to North Texas or Lubbock, trying to get contractors to come down here where the business might be slow. Better yet, looking at the country as a whole, and finding where it has slowed down in construction, whether it is Florida, whether it is Arizona, or the West Coast, where the construction is beginning to slow down, because the market is getting soft, and trying to recruit those contractors to come down and work here?

MR. DOWLER: And as I said, that was a suggest as well, that the staff had proposed to us, of going to Houston, maybe, to try and find a contractor there in the more competitive market. We have talked with other developers. And as we have mentioned earlier, we are seeing 127, 116, \$163 per square foot construction costs

from these other contractors that are building in these hurricane affected areas. To some extent, I think you have to put some legitimacy, if you would, in the fact that those isolated areas are not like the rest of the state. And even if you bring a contractor in from Lubbock, Texas to build in Orange, Texas, he is going to face the same materials and labor costs there, because he is not going to be able to bring all of his subcontractors from Lubbock, Texas down to Orange to build 51 structures.

He is going to have to rely on the local labor force to do it. He is going to have to rely on some of the local material suppliers there, concrete, steel, plumbing, electrical, things of that nature there. You can't bring it from Lubbock, Texas. You can't bring it from South Florida in there.

MR. BOGANY: But you can surely bring it from Houston. And I would venture to say, that if you guys ran an ad in a Houston paper and said, we would like to talk to contractors, we are having a big event, I would guarantee you, contractors would come to that event. And it just seems as though when you have a rising cost like you guys are having, it is because of lack of competition.

And it is almost price gouging legally. And that is basically what is happening down there. And I think that

if you bring an influx of people in there, and give it an opportunity, I see nothing wrong with running an ad in the Houston Chronicle, and saying, we are having a big contractor meeting. And we would like all contractors who are interested in helping rebuild in East Texas to come.

MR. DOWLER: We actually -- excuse me. We actually took contract bids from five contractors, only one of which was local to the area. The rest were from out of town, and some were from as far away as up around Lufkin, Nacogdoches. You know, the actual lowest contract bid of an acceptable bid was from a contractor there locally. This particular contractor has been in business for 30 years. He does anywhere from \$300 million a year in construction on up. He is a very reputable contractor. He is able to bond the project, and pay the performance bonds. Yes, I can find some contractors, but they can't bond the project a lot of the times.

MR. BOGANY: Okay. Thank you.

MR. CONINE: Any other questions?

(No response.)

MR. CONINE: Thank you very much. Ed Allgeier?

MR. ALLGEIER: Thank you. My name is Dan Allgeier. I am here today to speak in favor of the Residences of Eastland, number 07149 on the competitive

round. This project is in Region Three which is the Dallas-Fort Worth region. And this region is unique, because it is the only region in the state that has two large cities competing for the same allocation of tax credits. Residences of Eastland is 146 unit townhome development, located in Southeast Fort Worth. It is in the Stop Six neighborhood, an area, the City of Fort Worth has designated as a Neighborhood Redevelopment Zone. It is a disadvantaged neighborhood. This will provide affordable rental housing for residents in a low density setting. There is five units an acre. Some dilapidated existing housing is going to be torn down to accommodate the new development. It is needed. We have support of all the neighborhoods. We have support of the city, the county, the state, Representative and State Senator. This project is very competitive and would be funded this year, in the 2007 round, except for the fact that almost 30 percent of the allocation has already been forward committed to two projects in Dallas. As I said, you have already forward committed two projects. It is 28 percent of the funds. Now at this stage, we have no idea whether or not this project is going to -- where it is going to finally score. It is possible that it will be funded. But we are right on the edge. In the event it does not

get a 2007 allocation, competitively, to maintain balance in the region, we ask that the only application in Fort Worth be considered for a 2008 forward commitment.

Thanks. Questions?

MR. CONINE: Any questions of Dan?

(No response.)

MR. CONINE: Thank you.

MR. ALLGEIER: Thank you.

MR. CONINE: Appreciate it. Okay. Let me pause, if I might. Today will be a special meeting for a lot of you here today. Not because it is just a small agenda, and a short agenda, but hopefully we can get through this, and hopefully get everyone out of here early today. But also, Governor Rick Perry has proclaimed April to be Fair Housing month in the State of Texas. To help us celebrate the occasion, the Board is joining the Governor by approving a similar resolution later on in today's agenda. And we are honored to have Railroad Commissioner Michael Williams here to help us promote Fair Housing Month. Commissioner Williams has a long history of service to the state and federal government and has spent many years in helping enforce the Civil Rights Act and fair housing through his work with the Department of

Education and Justice. He spent many long hours in Washington, D.C. fairly recently, and he and the Department's Executive Director, Mike Gerber tirelessly worked towards securing disaster relief funding for Texas as a result of the hurricanes in 2005. As many of you know, this marks the 39th anniversary of the passage of the Fair Housing Act, as part of the Civil Rights Act of 1968. As the State's lead agency responsible for the creation and preservation of safe and quality affordable housing, the Texas Department of Housing and Community Affairs also stands for equal housing opportunity for all Texans. This Board and Commissioner Williams joins Governor Perry today in recognizing Fair Housing Month being the month of April. Our resolution commits the Department to the principle that no person served through our programs will be subject to discrimination in housing.

And we call on our industry partners to do the same. The Department takes an active role in helping educate our industry partners of the principles set forth in the Fair Housing Act, and we are proud and honored to carry that out, and carry that mission. At this time, I would like to ask Mike Gerber, if he would, to share a few comments.

MR. GERBER: Thank you, Mr. Chairman. And it is an honor to have Commissioner Williams here joining us.

It is also an honor to have General Counsel Terry Seals, who also has done a yeoman's work in the area of trying to bring resources to Southeast Texas for hurricane recovery.

Also here with us today, Commissioner Williams played a key role at the request of the Governor to assist Texans with housing in Southeast Texas over the last 20 months. He has been a tireless advocate for Texans and those impacted by the hurricanes in 2005, both the evacuees who came to Texas from Hurricane Katrina and the people who were obviously impacted here by Hurricane Rita. I had a chance to have a front row seat with the Commissioner when he went to Washington, D.C. to ask for additional resources with the right thing for Texas. I can't think of anyone that was I was more proud to staff and to walk up and down the halls with of Congress, fighting the good fight, and watching him fight the good fight and lead our State's efforts than Michael Williams. And that is exactly what we had to do. Hurricanes don't discriminate when it comes to the lives they ruin. So it is very appropriate today, when we recognize and affirm the ideals and principles of fair housing that we are joined by a passionate, intelligent and tireless Texan, who made all the difference in the world, in helping the State secure more than \$500 million in disaster relief. And I know

that his presence, just like it did in Washington furthers the cause we are promoting here today, of fair housing, and will help that message be heard just like the effect that his presence had in Congress. And Mr. Chairman, with your permission, I would to like to ask everyone in the room to please join me in thanking and welcoming Commissioner Michael Williams.

(Applause.)

MR. WILLIAMS: Thank you. It is indeed a pleasure for me to have the opportunity to visit with you.

It is not always the occasion where another agency head has the occasion to come visit an agency. But this is a real pleasure. And it is a pleasure for a couple of reasons. You know. I am reminded of a statement by Alex Haley. Somebody asked Mr. Haley, they said, what gives you the inspiration to have written Roots? He said, when you go about your business each and every day, you should find some good and praise it. And so I am here to thank and to praise you for the work you are doing. To be part of this sort of celebration, in terms of the 39th anniversary of the Fair Housing Act, and the work that you are doing there. You know Mike, you and I did have an occasion to walk up and down those halls and visit a

number of members. It was important to do that on behalf of Texans, and make sure that Texas not only had the opportunity to recover, to resurrect from that hurricane, but now that we have gotten Texans back on the road of recovery and continue doing the work to make sure that all Texans have an opportunity to prosper and to enjoy the opportunities in this great nation. So it is my pleasure to be here with you, to celebrate the work that you have already done, to commend that work. But also, to sort of challenge us to continue to go further. When I think about sort what happens in terms of housing, I thank you again for that. It was in our backyard that my Dad, the football coach and I used to throw the ball back and forth. I got to know my Dad in that way. He is today still one of my best friends. It was in the kitchen that we sat around the table, and got to learn a whole lot from my Mom. And got to sort of develop a relationship with my sisters. And so a lot of things happened in houses, besides just sort of bricks and wood and things of that nature. You get to develop family. You get to develop some values. I appreciate what you were doing, and to make sure that Texans have an opportunity to develop those values. And you guys keep on strengthening Texas one house at a time. Thank you.

MR. CONINE: Thank you, Commissioner.

(Applause.)

MR. CONINE: Come on and let's get a picture if we can. Do we have a resolution.

MR. GERBER: Everyone has signed it except for our Board Chair who is still testifying over in the Legislature.

MR. GERBER: Commissioner, why don't you and Acting Chair Conine sit down here with some pictures with everyone behind you.

MR. WILLIAMS: What are we doing?

MR. GERBER: We have got a resolution here that the Department has, that the Governing Board has signed. We'll ask you to just sign on the bottom that you have witnessed it. Just affirming the principles of fair housing. Anywhere.

(Pause.)

MR. CONINE: Now we get to take pictures.

MR. WILLIAMS: Well, let's do that. Everybody suck in. They are rearranging us.

(Pause.)

MR. GERBER: We have one more thing for the Commissioner that we are going to send to him, once our Board Chairman is sighted.

(Discussion was held off the record.)

MR. GERBER: She does, but it is an award for the Texas Department of Housing naming you a Texas Housing Hero. And it just simply acknowledges Michael Williams for his outstanding leadership and unwavering efforts to secure funding to rebuild homes and communities devastated by Hurricane Rita in Southeast Texas and to assist those displaced by Hurricane Katrina. Signed this twelfth day.

MR. WILLIAMS: You are pretty good. I appreciate that. Thank you.

(Applause.)

MR. WILLIAMS: Back to work. Thank you.

MR. CONINE: Jeff Crozier was the next. Back to the public comment period. Jeff Crozier. Jeff?

MR. CROZIER: Good morning, everyone. My name is Jeff Crozier. And I am here in a different capacity than what you all normally see me up here. I am pleased to announce that I as of last Monday, I am the new Executive Director for the Rural Rental Housing Association of Texas.

(Applause.)

MR. CROZIER: Thank you. I am really looking forward to working with this Board and all of you folks out here in the audience as well. I just wanted to make a

kind of throw down a gauntlet for something I am really passionate about. Is that rural housing, rural Texas needs help. And especially in housing. And I am going to draw up on my resources from my experiences in the past, and everybody else's resources. Our association has had kind of a reputation of kind of being a small niched group that just handled a small program out of rural development. And while that is going to be an important part of our association, we want to expand that out to represent all rural housing in Texas. We are not just going to -- we want to represent every one, and become one of the preeminent housing groups in the state. So I am really looking forward to working with each and every one, everybody in the audience. And if I had business cards, I could pass them out. But I don't have them yet. So I imagine it wouldn't take long to get a hold of me. So thank you again, and I am looking forward to working with each and every one of you. Thanks.

MR. CONINE: Jeff, we applaud not only your work in the past with this Department but also looking forward to you, I guess, surviving the ghost of Socks Johnson over at the Rural Rental Housing agency, and look forward to your leadership with that group.

MR. CROZIER: Thanks. I appreciate it.

MR. CONINE: Thank you. Appreciate it.

MR. CROZIER: All right.

MR. CONINE: Good morning. You are right on time.

MS. ANDERSON: I've been over in the big house.

MR. CONINE: We just finished public comment.

MS. ANDERSON: Great.

MR. CONINE: And we were getting then to go, to move along to the regular agenda, the consent agenda. If you would like to take it over from here, you are welcome to do so.

MS. ANDERSON: Keep going.

MR. CONINE: All right. Let's move on to the consent agenda. Item 1 on our agenda, we have Board members, you can see in the book, the issues involving consent agenda. Do I hear a motion?

MR. BOGANY: So moved.

MR. FLORES: Second.

MR. CONINE: A motion and a second to approve the consent agenda. Any discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor, signify by saying aye.

(Chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Next we are going to the action items we have. Item 2 is a presentation, discussion and possible action for 2007 competitive housing tax credit appeals. The first one is the Alamito Place Apartments in El Paso. Mr. Gerber?

MR. GERBER: Mr. Chair, if we could postpone that until just a little later in the agenda, and move to Item 2B?

MR. CONINE: Okay. Going to Item 2B is the tax credits associated mortgage revenue bond transaction. Go ahead, Mr. Gerber.

MR. GERBER: Mr. Chairman and Board members, Item 2B is a tax exempt bond applicant that is requesting a 4 percent Housing Tax Credit determination for the Hometown at Matador Ranch Development. This Priority Two application proposes the new construction of 198 units, targeting an elderly population, to be located in Fort Worth. The bonds will be issued through the Tarrant County Housing Finance Corporation. The Department has not received any letters of support or opposition. The applicant is requesting \$575,046 in Housing Tax Credits and staff is recommending approval of tax credits in that

amount.

MR. CONINE: Okay. Where are the public comment forms. Are they over here? None on this one? Okay. That is good. I didn't want to screw that up. All right. Any other -- do I hear a motion? Any other comments or questions?

MR. BOGANY: So moved.

MR. CONINE: Motion to approve.

MR. FLORES: Second.

MR. CONINE: And a second. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all in favor, signify by saying aye.

(Chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Item -- we are going to wait on 2A, is what you said, but moving on to Item 3. Is that correct?

MR. GERBER: Yes, sir. Mr. Chairman, if we could hold off on Item 3A and take Item 3B first, providing a general update on the CDBG program, and then moving to the amendments.

MR. CONINE: Okay. We'll do them backwards then. Item 3B. Yes. Item 3B.

MR. GERBER: Great. And Board members, if I could, I would like to ask Kelly Crawford, who is our new Deputy Executive Director for disaster recovery, to come forward, and she is going to provide us a broad overview, having just spent many days out in the field on all of our various pots of funds, to try to develop a full picture for you based on the discussion you had at this Board table last time.

And then we will move to Item 3A, which is specific amendments, which really are some of the hurdles that we are dealing with to get these dollars out the door.

MS. CRAWFORD: Good morning. Kelly Crawford, Deputy Executive Director for disaster recovery. And I would like to give you an update on the CDBG disaster recovery program, focusing mainly on the first rounds of funding that we have out in the fields with the COGs. And this week, we went out to Beaumont, and we were providing to the COGs some work writeup technical assistance training, and developing some time lines for these projects for the next 90 days, for you all to understand where they are, and where we are going, and what we can

expect to see.

For South East Texas Regional Planning Commission, I want to actually talk about the expenditures that have occurred to date. And I thought that we should maybe just talk about percentages expended, instead of actual dollar figures, since everyone received a different level of funding. And then in the future, you are going to receive a report that will have all the data for your review. That is actual dollars in categories and such. For South East Texas Regional Planning Commission, they have spent 26 percent of their general administration budget. If the amendment that we will be discussing next is approved, that percentage is going to drop to just under 14 percent.

And they have spent just under 5 percent of their planning/project delivery budget. And no direct service expenditures at this time have occurred for any of the COGs. So less than 1 percent of their overall budget has been expended. And I know that sounds a little grim right now. But I am willing to say that out loud to show you that is a good base line for what we can expect in the future. I think, as you see, over the next few months, that is going to be a distant memory. And what we are

expecting to see, over the next 90 days for South East Texas is within the next seven days, they should be sending us about 50 addresses for environmental clearance.

23 have already been environmentally cleared and six are going to be in their first batch of homes that they will proceed with immediately. They have already procured a manufactured housing provider and they should be able to proceed fairly quickly to serve the homeowners that will be receiving a manufactured housing unit. Within 14 days, I think it is possible we could see them have a contract in place with the manufactured housing provider. And within 30 days, I believe they can begin installing manufactured housing units for those qualified applicants.

So in a pretty short turnaround, you are going to see some folks in some new homes, and being taken care of. For their stick built beneficiaries, the time frame looks quite different. Within 14 days, if the budget amendment that we are going to be presenting is approved by the Board, they should have a contract in place with a construction management oversight firm. And that firm is going to develop a qualified bidders list and a system in procuring construction contractors. Within 30 days, I think that firm should have a number of work writeups and cost estimates prepared. Within 45 days, I think that

first batch of projects that should be at least six, should be bid out to construction contractors. And within 60 days, they should be awarding those to the winning bidders. Within 75 days, actual work should begin on the those first batch of homes. And depending on weather and other factors, such as the extent of the rehab, or the reconstruction, required could be anywhere from 45 to 90 days after construction begins, for those homeowners to be getting the keys to their completed homes. This puts that time line at about 4 ½ months from now. And these are all estimates. I think that we are going to have to know that those will change some. Some may be better. Some may be a little bit later out than we are expecting right now. But this is our first best guess. And I think though, after this first batch begins for each of the COGs, we are priming the pump. We are overcoming some of those barriers to success. And then the train is getting steam, and it should just happen easier and quicker as we go along. And at the next Board meeting, we are going to report progress on these items, and fill you in on the actual numbers. Right now, we are planning, and as we get those numbers, we will report those to you.

For Deep East Texas Council of Governments,
they have expended 15 percent of their general

administration budget and just under 5 percent of their planning and project delivery budget. And less than 1 percent of their overall budget has been expended as well.

Everybody is about in the same place. They have developed this program. They have done a lot of that front work. And it is time for that next step to be taken, and they are on a precipice. We are getting there.

To date, they have identified 144 homes that appear to meet eligibility requirements from their initial review. Almost 100 of those are manufactured housing units. That will not be required to undergo clearance by the Texas Historical Commission. So that is going to help us really begin to proceed on these. Once they have determined which of those are outside of the flood plain, we can environmentally clear them. And we think that within seven days, their staff should determine which homes are outside that flood plain for environmental clearance. Within 14 days, they could put out an RFP for a manufactured housing provider. And within 30 days, they should be able to select a manufactured housing provider.

Within 60 to 75 days, manufactured housing units could be being replaced at whatever pace that provider can maintain, because they have got quite a lot. And I think their estimates are 70 to 80 percent are going to be

manufactured housing units. So that, I think, that turnaround time on getting those in place, and getting those people in homes is going to be fairly quick. They also are going to have some stick built homes that require repair. And we are going to work closely with them to get them on their strategy to address those eligible homeowners.

And the Houston-Galveston Area Council has expended about 17 percent of their general administration budget. Eleven percent of their project planning delivery budget has been expended. And just a little over 1 percent of their overall budget has been expended. They have sent six homes to the Department this week, which we will have environmentally cleared by the end of the week.

And along with the other COGs, their inspection staff, their construction and inspection staff was at this training. He has been performing work writeups and he has conducted about 15 damage assessments and initial inspections. So within 30 to 45 days, they should have a qualified pool of contractors established to begin bidding out repair and construction projects. And as of the end of March, they have received 147 total applications. And they have approved 51 for assistance. And Michael, each Board meeting is to report real progress to you, to show

you what we have done to get us further down the road. And show you the actual progress made as we move forward. Do you have any questions about that?

MR. GERBER: I would just add to Kelly's comments that we will be providing to you in addition to the expenditure rate in percentages of real numbers, also a spread sheet that has all those dates and time lines, COG by COG. And our COG partners have been working with Kelly very aggressively to try to -- are the microphones working? They are? Okay. Not well at all. If someone could take a look into that. But we will be providing that information to you as an executive report item as well as you will be orally briefed on it, verbally briefed on it during these sessions. So we will keep you apprised. But I would just note that our COG partners have been working very aggressively with us. And Kelly will be in the field each week, along with her staff to continue to break down obstacles, which is what we are tasking her and her Division with.

MR. CONINE: Ms. Crawford, we had a testimony earlier in today's meeting about some of the construction costs issues that are, let's call it 40 percent above what should be normal. Are you and some of the COGs experiencing some of those same issues?

MS. CRAWFORD: I have heard. Those are the first hard figures I have actually heard. But I have heard that it is significantly greater than what they had thought at the time. That, what I have been hearing from HUD is that is really not unexpected. I think that the other disaster areas have experienced similar, up to 40 percent change in those construction related costs. And I think that is probably the next barrier that we are going to have to address and overcome. And just as we kind of segue into the amendment part of it, I think you are going to see the need for amendments to these plans, these budgets to address those types of things that come up, that are actually proven out. I mean, when it is a rumor, you want to kind of think about it. But you want to make sure. What did we plan, and can we actually do it. If we hit that wall, then we move to strategies.

MR. CONINE: Mike, I see this having some policy implications on both what we are doing on the HOME fund level, or CDBG fund level, excuse me, and the tax credit testimony we heard earlier today. And I think, if staff could take a look, and the Department could take a look at those issues, and maybe suggest to the Board at next month's meeting some recommendations on you know, how we may end up patching some of the -- I know that we are

under stringent rules and regulations on each of the programs, but my concern is that we are going to run up against a brick wall without having considered the policy implications on both of those programs. And it would behoove us to have a Plan B in place, in case that happens. So if you guys could take a look at that, and maybe get some outside construction expertise from down there, around the area, and maybe I think the example was used, Lubbock. But outside of the hurricane area, where prices have seemed to spike so well, to see if some importation can be done to help out, or if it can't, then we have got an issue that we need to deal with.

MR. GERBER: We will come back to you in the next Board meeting.

MR. FLORES: Chairman?

MR. CONINE: Yes, sir. Mr. Sonny?

MR. FLORES: Kelly and Mike both -- someone up here a while ago said that there was a 43 percent increase in South East Texas, and it happened during the first six to twelve months. But it only happens in this kind of situation, where there is a surge. They soak up all the people from all over. And the costs go literally out of sight. People are in dire need for roofs and so on. So you don't question how much it costs, you know.

But then, as soon as you get two or three years down the line, obviously, things stabilize. I am of the opinion that the 43 percent is way out of line and has probably no scientific basis. I would like to have some kind of report to us, whether indeed there has been some kind of a scientific you know, analysis made of this and who made it. That 43 percent is, I think, completely out of line.

MR. GERBER: We will ask our Real Estate Division, Mr. Flores, and others on our team to get together with the building and the construction community to get an accurate picture. And we will come back to you at the May meeting with a report.

MR. SALINAS: It has increased how much?

MR. FLORES: The mention was 43 percent by the previous person that was --

MR. SALINAS: But you would say, that means it is just about \$80?

MR. CONINE: No, sir. There was testimony it was over \$100.

MR. FLORES: It was \$127 a square foot actual construction. You know, they build Four Seasons Hotels for about \$200 a square foot, so I don't think we are building Four Seasons Hotels here.

MR. SALINAS: But the regular -- I would say, is \$80 per square foot, really the going price right now?

MR. FLORES: I would say it might be a little on the low side east of here, but it is probably between 80 to 100, depending on the quality.

MR. SALINAS: Another share it is about 125.

MR. FLORES: This is nice first class, you know, apartment houses and townhouses. So I don't think we are in that category. So we may be closer to 80 to 100.

MR. CONINE: You all are scaring me to death with those kind of numbers. Let's see if we can get some outside expertise.

MR. FLORES: That is what I am looking for, because I think it is way out of line.

MR. CONINE: Right.

MR. FLORES: And I don't want to go into and let some numbers go out there and a lot of people to spend that kind of money, if indeed we are going to be overbuilding for the constituency that we represent.

MR. CONINE: Right.

MR. SALINAS: Where I come from, it is about \$75 to \$80 right now.

MR. CONINE: Okay. Any other questions of Ms.

Crawford?

MR. FLORES: Yes. One more.

MR. CONINE: Okay.

MR. FLORES: In reading all of this, I don't know under what section it was, but there was a mention in there about generators in East Texas and somewhat. It doesn't have a priority, and it doesn't have a scale, whatever you call it -- the grading system. As if it didn't matter. That was of some concern to me, because in East Texas, a generator after a hurricane becomes one of the most important things out there. There is trees all over the place, and all of the lines are down. Sometimes the fire department is the only one that has a standby generator. Some of these folks were asking for generators. It appeared to me that essentially, the word was out -- generators don't matter, number one. And number two, they have no priority.

MS. CRAWFORD: This is the infrastructure part?

MR. GERBER: It is. Heather from ORCA is here. Heather, would you like to come forward and address this point, or Oralia?

MR. FLORES: Because I would like to figure out some way to put some priority on generators in that part

of the country.

MR. GERBER: Oralia Cardenas represents the Office of Rural Community Affairs.

MR. FLORES: Welcome.

MS. CARDENAS: Good morning. Oralia Cardenas. I am the Director for Community Development at ORCA. Related to your question on the generators, we have funded 150 generators under the first funding for disaster relief recovery. So there are some generators that were, are in the process of being purchased through the first round of funding.

MR. FLORES: Do you have a rating system for different items on infrastructure? And if so, where are generators on that list?

MS. CARDENAS: There are 200 points on the current disaster recovery fund. It is the second round of funding. Public water, wastewater projects is 200 points. Other public facilities, 100 points. And generators or water wastewater is 50 points.

MR. FLORES: Okay. So we are the bottom 25 percentile, as opposed to -- okay.

MS. CARDENAS: There was much more emphasis on generators during the first round of funding.

MR. FLORES: But because you have power in East

Texas. That is why. But you say you have already approved 150 of them?

MS. CARDENAS: We have 150 generators that will be --

MR. FLORES: Is that 180 projects or are they 180 in one location?

MS. CARDENAS: No. They would be scattered.

MR. FLORES: Scattered. Okay. I will just let it sit. Thank you very much.

MR. GERBER: And Mr. Flores, I would just add that one of the points that came up before this Board and in the discussion among staff was a very conscious decision to fund -- to not fund items that are anticipating the storm to come, but to make repairs for the storm that has already happened. And there is a critical need on generators and shelters and other kinds of items, and we did hear about that at a round table that ORCA and TDHCA held. There was some concern expressed. But I think overwhelmingly, there was agreement that with the very limited amount of funds that were available, with 22 million going for, that were unrestricted funds for infrastructure, that as unhappy of a choice that it is, making the choices to fund critical infrastructure that hit the highest numbers of people who have been impacted

and to repair their homes or neighborhoods. The infrastructure that supports their homes or neighborhoods or communities, that that would be assigned the highest priority. And so that is how that scale works. So we didn't intend to fully take it off the list, but it just does go very slow.

MS. CARDENAS: It is slow. Low priority.

MR. FLORES: Are we reimbursing counties and cities and so on for expenditures and repairs to roads and so on?

MR. GERBER: No, sir.

MR. FLORES: So there is no reimbursement?

MR. GERBER: This is --

MR. FLORES: So they would have to get generators out of their normal county funds or so on to have them at fire departments and certain locations throughout the counties in East Texas.

MR. GERBER: Yes, sir. And I am told, I believe, and Ray, you might want to correct me. But there are resources available through FEMA. Not sufficient resources that communities can apply for, for those kind of emergency generators and other types of emergency equipment for fire departments and police departments. Is that --

MS. CARDENAS: Well there may be, should there be a future disaster, through reimbursement.

MR. GERBER: But Heather, is there an ongoing program? Sorry. Standing there, shaking her head, yes. Heather LaGrone is also with ORCA.

MS. LAGRONE: Yes. The USDA, when we did our round table, told us that they had money, that people could potentially apply for this. And possibly through them, they are looking at a program that they could potentially apply for generator money.

MR. GERBER: Heather, could you state your name into the microphone.

MS. LAGRONE: Oh, sure. I am Heather LaGrone with the Office of Rural Community Affairs.

MR. FLORES: Thank you. Thank you both. I think you have answered. Thank you.

MR. CONINE: Any other questions of the witness?

(No response.)

MR. CONINE: Okay. Thank you, and we look forward to hearing a good report next month, and the month after. We appreciate both of your hard work.

MR. GERBER: And Mr. Chair, I think we are now coming back to Item 3A, which are the two amendments.

MR. CONINE: We are?

MR. GERBER: And I think Ms. Crawford is going to continue on that.

MS. CRAWFORD: As I stated before, these are the first two of what could potentially be other amendment request that you will be seeing as we work through the challenges and the intricacies of making these funds work in ways that I don't think they were necessarily designed for, initially. These two amendments should help the COGs move forward with this program and begin to serve impacted individuals in a substantial way. The first amendment that is being requested by the Deep East Texas Council of Governments involves the request to transfer funds from the emergency repair budget category to the reconstruction budget category. In the past 20 months or so, since Rita hit, DETCOG has been able to address most of the homes in need of emergency repair with other funds. Therefore, these funds will better serve the needs of their community by transferring them to reconstruction activities. While the overall number of beneficiaries originally targeted to be served is decreasing, those beneficiaries have already been served under other funding sources, or their homes have actually deteriorated further that is requiring a higher level of work that can be addressed under the

rehabilitation component of the program. Staff finds that that the new uses for these funds is consistent with the program requirements, and we ask you to determine if these funds should be transferred to the reconstruction budget category.

MR. CONINE: All right. Why don't we take these items as separate items. Do I hear a motion on the -- oh, we do have some public comment right quick. Walter Diggles. Walter up here?

(No response.)

MR. CONINE: I guess he is not there.

MS. CRAWFORD: He is here today. I just don't guess he is in the room.

MR. CONINE: The train just left the station. All right. Do I hear a motion?

MR. BOGANY: So moved.

MR. CONINE: Is there a second.

MR. FLORES: Second.

MR. CONINE: Motion and a second. Any discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the staff recommendation, signify by saying aye.

(Chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. You can go ahead with the next one, Ms. Crawford.

MS. CRAWFORD: Thank you. The next request is from the South East Texas Regional Planning Commission. In their initial application, funds that would typically be included in planning and project delivery were placed in the direct services categories. Based on their planned use of the management firm to oversee the construction component of the program, they have determined that they need 390,000 transferred from the direct assistance category to project delivery costs, to allow them to expend these funds properly. Also, they estimate a need to transfer another 300,000 to general administration from the direct assistance category. Since these funds were always planned to be used for specific purposes, and were inadvertently placed in the incorrect budget categories, there is no reduction in the number of beneficiaries to be served. Again, we find that this is appropriate under the program, and ask for your determination.

MR. CONINE: We have one witness affirmation form for Pete DeLaCruz. Pete.

MR. DELACRUZ: Good morning. Pete DeLaCruz of

South East Texas. I think Kelly has pretty well laid it out. I just wanted to reaffirm to the Board that we are working extremely hard to ensure that these dollars get out as fast as possible to the citizens of South East Texas. Unfortunately, these dollars come with a lot of strings, and we are working with Mr. Gerber's staff very closely to try and get all of these strings kind of cleared up, and get these dollars flowing as fast as possible. And this amendment today was just one of those items that we had to fine tune the budget to get the dollars to flow. And I think we will, next time that we are before you, that you will see some actual homes that have been touched with these dollars. And there is nothing more that I would like to see; to get these folks back in South East Texas back on their feet. And we appreciate your time very much today. Thank you.

MR. CONINE: Thank you. Any questions?

MR. FLORES: Mr. Chairman, if you will have Kelly back on, I have a question.

MR. CONINE: Yes. Ms. Crawford.

MS. CRAWFORD: Yes, sir.

MR. FLORES: Kelly, you made it sound as if this were just an administrative error going in. If that is the case, then the administration calls for the South

East COG, do they compare favorably against the others?

MS. CRAWFORD: I think so. When I worked it back into the budget and did the projection for the amounts of expenditures in general administrative and project planning, and looked at those categories. If we made these changes, the percentages are more in line with the other COGs.

MR. FLORES: Okay.

MR. SALINAS: The 300,000 from direct assistance to administration for payroll?

MS. CRAWFORD: For general administration. I don't know specifically what there uses will be.

MR. SALINAS: But those specifically for direct assistance, families or houses?

MS. CRAWFORD: Yes. But --

MR. SALINAS: Somehow you are transferring it back down to --

MR. GERBER: It is really split. It split among those two categories. One comes out of direct costs. Part of it goes to -- 300,000 goes to general administration, 390,000 goes to project planning and delivery costs which were in all -- in both of those categories were underestimated.

MR. SALINAS: They were underestimated . They

were not budgeted right. So you want 300,000 back for administration.

MR. GERBER: For administration costs, because it costs more for the COG to administer and startup.

MR. SALINAS: Cooperate.

MR. GERBER: And then more for project delivery, because the ramping up and actually getting projects together costs have been more expensive and apparently more intensive more than all of the COGs have thought. And South East Texas was a little lower than the others. This gets them aligned with the others.

MR. SALINAS: Okay. That can be done.

MR. HAMBY: Kevin Hamby, General Counsel for the Department. One of the reasons we wrote this this way, Mayor, is actually taking \$690,000 from direct and moving it all into the project. But because we are doing it at the same time, they needed 300,000 from the project delivery to administration. So it is actually -- we are kind of doing it, if you will, a piggyback kind of mechanism here. We could have shown this and demonstrated as \$690,000 from direct costs to project delivery, which was the budgeting error. But they also need an additional \$300,000 out of the project delivery. So rather than do two separate amendments, we did one amendment. This is

just moving it down, because it would have been adding \$690,000 to project delivery and then taking \$300,000 out of project delivery into administration. So they are not moving from direct delivery to administration. It is actually a two step process, but we are streamlining it into one. Instead of taking \$300,000 out of project delivery into administration. And I believe it is for the construction group. And that is how we have done that.

MR. SALINAS: Well, as long as we note the mistake was done.

MR. CONINE: Ms. Ray?

MS. RAY: What is significant to me is a little bit more than that. The project deliverables, it shows very succinctly that there is no change to the number of beneficiaries. So the beneficiaries are receiving the services as intended.

MR. CONINE: So the number of people doesn't change any.

MS. RAY: Exactly.

MR. CONINE: Okay. Do I hear a motion?

MR. FLORES: Motion to approve.

MR. BOGANY: Second.

MR. CONINE: There is a motion and a second on the floor. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor, signify by saying aye.

(Chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Thank you, Kelly, for your good work. And we look forward, again, to some better reports as we move forward. Yes.

MR. GERBER: One last thing. Use of the word mistake. Some of the mistakes have also been on the Department as well. So we are all on a learning curve. But I just want to really commend the COGs and particularly, South East Texas, which we use the word, the phrase, to try to crack the code. And we have really been working in earnest to do that. And it is challenging. And there have been mistakes along the way. But we appreciate the Board's indulgence as we work through those. Kelly and Peter are especially to be commended.

MR. CONINE: Thank you very much.

MS. CRAWFORD: Thank you.

MR. CONINE: Before I turn the Chair back over to the Chair, I would be remiss if I didn't recognize someone in the audience who is a previous Board members

and previous Board Chair, Mr. Don Bethel. Thank you for being here. And stand up and take a bow. Let everybody recognize you.

(Applause.)

MR. CONINE: I can do that without a microphone, you see.

MS. ANDERSON: He snuck by Security.

MR. BETHEL: I am sorry that the paper is not here today.

MR. CONINE: I wasn't going to bring that up. Madam Chair, the floor is yours.

MS. ANDERSON: Thank you, Mr. Conine. We will now go back, please, Board, to Item 2A, the Housing Tax Credit appeal for Alamito Place Apartments in El Paso. Mr. Gerber.

MR. GERBER: Madam Chair and Board members, Item 2A is an appeal from an applicant whose application was not accepted by the Department for the 2007 Housing Tax Credit cycle and was returned to the applicant by mail. As stated in the information provided to the Board, the application was determined to be incomplete because all the unbound copies and the financial statements were not submitted with the application.

These include copies of Volume One Tab Five,

copies of Volume Three Tab Seven, Copy of Volume Two and the complete financial statements and authorization to release credit information signed by all persons owning 10 percent or more of the general partner, developer or guarantor.

All applications are required to submit the above information completely, and in the appropriate format. This may seem procedural, but given the volume of applications that we receive in each tax credit round, it is important that the applicants meet the terms of submission that they were provided with well in advance. Staff is recommending that the Board deny the appeal.

MS. ANDERSON: I have public comment on this item. If you want to do that before we have the motion?

MR. CONINE: Sure.

MS. ANDERSON: Mayor John Cook. We want to welcome you, Mayor Cook.

MR. COOK: Thank you. And I appreciate your postponing the item until I got off the airplane. Thank you very much. I am asking you to please consider this appeal for several reasons. First of all, the Alamito Place Apartment project is a total of 454 units. Many of

them located in an area of El Paso called Segundo Barrio, which is one of our oldest, poorest neighborhoods. In addition, this, the financing for this is a very complex issue. We got a HOPE 6 grant as part of this \$70 million.

The City of El Paso is contributing in the way of infrastructure and surplus bond funds that we have. The County of El Paso is also contributing to the project. There is educational components to try to get people from public housing back into the workplace. So this \$70 million total project is extremely important. I can tell you that where we are right now, is we have already started demolition of the units, because this is a reconstruction of old units. We have started the demolition process. We have already moved families out. And we have a five year period in order to complete the project and get folks moved back in. Now you might be thinking, well, why don't you just wait until next year, and then reapply. And the concern that I have about that is that there is pending legislation right now which would actually take housing authorities out of the mix for being eligible for tax credits in the future. I think that we have some other folks that are going to address this issue in more detail. But I think in the submission, what you were missing of the financial data, which was not included

in the unbound copy would have told you that the Alamito Place Apartments is a brand new organization, and we basically have no financials. So even though, in reality, we did not submit the financials telling you that we have no financials to submit, I don't think it as serious an omission as it might seem to be on the surface. Finally, I would also like to ask you to consider letters of support that we have. I have a letter of support from Congressman Silvestre Reyes. I am expecting letters of support from Senator Elliot Shapleigh and Representative Cinta Quintanilla and Representative Paul Moreno who are in this, they are Representatives in the State Legislature who are supportive of this project. Also, we have spoken with several of the competitors in this particular market that is in El Paso. There is really only two. Tropicana Homes and Investment Builders. And Mr. Ike Monte is here with Investment Builders, and I know he is supportive of our efforts to get this project. And the reason is, is because of the impact this is going to have on our community, and everything else that is happening. We just went in, the El Paso Independent School District went in and completely rebuilt one of the schools in that neighborhood, trying to revitalize. The City of El Paso is in the process right now of doing a major downtown

renovation. And this particular residential neighborhood sits right on the outskirts of downtown. It is within walking distance of our downtown, which over the years, like many inner cities, has fallen into decay. The City is finally united with the business sector in a very aggressive program to try to rebuild our community. And we have -- anybody who has studied downtown revitalization projects knows that one of the most important components is the residential component. And that is why I really feel that I am asking you to use your discretionary authority to grant this appeal and look at the whole application in more detail, and see if you agree with me that it is a very important project to a very poor community in the State of Texas. And I am subject to your questions.

MR. CONINE: Do we have any other public comment on this?

MS. ANDERSON: Yes. From the Housing Authority, and a couple of attorneys as usual.

MR. CONINE: I think I will wait.

MS. ANDERSON: Mr. Mayor. I do appreciate you making the trip to be here. That sends a pretty strong signal. You mentioned one of the two affordable housing developers in El Paso. Where does the other one stand on

this?

MR. COOK: I don't believe he is raising any objection. I haven't been able to --

MS. ANDERSON: We like to keep the peace in El Paso. We are not always as successful at that sometimes as others.

MR. COOK: And I am glad you raised that issue, because I do want to tell you that I have been embarrassed as a City Representative in the past when our delegation has come to Austin and not spoken with a unified voice. And there has been infighting and bickering. I call it the crabs in the bucket syndrome. And my mission is to get all the crabs out of the bucket. And I think you are going to notice that we have a very different attitude in El Paso. My administration is very progressive. And we agree to work with other people. And I think the bad experiences that you have had with us in the past, you are going to find out, are history.

MS. ANDERSON: Okay. Thank you. Yes, sir.

MR. FLORES: Mayor. You said something about a pending legislation? Go back through that again, slowly?

MR. COOK: Well, there is folks who are in the tax credit business who feel that it is really not right for tax supported entities such as housing authorities to

be able to compete for those projects. I know that in the last legislative session this issue was brought up. And I believe there are several bills out there this session that would actually take us out of the mix. So and I am very concerned that those bills passed in this \$6.7 million part of the \$70 million project would leave us wondering where are you going to get the rest of the money. And the HOPE 6 grant really depended on the full mix of financing in order for it to work. And the finances for that not only included building the infrastructure, but also educational programs, at the community college level, and in the school, teaching people English as a second language, providing them with work skills. So based upon the extreme complexity of this entire HOPE 6 \$70 million project, and the 454 units that are associated with it, when you -- it is almost like a deck of cards that you have stacked. Once you start pulling cards out, the whole thing starts to crumble on you. And the real concern I have is that we have already moved 454 people out of their units and told them we will get you back in within a five year period. And that is what the HOPE 6 grant tells us, is that you have to be finished in five years.

MR. FLORES: The bottom line is if the

legislation passes, you have \$6.7 million hole in your pocket.

MR. COOK: Yes, sir.

MR. FLORES: Okay. And you mentioned something else. I want to get it straightened up. You mentioned that this is the reconstructed project. And you said that it was existing project is already demolished. Now is this correct?

MR. COOK: The demolition is taking place right now. This portion of it is 58 units out of the 454. The folks have been moved out of those units already. And we have told them, you will be relocated back in, and the demolition has begun on those 58 units.

MR. FLORES: So you have had to relocate 58 families somewhere?

MR. COOK: Yes. And in addition to that, I know we have people who give testimony from the Housing Authority. We have a waiting list of well over 1,000 people who are still waiting for public housing. And in a community like El Paso where the housing requirements and the housing needs have not been met over the years, as the Mayor of this city, I am very aggressive in trying to pursue affordable adequate housing for all of the people that I represent there.

MR. FLORES: Thank you, sir.

MS. ANDERSON: Thank you, sir. Appreciate you being here.

MR. COOK: Okay. God bless you, and have a good morning.

MR. CONINE: Thank you, Mayor.

MS. ANDERSON: Mr. Vince Dodds.

MR. DODDS: I wanted to pass out --

MR. CONINE: You are not allowed to pass out.

MR. DODDS: Distribute?

MR. CONINE: Yes.

MR. DODDS: Thank you, Madam Chair and Board members and Mr. Gerber. I appreciate you allowing us to come and hear us in our appeal. Thank you, Mr. Mayor. Boy, I need to take him wherever I am going. He is a very tied in to what we are doing. He understands how important our HOPE 6 project is to the downtown part of our city. And to answer your question, Commissioner Flores. All the units that are being demolished were built in 1940. It is our oldest public housing property. And so we have --

MR. FLORES: No asbestos, I am sure.

MR. DODDS: Yes. We do have abatement in our budget. But the plan is to, and what I have distributed

to you, and I have boards here to show you, I mean, we -- excuse me. We are taking a 1940 vintage major neighborhood in the South park of El Paso. Let me make sure I have got my perspective right here. This is -- for those of you that know El Paso, the major part of downtown is right over here. This is Paisa no, and this is the property that we are revitalizing. And it is a revitalization grant from HUD for \$20 million. You know, we are contributing, we the Housing Authority is contributing \$5 million of our reserves. Plus, we are contributing back. We are handling the development and we are contributing back, in essence. Not taking the developer fee. So we are really serious about you know, providing that neighborhood with a fresh look. And we think it will help our entire downtown in El Paso. So I handed you that picture, and then this one to show you where Alamito Place Apartments fits in. It is 58 units right here of the total, as the Mayor said. There is 454 units for the total project. 308 units are being developed downtown. Some single family, some apartments.

We have an elderly, mid-rise that we are working on as well. So Alamito Place is just a piece of the puzzle. And as the Mayor shared with you, we are -- we have gone to many people in our community, both on the soft side to

provide our residents with, as the Mayor said, you know, educational, work opportunities. But also hard dollars that people in our community are contributing to this. As the Mayor shared, the City has contributed a million two to widen St. Brain Street and basically Third does not currently exist. We are carving Third Street through the whole property. So you know, it is, as the Mayor shared, it is a major project for us. The HUD deadline for construction for this project is February 2010. And we are phasing it so that we can get it all done by then. And this is Alamito Place is one of the bases. So I will answer any questions that you all might have.

MR. CONINE: Do we have any other public comment?

MS. ANDERSON: Yes, we do. Questions?

MR. FLORES: Could I? One question.

MS. ANDERSON: Sure.

MR. FLORES: Once again, I heard a total of \$6.7 million in pocket, now you have \$5 million. I am missing \$1.7 million.

MR. DODDS: Well, no. Our contribution to the entire redevelopment revitalization is \$5 million of the housing authorities. The tax credits that we are applying for, for Alamito Place are another part of the financing

structure for the entire project.

MR. FLORES: And that equals \$1.7 million?

MR. DODDS: No, 6.7 is what we are applying for in tax credits.

MR. FLORES: The Mayor that proceeded you said that if we didn't approve this, he was out \$6.7 million on a \$70 million redevelopment project.

MR. DODDS: Correct.

MR. FLORES: Okay. And the \$6.7 million has to do with our tax credits.

MR. DODDS: Correct. Yes.

MR. FLORES: Okay.

MS. ANDERSON: Any other questions. Mr. Mayor?

MR. SALINAS: Can I ask Mike a question. Why is the recommendation against it, when --

MS. ANDERSON: I only think it is fair.

MR. SALINAS: When it looks so good, and the Housing Authority is --

MR. GERBER: It certainly is -- we are not commenting on the development, Mr. Mayor, because we have a set process we are working through with all tax credit applications. The rules that this Board passed had very clear expectations about the form and format of the tax credit applications that had to be submitted. And our

multi-family team works hard, especially on the March 1 deadline, they literally camp out on the first floor of the building as people line up to deliver these applications to ensure that all the component parts are there. Some get turned away. Had this application been walked in and had those things been missing, it never would have been accepted by the Department. And at that point, the City would have had a choice to go over to a nearby fax machine or to 7Kink's and get the material they needed submitted faxed to them, and have the material that needed to be copied, copied. Unfortunately, because it came in the mail, we were not aware of those deficiencies until after, until the night of March 1, or the morning of March 2, after the deadline. Other applicants do opt to submit their applications beforehand, giving us a chance to confirm that all the component parts are there. And Robbye Meyer, our director of multi-family might wish to further --

MS. ANDERSON: Well, we are in the middle of public comment. So let's finish the public comment and you know, we see this every month. The staff does not exercise discretion. They follow the black and white of the rules that this body votes. Okay. And sometimes we grant appeals and sometimes we don't. And that is where

we get to apply our discretion. But that is why you don't see a staff recommendation to grant the appeal, because in their determination, they have followed our black and white rules.

MR. SALINAS: Okay.

MS. ANDERSON: And we will have a Board discussion about what we want to do, after we finish the public comment.

MR. SALINAS: Okay. Fine.

MS. RAY: Very good.

MS. ANDERSON: Okay. Any other questions for this witness?

(No response.)

MS. ANDERSON: Thank you very much.

MR. DODDS: Thank you very much for allowing us to come.

MS. ANDERSON: Sure. Barry Palmer?

MR. PALMER: Good morning. My name is Barry Palmer, and I am with the Coates Rose Law Firm. And we represent the Housing Authority of the City of El Paso on this transaction. And as has been pointed out, this application was submitted, and it was substantially complete. All of the volumes were included, except the portion that was not submitted was the unbound copies of

sections of the bound versions. And then the financial statements. So everything is in the application, just not the unbound copies, and the financial statements for the Housing Authority. Now several years ago, this Board changed the QAP because they didn't want to have an unjust the result where applications are terminated based on administrative deficiencies. So the whole concept of an administrative deficiency was put into the QAP. Where if you have things that are missing, then you are allowed to correct it within a few days. And so in this case, we would like to ask the Board to treat this as an administrative deficiency. That the application was substantially complete. That the unbound version was not there, but that was just copies of things that were already included. And so we would request that you treat this as an administrative deficiency and grant the appeal. Thank you.

MS. ANDERSON: Questions for Mr. Palmer?

MR. FLORES: Yes, ma'am. Madam Chair, I apologize for taking so much time.

MS. ANDERSON: No problem.

MR. FLORES: This is of some interest to me. I see the very worthwhile social value for this project. But you know, your client, Mr. Palmer has messed up. And

you know, you as a professional I think have an obligation to explain to them how important it is to do everything by the numbers.

I don't know if I can convince my colleagues here to approve this appeal, but I think because of one dumb mistake, I think here you are jeopardizing a very substantial project with the City of El Paso. It's part of a gigantic puzzle would make a lot of things work quite well, I think, inside the city of El Paso.

I certainly urge you to go back there after this meeting is over, and convince your clients on how important it is to have professionals in the middle of all this checking everything at the very last moment, to see that things are done correctly and according to our rules.

I just urge you to go take care of your business.

MR. PALMER: Thank you, Commissioner Flores. And certainly, in retrospect, you know, the Housing Authority could have spent more money on consultants to review the application and make sure that there were no mistakes.

But then again, the reason the QAP was changed several years ago was to try to avoid unjust results, where the whole City of El Paso is penalized because of an administrative error.

Here there were not any volumes that were not included. There were not excessive omissions as the QAP describes the grounds for terminating an application. It is just a matter of not copying certain sections from the application and putting them in an unbound volume. And that, we would hope, could be treated as an administrative deficiency that could be corrected.

The Housing Authority would have a chance to correct this. Submit the required additional documentation. Almost every application that you have received in this last round will get deficiency letters from the Department, sometimes two pages long with 30 things that are deficient in the application. But they are given a chance to correct that. The application isn't terminated after they are given some time to correct those administrative deficiencies.

And we would simply ask that you treat this as an administrative deficiency. It was a mess up. But it wasn't substantive. It is something that is easily corrected. And it is certainly something that is desperately needed by the Housing Authority in the City of El Paso.

MS. ANDERSON: Thank you. Ms. Antoinette Jackson.

MS. JACKSON: [inaudible].

MS. ANDERSON: Thank you. That is the end of public comment on this item. We have some questions of staff.

Ms. Meyer.

MR. CONINE: Robbye, do I recall this project from the '06 round at all? Did they just not get in the money, or am I thinking about something else?

MS. MEYER: They were actually terminated. Robbye Meyer, Director of Multi-family Finance. They were actually terminated last year for failure to submit their third party ESA report in a timely manner.

MR. CONINE: After a deficiency notice from the Department?

MS. MEYER: They missed the deadline on third party reports. Once third party reports are missed, then the applications are terminated.

MR. CONINE: Okay. And I am a little confused about what was actually missing, because the way I read the Coates Rose letter, and the way I heard testimony, it was a little bit different. Can you in layman's terms put what was missing?

MS. MEYER: Sure. Mr. Gerber said, it is -- we have additional copies of parts of the volume. It is

supposed to be bound separately, and the financial statements.

MR. CONINE: Financial statements of whom?

MS. MEYER: Of any developer, a guarantor, owner that has 10 percent ownership?

MR. CONINE: So multiple financial statements?

MS. MEYER: Yes. If you have multiple owners.

MR. CONINE: Well, more than likely.

MS. MEYER: Okay. If they had walked this application in, whoever was turning in the application would have been turned away for not having those. If it had been 3:00 in the afternoon, they could have gone down to Kinko's, as Mr. Gerber stated, and made copies and come back and turned it in in a timely manner. If they had walked in at 5:00, though, it would have been turned away. And the same thing would have happened to them that happened because they mailed it.

MR. CONINE: So what makes the difference for you whether this is an administrative deficiency, as Mr. Palmer testified, or a termination? I am a little confused about that.

MS. MEYER: This had completely missing information that was supposed to be in there.

MR. CONINE: The financial statements.

MS. MEYER: The financial statements being probably the most prominent. The deficiencies are actually for clarifications for staff. It is not for a whole lot of missing information. It is to clarify something for staff, or if it is not quite the right document, then they have a chance to get exactly what we were -- if there is some confusion on that. But it is really for clarification. Everything else is supposed to be there.

MR. CONINE: But what I am hearing is that I have got to buckets. One, the bucket of financial statements that were missing that couldn't have been copied. And second, a bunch of stuff that was already in the bound copy, but could have been copied.

MS. MEYER: That is correct.

MR. CONINE: I have a little more, I guess, sympathy for the stuff that could have been copied. But something that wasn't there, I have a hard time with that.

MS. ANDERSON: Public comment is over, sir.

MR. CONINE: And the financial statements we are requiring, I know the Mayor testified the ownership entity was a single asset entity with no assets or whatever. But the rest of them, like on the Housing Authority, there were no financial statements included in

the bound copy?

MS. MEYER: There is no financial statements --

MS. ANDERSON: Period.

MR. CONINE: Period.

MS. MEYER: Well, I can't say that there wasn't something put in between the volumes, because they were sent back to the applicant. But as far as the unbound copy, there wasn't copies of the financial statements included.

MR. BOGANY: Can I ask a quick question?

MS. ANDERSON: Sure.

MR. BOGANY: Were there any financials in it at all, whether they were bound, or unbound?

MS. MEYER: Not to our knowledge, because there is not another place to put them in the application.

MR. BOGANY: Okay.

MS. ANDERSON: Okay. I have a question, Ms. Meyer, which is, have we had this situation before where people mail things in, and it arrives the day of the deadline, and have we similarly terminate those applications in prior years? Has this happened before?

MS. MEYER: Oh, yes.

MS. ANDERSON: Okay. Does anybody have a better memory than me what the Board has done? Have those

terminations been appealed? I just don't remember if we have been confronted in a Board, been presented with an appeal like this before.

MR. SALINAS: I don't think so.

MS. ANDERSON: I don't remember one.

MR. CONINE: Here comes our conscience right here.

MS. BOSTON: My recollection is yes, we have had this happen almost every year, either a walk-in who we turned away, or something through the mail. And I think you have gone both ways over the years.

MR. CONINE: That is my recollection.

MS. BOSTON: Depending on the circumstances.

MS. ANDERSON: Are there other questions for staff?

MR. BOGANY: I just have a comment, Chairperson. You know, I really don't understand, if these projects are that important, why people are not getting them in ahead of time, why people are not following the rules. And it just puts this Board in a very bad position, setting precedent or doing, correcting issues, because somebody didn't do what they were supposed to do, they were told to do. And then to sit here and tell me that I am trying to save money, because I didn't

have anybody review my application. That really bothers me, because it makes us the bad guy. And we are really not the bad guys here. I agree with this project. And I think it is a great project. But I am really concerned about us stepping continuously out of step with what staff has recommended, and then somebody else comes along with the same great project, same good thing, and we sit there and tell them no. And it looks as though we are picking and choosing who we are moving forward. And I am really concerned why El Paso didn't put somebody on the plane and send it in. Why somebody didn't sit there and go get it done, waiting until the last minute. I am just -- I really have a -- and I agree with Mr. Flores on that. I really have a hard problem with this. I really do.

MR. SALINAS: Well, let me tell you. What is on the application, on the Housing Authority of El Paso, where there has been a lot of friction with developers. They go on and do this themselves. And staff should understand that this is a very good project. They don't have any financials. There is a bill in the house that will probably eliminate all the housing authorities from competing for this projects, and this is why they are here. Now it is put on our agenda to vote it up or down. Or you know, we have the recommendation from staff, not

to approve it. But to me, it is really hard to vote against this project, simply because the City has come out with a bunch of money. We have a bunch of old buildings throughout the State of Texas and this is one of them. And one of our goals is that we are going to work on taking care of some of those buildings. This might be the only time that El Paso will ever have a chance to fix this problem. And if it is on our agenda, and it is for us to say yes or no, I hate to go against staff's recommendation. But I feel that it is my conscience to help a community like El Paso to fix their problem for good, for the next five years. That is -- it is a good story. And it is a good project. And a lot of people are going to thank us for doing. And just because some developer, not this project, not this Housing Authority and not the City of El Paso, just because we have had problems with developers not bringing their stuff in time, but this is just not a developer. This is the whole City of El Paso. You could say, the whole area. That is why I kind of -- you know, if we have to vote on it, I would hate to say Mike, that I think that I see it different. I think we should do something good for El Paso today. That is the way I feel.

MS. ANDERSON: Thank you, Mayor. I think we

have a technical question. If Mr. Dodds could come back up. I would like to ask you to limit your testimony to the answer to this question.

MR. DODDS: Yes.

MS. ANDERSON: The question was asked, were there financial statements in the application at all. And the answer from staff was not to our knowledge. And I would just like to hear your answer on that.

MR. DODDS: Thank you, Madam Chair. The developer, who is also the sole member of the general partner of the partnership that will develop this property, the financials were in there. It is Paisano Housing Redevelopment Corporation. The general partners and the partnership itself, the limited partnership itself, there were no financials in there, because they have no assets, no liabilities. They were recently formed to apply for the credits.

MS. ANDERSON: Thank you.

MR. CONINE: What about the other one? You said there was two.

MS. ANDERSON: The limited partnership and the GP.

MR. DODDS: The general partner of the limited partnership that will develop the property --

MR. CONINE: Paisano.

MR. DODDS: The limited partnership didn't have any financials, no. Then Paisano is the sole member of the general partner, which is an LLC. And those financials were in there. A balance sheet and you know --

MR. CONINE: And no limited partner? Is there a limited partner in this transaction? There has to be, to form a limited partnership.

MR. DODDS: Partner? Well, the limited partner is -- well, that is a good question.

MR. CONINE: Well ultimately, it would be the syndications, the syndicator.

MR. DODDS: Right.

MR. CONINE: But there is generally somebody else in place until the syndicator shows up.

MR. DODDS: Right. And I guess I would have to ask my attorneys about that. But it is one of our other subsidiaries that recently formed, I am sure.

MR. CONINE: Okay. But the critical one, which would be the general partner was in there.

MR. DODDS: Yes.

MR. CONINE: Okay.

MS. ANDERSON: I am not trying to get the two of you all into a debate, but I am just trying to get some

clarity around that issue, about what was, and what would --

MS. BOSTON: I would just like to note that the application manual has specifically directs the applicants to not put their financials in the bound materials because we handle them separately, because they have sensitive information in them. And so if they were bound in there, we never would check there, because that is not where they are told to do it. They are told only to turn in their financials in an unbound package, just as clarification.

MS. ANDERSON: Ms. Ray?

MS. RAY: My question, Madam Chair, that I would ask of the staff. I would assume -- how many families are going to be served by this project, by the tax credit portion of this project?

MS. BOSTON: Fifty eight units.

MR. CONINE: Could I ask a question?

MS. ANDERSON: Sure.

MR. CONINE: The HOPE 6 funds, I think the Mayor testified that the HOPE 6 fund had a deadline of 2010. Is that correct?

MS. BOSTON: I believe it does. I do believe it does. There is, he mentioned a bill in the House, and we just verified with our legislative staff. And we don't

have knowledge of a bill that is in the House.

MR. CONINE: El Paso has already been awarded the HOPE 6 money for this project.

MS. ANDERSON: No. He means a bill that would change -- in the Texas Legislature that would change and not allow us to do tax credit deals with PHS.

MR. CONINE: So what he is saying, if it passes, then in '08, he wouldn't be eligible.

MS. ANDERSON: Yes. But we are -- they are saying they are not aware of such a bill.

MR. CONINE: Yes. I know. At this point, I am not worried what the Legislature is doing or not doing relative to this issue. So the HOPE 6 deadline is the end of 2010, the middle of 2010? The beginning of 2010? In other words, if --

MS. BOSTON: February 25.

MR. CONINE: And it has to be placed in service as of that date?

MS. BOSTON: Yes. We have to have completed the entire --

MR. HAMBY: I am sorry. I need you to come up and identify yourself for the record, because we don't --

MR. CONINE: This is really critical for me, because HOPE 6 monies aren't easy to come by, and they are

complicated. You know. Go ahead.

MS. JACKSON: Antoinette Jackson, Coates Rose.
The entire HOPE 6 must be implemented by February 2010.
So that is all the units that the Mayor spoke of.

MS. ANDERSON: All 400.

MS. JACKSON: That is correct.

MR. CONINE: So this 58 is a subset of that.

MS. JACKSON: Right. It is one phase of that.
There are other things that are going on, in place for
other leveraging of some of those units, as Mr. Dodds
indicated. There are some single families scattered
offsite. Elderly. So there is a number of things going
on, but this is one phase of the leveraging. And as you
realize, the leveraging that is required for HOPE 6
requires us to provide to HUD that we are going to do
something else to substantiate and leverage those HOPE 6
funds. And the tax credits was one of the ways to do
that.

MR. CONINE: Got it. Thank you for your
testimony.

MS. JACKSON: Thank you.

MR. FLORES: Madam Chair, I am ready to vote.
I move that we approve the appeal.

MR. BOGANY: Second.

MS. ANDERSON: Do you mean, uphold staff's recommendation?

MR. FLORES: No. Overrule the staff recommendation.

MS. ANDERSON: Okay. Thank you. I just want to be sure I understood. And you second. Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

MR. CONINE: Nay.

MS. ANDERSON: The motion carries. The appeal is upheld in favor of the City of El Paso.

MS. MEYER: Ms. Chairman, can we identify exactly what you are --

MS. ANDERSON: We are reinstating the application.

MS. MEYER: You are reinstating the application. We also have the third party reports that were due on April 2nd, which we actually told them to hold, so they could turn it in all at the same time. There is also another deadline, of April 2nd, where they had to have their Senator or Representative letters.

Those are for points.

MS. ANDERSON: We are not waiving all future deadlines. In fact, part of my commentary would be, you made a mistake last year, but by the grace of god, you got this appeal today. Hire someone to help you that knows what they are doing.

MR. CONINE: They are past deadlines. April 2nd.

MS. ANDERSON: Well, if you directed them to hold the reports --

MS. MEYER: The third party reports.

MS. ANDERSON: Then I would say, you take those after the deadline. But they should be adhering to the other deadlines. If they haven't been moving forward with their State Rep letters --

MR. CONINE: Why don't we -- today is the 12th. Why don't we give them until the end of the month to get past deadlines.

MS. ANDERSON: I don't think that is -- can we?

MS. MEYER: We are into threshold on all the other applications at this point.

MR. CONINE: Trying to make it workable.

MS. JACKSON: We actually don't need that time. We are prepared to --

MS. ANDERSON: Good.

MR. CONINE: Wait just a minute. I don't understand how we can reinstate an application and have an April 2 deadline for something that we passed on April 12, and have them not get thrown out again because of a technicality. And I don't want that to happen to this project. That is crazy. So what are we doing?

MS. ANDERSON: Where staff directed to hold them, now staff will tell them when to submit them?

MS. MEYER: They will submit them with the whole application. Since we didn't have an active application at the time --

MR. CONINE: And how long do they have to turn that in?

MR. HAMBY: Give us a date certain.

MR. CONINE: Yes. I think we ought to give them a date certain.

MS. ANDERSON: I wouldn't give them until the end of the month.

MR. CONINE: No, I wouldn't either. Five days?

(Discussion was held off the record.)

MR. GERBER: If I could just ask, Madam Chair. Since Ms. Meyer and Ms. Boston are familiar with running the tax credit rounds, so we don't mess anything up, could

you two identify just real quickly offline, what is the date that would be reasonable. Would five days do it? Next Monday?

MS. MEYER: That would be the deficiency. Five business days. They are prepared to turn in their application today. So we could actually have it for Monday, and they would be fine, if the Board so chose to do that.

MR. GERBER: So staff's recommendation is with the appeal grant five calendar days to have all materials, at the close of business on Monday.

MS. ANDERSON: Ms. Ray.

MS. RAY: Madam Chair. I move that the City of El Paso is given five working days to complete their application for this project.

MS. ANDERSON: Thank you.

MR. CONINE: I will second the motion.

MS. ANDERSON: Mr. Hamby?

MR. HAMBY: Just for clarification purposes. Most of the time, whenever you are accounting for a deadline, you either don't count the day of delivery, or the day that you make the motion. So that would actually be Tuesday.

MS. ANDERSON: Can we set the date? Just say

what day we mean? What day of the calendar.

MR. HAMBY: Monday, the 16th, I believe. Is Monday the 16th? I don't have a calendar.

MR. FLORES: Monday is the 16th. So yes. That is tax day.

MR. HAMBY: Monday is the 16th.

MS. RAY: Madam Chair, I amend my motion to Monday the 16th at 5:00 p.m.

MR. CONINE: And I will accept that.

MS. ANDERSON: Great. Hearing no discussion, I assume we are ready to vote on Ms. Ray's motion. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Everybody clear? Great.

MR. DODDS: Thank you.

MR. COOK: Off the record, thank you from the bottom of my heart. We appreciate it, and we will do a better job.

MS. ANDERSON: Get some help. Yes. Item 4A. Presentation, discussion and possible approval of the contracts for the Colonia Self-Help Centers. Mr. Gerber.

MR. GERBER: Madam Chair, Item 4A provides funding for the statutorily created Colonia Self-Help Centers. As you are aware, the Department funds these centers through a 2-1/2 percent set-aside at the annual, State's annual allocation of Community Development Block Grant funds that are received by the State of Texas. These funds, approximately 2.1 million a year are required to be used to fund these centers. These funds are administered to a memorandum of understanding between the Office of Rural and Community Affairs and the Department.

Unlike most of our contracts, these contracts are four years long, as required by statute. Because of the limited funds available for this program, each center gets approximately \$1.2 million to perform the required work. This work could include assistance in rehabilitation houses, new construction, construction training and solid waste removal program and even a tool lending program for self help initiatives. Under the rules passed by this Board, if a Self-Help Center achieves a success rating of 80 percent during this contract, they may come back and ask for additional funds if they are available. The Department also met with the Colonia Residents Advisory Committee in Rio Grande City on March 13, 2007, to discuss the two awards that we are presenting to you today, as

required by statute. And that Residents Advisory Committee is recommending approval of these awards. The first award is for Starr County. This award will benefit more than 8.000 colonia residents. Starr County has successfully completed project activities of their previous contract, and most recent prior contract expired February 17 of this year. This will be Starr County's fourth award. Staff is recommending approval in the amount of \$1.2 million for Starr County.

MR. BOGANY: So moved.

MR. SALINAS: Second.

MS. ANDERSON: We have public comment on this item. Ms. Villareal?

MS. VILLAREAL: No.

MS. ANDERSON: Thank you. Mr. Rankin?

MR. RANKIN: No, ma'am. I will pass.

MS. ANDERSON: Thank you. Is there discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: The second award is for Maverick County. This award will benefit more than 5,000 colonia residents. Maverick County successfully completed the project activities of the previous contract. The most recent prior contract expired on November 1, 2006. This will be Maverick County's third contract, and staff is recommending approval in the amount of \$1.2 million.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Agenda Item 4B is presentation, discussion and possible approval of Bootstrap Loan Program contract extensions. Mr. Gerber?

MR. GERBER: Madam Chair and Board members, the first request is from Edinburgh Housing Opportunity Corporation. This administrator has received one

extension and is requesting an additional extension to the 2004 Texas Bootstrap Loan Program contract. Edinburgh Housing Opportunity Corporation has completed nine homes and has an additional eight homes under construction. The eight houses currently under construction are 50 percent completed. Edinburgh Housing Opportunity Corporation is also utilizing funds from the HOME program. Edinburgh Housing Opportunity Corporation has requested and received an extension from the Department on their HOME contract until September 30, 2007. No additional families have been deemed eligible by the Department. Therefore, no work is started on the remaining three units awarded under this contract. The final three units awarded under this contract will be deobligated. One administrative extension has been granted and under Department policies, additional extensions must be approved by this Board. Based on staff's review, we believe that the Edinburgh Housing Opportunity Corporation would be able to complete the homes by September 30, 2007. If the Board approves an extension, staff is recommending that there be some conditions such as a monthly contract progress report that no new projects started 90 days prior to the end date of the contract, and that the grantees shall include in any subcontracts that failure to adequately perform under this

contract may result in penalties, up to and including debarment from performing additional work for the Department.

MR. BOGANY: So moved with staff's recommendation.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, the second request is from Community Services Agency of South Texas. This administrator has received one extension and is requesting an additional extension to their 2004 Texas Bootstrap Loan Program contract. Community Services Agency of South Texas is currently rehabilitating three homes. Two of the homes are 80 percent completed, and the remaining home is 40 percent completed. Community Services Agency of South Texas has qualified four families which are ready to

close, and begin rehabilitation on their homes, if the extension is granted. No additional families have been deemed eligible by the Department and therefore no work has started on the remaining three units awarded under this contract. The final three units awarded under this contract are being recommended for deobligation. Under the Department's policies, additional extensions have to be approved by this Board. Based on staff's review, we do believe that Community Services Agency of South Texas would be able to complete the homes by December 31 of 2007. If the Board were to approve the extension, the same conditions as outlined before on the previous contract would apply.

MS. RAY: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Agenda Item

5A is presentation, discussion and possible approval of Portfolio, Management and Compliance Division items. 5A is specifically request for amendments to HOME program contracts. Mr. Gerber.

MR. GERBER: Madam Chair, I am going to ask Lucy Trevino to come forward and present these HOME contract amendments. There are eight items that are listed in your books, but the last three amendment requests, the Latino Education Project, Orange County and Hardin County have been withdrawn by the administrators. Each of these is different. So Lucy will walk through each one of them.

MS. TREVINO: Lucy Trevino, Manager in PMC. The first item is Community Services Agency of South Texas. They are requesting a modification to the income requirements of their land use restriction agreement, or their LURA. The current LURA requires that all assisted households be elderly and be at or below the 30 percent income limit. The administrators states that Section 8 vouchers had originally been committed to the project. Because of delays in construction, the Section 8 vouchers were cancelled by the local Housing Authority. Without the Section 8 assistance, elderly households at 30 percent income limit cannot afford to pay the rents as currently

structured. The current home rent for a one bedroom apartment in LaSalle County is \$398 per month. The administrator is requesting an increase in the income level up to the 80 percent income limit. It is important to note that the administrator believes that they have secured project based vouchers for this development, pending HUD approval, from the City of Laredo. Staff recommends the approval of the required income requirements in the LURA to increase to the 50 percent income level, if the project based vouchers are made available, the administrator has committed to still provide assistance and encourage participation from 30 percent income level households. Staff would also recommend that the approval of the LURA be contingent upon the administrator becoming current on their loan payments.

MS. ANDERSON: I have public comment on this. We are going to take these individually. Any questions for Ms. Trevino? Thank you. Mr. David Ojeda?

MR. OJEDA: Thank you, Madam Chair. I would like to speak to the motion.

MR. HAMBY: Identify yourself for the record.

MR. OJEDA: Madam Chair, I am David Ojeda, the Executive Director of Community Services Agency of South Texas. I thank you for the opportunity to speak before

you.

We are in support of the staff recommendation.

We did finish the project. It took us a long time to finish the project. We had some problems with a contractor. And in the interim, the Housing Authority from the City of Cotulla could not wait for us. And they had to use their vouchers, or they were going to lose them. And that put us in a difficult situation for this income group to be able to afford the rents. Now, the concern that I have is that there are some other issues that are pending, that I did not see on the agenda. And my understanding is that they are being resolved by the staff. But there is also an issue of our last draw that is being held up. And it has been held up for over a year. And the money for that draw includes the last payment to the general contractor. And it has been over a year. And since then, the contractor has filed on us in District Court for breach of contract, because we haven't been able to pay the money that is owed to him. We have met with the HUD Regional Office of San Antonio. We have reached an agreement with the City of Laredo Housing Authority. And both HUD and the Housing Authority are willing to provide project based vouchers to our project, which will allow us the opportunity to bring the tenants

that we need. But at this time, HUD will not work with us until all these issues are removed. You know, they feel very threatened by the fact that we have some issues pending with the general contractor. And there is also the issue of the money that is sold on the loan. If we can get everything cleared up, we can reach an agreement with HUD, and we will have the Section 8 vouchers for the project. And we can move forward bringing the tenants in.

We don't see any problem with it, except that we do need to clarify the other issues that are pending, that at the present time is holding back our final draw. We are committed to making this project work. You know, we are already operating two other projects, two other HOME projects. And we don't have any problems with those. More importantly, we do have a commitment to the City of Encinal in LaSalle County to help the elderly of that community. And I do support staff's recommendation. But I just am interested in getting a clarification on the other issues that are pending, so that we can be able to enter into an agreement with HUD for those Section 8 vouchers that we need to make the project viable.

MS. ANDERSON: I am sure the staff will work with you on those issues, should the Board's grant this extension. It appears to me that from the write up that I

have, that we have been operating without a contract with you since September 30, 2005. So unless there is some typo there. So we will let you and the staff work through those issues. Clearly, you want the remainder of your draw. Clearly the Department wants its loan payments. We clearly want a development full of tenants. So I think we are all on the same page. Are there questions for this witness?

MR. SALINAS: Are you going to --

MS. RAY: That is not what --

MS. ANDERSON: The Board action is to approve the income requirements in the LURA to increase it to the 50 percent level. So that is the Board action in front of us. And the staff has procedures for how they process draws. And we are hearing one has been held up for more than a year. And you are welcome to ask Ms. Trevino why that is. But let's not have a debate between a staff person and a witness.

MR. SALINAS: No. I am not going to have a debate. But when are you going to give him his last draw?

MS. TREVINO: We have some construction issues that held up the release of the payments. And they have recently been worked out. And we have talked to Mr. Ojeda about becoming current on his loan payment. And at that

point, the retainings would be released. And in addition to that --

MS. ANDERSON: Following your normal practices.

MS. TREVINO: Exactly. Very soon.

MR. CONINE: It's the chicken and the egg.

MS. ANDERSON: Thank you, Mr. Ojeda.

MR. OJEDA: Again, I am glad that Mr. Salinas asked that question. Again, I bring up the issue that we are involved in court, and we need to respond to the --

MS. ANDERSON: You need to work that out with Ms. Trevino. Okay. The Board is a policy making body. We are not a day-to-day operator. We have well document procedures for working with staff. And my experience is that Ms. Trevino and her team work very hard to work things through with developers. It sounds like this one, the last issues have been resolved. We appreciate your testimony.

MR. OJEDA: Thank you.

MR. SALINAS: Move -- we're ready for a vote?

MS. ANDERSON: We are ready for a motion.

MR. CONINE: I will second it.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are

ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MS. TREVINO: The next item is Statewide Consolidated. And if you would like to refer to your Board book, there is a chart there that shows the number of units and the progress made to date on each of those. You may want to refer to that. The request is from Consolidated Communities Development Corporation. They have previously been permitted three amendments to extend their development period as a result of slow construction progress. The original contract start date was June 1, 2002. And that was expected to end in May of 2004 to complete construction of 18 units. To date, none are complete and they have only had site prep work done. The first amendment was approved on November of 2003, extending the development period for eleven months. And they also received an increase in funding amount of \$159,210. The second amendment was executed November, 2004 to extend the development period for an additional

ten months. The third amendment was executed in April 2005 to extend the development period for four additional months. The contract is not currently valid as the date for completion has already expired. The administrator is now requesting a fourth extension to extend the development period for an additional 14 months, from October 31, 2006 to December 31, 2007. The administrator states that the extension is necessary in order to complete construction of the 18 units that are currently in progress. The proposed scattered site rental units consist of eight single-family structures, one duplex, and one eight-plex. The single-family units and the duplex are approximately 50 percent complete. Construction on the eight-plex has not yet started. Due to the lack of time already passed, concerns about financing and concerns about the capacity for the developer to complete the construction, the Department does not recommend approval.

Adding to the prior extensions, the administrator assured the Department that the contract would be completed by the amended contract end date. To date, 58 months since the contract start date, the administrator has only expended 47 percent of the funds. In addition, the administrator has lost because of the delays, 162,000 in financing from the Federal Home Loan Bank, and that has not been

replaced. This reduction in financing without replacement funds results in financial disability for the development.

The administrator has not indicated that they have been able to obtain replacement funds with the exception of a prior request to the Department. Department staff is concerned that the administrator may not have the capacity to complete the project. Denial of the request will result in disallowed costs of the total amount drawn to date, which is \$392,965. And would require legal action to recover the funds expended. The property would be referred to the Department's Legal Services Division for asset resolution and enforcement.

MR. SALINAS: Do we have a recourse for the Department?

MS. ANDERSON: I do have public comment.

(Discussion was held off the record.)

MS. ANDERSON: Do you want speak? A couple of comments?

MR. HAMBY: The Mayor asked me a question. Did you -- the Board member asked a question about a legal process. I am perfectly willing to defer that until after the --

MS. ANDERSON: Go ahead and answer the Mayor's questions.

MR. HAMBY: The recourse that we would have would probably be to take possession and to refer it to the State Auditors Office and the Attorney General for further action.

MS. ANDERSON: Thank you. I have two individuals that want to make public comment on this. First is Miss Rosi Jones. You are together?

MS. JONES: Good morning, Madam Chair. Good morning.

MR. CONINE: Good morning.

MS. JONES: I am here representing Statewide Consolidated, a non-profit in Beaumont, Texas that was recently --

MR. HAMBY: If you could identify yourself for the record.

MS. JONES: I am sorry. I am Rosetta Jones. I am the Executive Director of Statewide Consolidated Community Development Corporation in Beaumont, Texas. I would like to bring clarify to what Ms. Trevino has stated regarding time lines and in the binders that we have passed out in the very front are a schedule of time lines and events that has brought us up to this point. Just

briefly, not going item by item, but from the time that this application was presented to your Board for approval until the time that we actually was able to proceed with construction, three years had passed. We have not had this application where we were able to put these units under construction. At that time, you also note that in the time line that as recent as October 23, 2003, you will see in there, and we have documentation to back it up, we received an e-mail from staff, Ms. Kelly, that I found had been lost in the transition of TDHCA. That the file had to be reconstructed. The application that we sent in and all of the documents that was needed in order to process our application had to be submitted from our office again.

From the time of October 23rd, if you look at the time lines, all of the extensions and amendments were because of staff. TDHCA staff was still processing our application. It is assumed the way it has been presented to you as though that we just negligently were not able to complete the properties or get the project on the ground for construction. We did not receive our order to proceed from TDHCA staff until June 20, 2005 as you notice, in the time lines. October 2005, Hurricane Katrina hit New Orleans, and in September 2005, Rita hit Beaumont. So from the time that Hurricane Rita and our recovery time of

getting our office back together, approximately nine months had passed. We have put before you some binders that shows you what types of houses that we are constructing. There is a great need in the City of Beaumont for affordable housing. We have a waiting list of over 5,000 people on our Housing Authority list. We are here today for clarity. It is not the position of this non-profit that we are here because we could not put these units under construction, or we could not complete these units. We have a great track record for the last eleven years as a non-profit in providing affordable housing. And the last 28 years as an Executive Director dealing in housing to provide housing for lower and moderate income families. So we are asking that this Board will look at our time line sheets. If you needed the documentation to back up, what we are presenting to you, we can supply that. But we are asking that you look at the materials that we presented, and grant us a favorable decision in order to complete these units. We are also asking that as Ms. Trevino has stated, that we are asking for a fourth amendment. This will actually be our first amendment that we are asking for, for construction. Not the fourth. The other three amendments, as I stated, was given to staff, or had to be

given to staff, for them to complete the application in order to get it to the point where we could close. We did not close this loan until April 2005. We had to reclose it May 2005. The order to proceed was June 2005. And then even after June 2005, they were still making recommendations on our plans and specifications. However, before Hurricane Rita hit, we had three slabs on the ground. After the hurricane hit, I sent communications in writing to the TDHCA staff, some of which I have not gotten a response to. And when our October deadline came, there was a recommendation. We were told verbally that it would not be extended. We believe that based on the information that we have presented to you, this would be our first amendment that we are asking to extend this project. And we are throwing ourselves on the mercy of this Board, that you would review the time line sheets, and give us a favorable decision.

MR. WISE: Hi. Donald Wise. I would also like to add a few other points in that one of the things, based on the statement was that Statewide lost \$162,000. The correct statement should have been, because of the correlation of time, the factor was based on getting the project off the ground, because Statewide had received Federal Home Loan Banks money in 2003, if I am not

mistaken.

MS. JONES: That is correct.

MR. WISE: And then, you have three years in which to use that money. Time was steadily going on, while the staff was continuing to process the application to get it to the closing state. We requested and received an extension from the Federal Home Loan Bank. However, it appears as though there has always been a timing issue in terms of the coordination, with respect to the funding, with respect to the Federal Home Loan Bank and Texas Department of Housing and Community Affairs. Now also, one of the other factors was brought out, was the fact that we lost the \$162,000, and where would the additional monies come from. We reapplied to Texas Department of Housing and Community Affairs . However, we were not able to receive in September 15, 2006, we applied to the Federal Home Loan Bank but we received notification that we would not receive those funds, because we did not receive the amendment from TDHCA. So that was one of the other factors. The other thing is in relationship to in the event that the Board approves an amendment, staff is recommending that it goes back from October 31, 2006 to December 31, 2007. Thereby, we would still be in a timing problem, because seven to eight months has already

elapsed. So with that, we would like for the Board to look at a longer period of time, not inclusive of the October 31, 2006, up until today.

MS. JONES: If I may, also we looked at the percentages of completion that staff has presented to you.

And these percentages are off, based on I would say, based on the increased amount of the project. All ten of these single-family units are up. The only units that are not up, is the eight-plex. Many of our units are right at, I would say 98 percent complete. Some are probably 85 percent complete. Some are up and framed in and not wired. We have about four of those. And we are not able to complete the project without the additional funding.

MR. WISE: The reason the numbers are shown as they are, is because we requested a move from the eight-plex funding. And that money was spread over the other units and when the numbers were taken, there was an increase in the amount of money apportioned to each project. So thereby, the costs of the monies drawn down reflected a lower percentage of completion than what actually occurred.

MS. ANDERSON: I need to ask you to wrap up your testimony, and then the Board may have some questions for you, because we need to move this on.

MR. WISE: That is it.

MS. ANDERSON: Okay. I have two questions. And I appreciate you both being here from Beaumont. In the staff writeup I have for the first ten units only, I won't talk about the eight that haven't been started. The first ten units. It says the total cost of those units is \$797,000 and the budget amount is 672. So I assume budget amount is what we are putting into it. So what is your funding source for the incremental \$125,000? Between what we are giving you, and what the total cost of those ten units is?

MR. WISE: Well actually, you are looking at the total costs over the entire project.

MS. ANDERSON: No. I am just talking about the first ten units. That is all I am going to talk about.

MR. WISE: Yes. That money we are going to reapply to the Federal Home Loan Bank.

MS. JONES: Madam Chair, we feel very certain that we will, if we are extended this, that we will be able to secure the additional money from Federal Home Loan Bank. The reason for that is that they were going to approve us. But we did not have TDHCA's extension in place. And so they denied us.

MS. ANDERSON: Okay. Very good. And the

status of the final eight units is that they have not been started?

MR. WISE: Correct.

MS. JONES: Only site preparation.

MS. ANDERSON: Okay. Thank you.

MR. BOGANY: I have a question on this. What is your time frame of getting these units completed? Because we are moving into hurricane season.

MS. JONES: Again. Yes.

MR. BOGANY: And so, I would like to know what is your time frame to complete these units?

MS. JONES: As everyone else from Southeast Texas has stated, there is a problem with increased cost of materials and labor. However, we are a grassroots organization, and we have managed to move the units thus far, since the hurricane. To answer your question, we feel like within the next three months, if we are granted funds, we can have our first three units that we started completed. And we put a time assessment of I think it was eight months that we could have these -- ten months that we can have these units completed that we have on the ground.

MR. BOGANY: But if you have got say, 80 percent of them completed already, why would you need so

much longer a time at this point in time?

MS. JONES: Some of our subcontractors have started this project with us, they are no longer with us.

A lot of them move where the work is, and the money is, and we are going to have pull back on the job. Different electricians to top out, plumbers to do the top out. We were in some of the last stages of the project. So we will have to go back out and get some additional licensed contractors to help us top out the projects that we began.

MR. BOGANY: Do you have enough money based on the budget that you set, to complete this project, because of rising costs and all of that? Because you started off at one point, this is what it is going to cost us. And we have heard what is going on in Southeast Texas. Do you have enough money? Are you going to be back here in eight months, once again, saying I need more money?

MS. JONES: What we are trying to do, is to complete the units that we have on the ground, within the funds that we have. We have looked at our dollars. And I think we have come up with \$129,000 that we will, if I am not mistaken this is my consultant, that we have left over after completing these ten units, which we were going to apply. We have discussed with TDHCA staff, we are going to apply toward the construction of the eight-plex. Grant

you, since we have designed the eight-plex, I have come up with another design that will reduce cost on the eight-plex and instead of a four-plex, four buildings, we are going to reduce them to duplexes and that makes us not have to put in our sprinkler systems, that by the code -- our codes have changed tremendously in Beaumont. So we have come up with an item, a project item that we can put on the ground that will be a little more cost effective.

MR. CONINE: Madam Chair. Let me see if I can make a motion to provide for some middle ground here. I would like to move that we approve the extension. Let's see. They need some time, right. The present end date is December 31. So we will approve the extension to December 31, 2007 in an amount equal to \$672,495, which will complete on the budget account, ten homes already under construction. And make sure they have enough money to finish the houses they have got under construction. That is my motion.

MR. WISE: Excuse me, Commissioner.

MS. ANDERSON: No. The public comment on this item is over, unless a Board member has a specific question to ask you.

MR. BOGANY: I have a question for Kent.

MR. CONINE: Yes.

MR. BOGANY: I would like to -- I agree with you. But I would also like to see a site, based on where those houses are to date, because we have gotten conflicting information from what he is saying and what she is saying. And I am in agreement with Ken on the money. The eight units, that is gone, as far as I am concerned. But these units here, to get these completed, I really would like to see where these units are, and making sure that it can be completed within this budget, time instead of putting in more bad money.

MR. CONINE: Let me ask a question of the witness. Did the notebook you gave us, gave us photos and budgets for all ten of those houses?

MR. WISE: Right.

MS. JONES: That is correct.

MR. CONINE: They are in this notebook.

MR. BOGANY: Okay. All right.

MR. CONINE: I think we have got that information, or at least, I looked through it a minute ago.

MR. BOGANY: And these are very current, is what you are saying.

MS. ANDERSON: Ms. Ray.

MS. RAY: Point of order.

MS. ANDERSON: Yes, ma'am.

MS. RAY: I did not hear a second to the motion.

MR. BOGANY: Second.

MS. RAY: Thank you.

MS. ANDERSON: I think he did. It was under his breath.

MR. FLORES: Madam Chair, could we have whoever made the motion explain that again? I just kind of --

MR. CONINE: Yes. I am approving the extension of time, and enough money to finish the ten houses, based on the budgeted amount column. If you look at the ten houses, subtotal, that is 672,000. So we are amending the amount to cover those ten that are in process, and taking away the eight.

MR. FLORES: How much time is it going to take?

MR. CONINE: They requested until December 31, 2007, which I am in agreement with.

MR. FLORES: And the deficit comes from this loan that theoretically will come?

MS. ANDERSON: They will get from the Federal Home Loan Bank, they said.

MR. CONINE: That is where they can go get it.

MR. FLORES: Thank you.

MS. RAY: I have a misunderstanding about the time line. What I understood in the writeup, the staff was recommending the 31st of December time line. What I heard from the testimony, perhaps I was wrong, they were asking for a ten month extension which would take them up to about February 2008. Can we clarify that?

MR. CONINE: My understanding, that also included the eight-plex that was under consideration. I don't think it will take that long to complete the houses under construction, the ten that are under construction.

MS. RAY: May I add, Madam Chair?

MS. ANDERSON: Sure.

MS. RAY: May I ask for clarification from the witnesses about that time line of December?

MR. WISE: Yes. That is correct. What we were basically asking for, and that was inclusive of the eight-plex.

MS. ANDERSON: How long do you need to do the ten units?

MR. WISE: To finish the ten units, then of course that would be fine with respect to the 31st. That would be fine with respect to the 31st of December. Considering when you release the funding, because like I said, we have already -- time has elapsed in terms of

seven and eight months, where no construction has taken place. So and then again, if staff takes an additional month or so, or two months before we can get to moving again, then the problem has always been, time correlation.

MS. ANDERSON: Okay. Thank you. Other questions for the witness?

MS. RAY: I have no more questions for the witness. I do have a question for staff.

MS. ANDERSON: Okay. And Mr. Hamby is dying to come up and sit down. If I could ask you all to -- thank you very much for being here. Appreciate your testimony.

MR. HAMBY: Dying to come up is a relative term. Kevin Hamby, General Counsel.

MS. RAY: My question is relative to the release of the funding, so that they can move forward to meet the 31st of December deadline. Where does the staff stand on providing this motion passes for the 31st of December, when will the funds be released to the developers?

MS. TREVINO: If the Board approves the extension, we could continue with reimbursement of funds. We just need that end date extended.

MS. RAY: When?

MS. ANDERSON: Do you have a request for

reimbursement in-house at the Department?

MS. TREVINO: We do not right now. But we could start looking at it. Considering them, as soon as -- if the Board --

MS. RAY: Could you give me an idea of what kind of time line we are talking about, Ms. Trevino?

MS. TREVINO: Okay. Draw requests are submitted online. And so as soon as the administrator could get online, submit their requests, then it would be considered for approval by you know, the Department. And assuming that all the documentation is correct and acceptable, it could be approved within three to four days in the Department. It takes about ten days to get the funds from HUD. So total reimbursement time would probably be about two weeks.

MS. RAY: About half a month.

MS. TREVINO: Yes.

MR. HAMBY: Assuming the documentation is correct.

MS. TREVINO: Assuming the documentation is acceptable.

MR. BOGANY: Just a quick question, Ms. Trevino. How is it possible to ask the participants to make sure they give us progress reports every month from

this day forward, on what is completed? What work has been done. Totally do it, and then draw a request. But actually, I like to see photos. You guys see photos in this process. To make sure that it is moving forward.

MR. HAMBY: Can I clarify something quickly, before we -- Mr. Conine, your motion is the \$672,495. If you will notice, in the fifth column over, which is the drawn amount, the applicant has already drawn \$10,987.50 for whatever purpose on the eight-plex. Are you asking that to be returned? Are you asking that to be credited to the \$672,495? I am just trying to make sure that is what your motion is.

MR. CONINE: That is going to create a financial burden on the applicant, I think, turning in money. So I would add it to the 672. And amend my motion to be 682 and change or 683. Whatever that number adds up to be. That and a requirement of staff to keep track of that money? Because my assumption is that we are going to see that eight-plex coming back through again on a different application. And we don't want double dipping.

Okay.

MR. SALINAS: That one is gone. We are not going to do that one anymore.

MR. CONINE: It may.

MS. ANDERSON: Is there any other discussion or questions for anybody?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote on the motion. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. We are about to lose the Vice-Chair. Do you want a five minute break? Okay. We will take a five minute break.

(Whereupon, a short recess was taken.)

MS. ANDERSON: Let's go.

MR. GERBER: Housing Plus.

MS. TREVINO: They had previously requested to extend the contract end date as a result of the delays in completing the infrastructure in the Lometa Subdivision. The infrastructure was completed by the City of Hondo with CDBG funds provided through ORCA. The contract start date was October 1, 2003. It is already extended through March 31, 2007. The administrator is now asking for a second amendment to extend their contract for nine additional months. They have identified four households and have

actually executed earnest money contracts. The households have, four of the households have obtained permanent lender approval. Staff is not able to recommend the amendment. If the Board chooses to approve the amendment, assistance could be allowed to four families that have earnest money contracts and permanent lender approvals, and the contract would be extended for nine months.

MR. CONINE: No public testimony? I move staff's recommendation to deny.

MS. ANDERSON: Earnest money?

MR. CONINE: Yes.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? I guess, and I don't know the ins and outs of what an earnest contract requires people to do.

MS. TREVINO: I am sorry. Basically, they have committed assistance to four household members. They have identified four households as eligible and the families have obtained mortgages, mortgage approval, preapproval and have contracts with a builder to start construction.

MR. CONINE: The process would be that the applicant would give the earnest money back to the four applicants. We get the money back and start all over. My concern is getting four houses built in nine months, which

is what the request is, when they have had two years, and they haven't built anything. To think they can crank it up and get started after having sat on it for a couple of years. And let's recycle the money to someone who can perform.

MS. RAY: Madam Chair. While I don't disagree with the motion, my question was about the earnest money. Will the families be able to get their earnest money back in these cases?

MS. TREVINO: I am not sure.

MS. RAY: And if we give them that consideration, based on what you stated, will we be still stuck with the same builders who haven't done anything in two years?

MS. TREVINO: The delays were in completing the infrastructure. They had CDBG money from the Office of Rural and Community Affairs. And there was delays in completing that infrastructure. The infrastructure is now in place, so they can start construction on the homes.

MS. RAY: So it wasn't just an oversight or negligence on the part of the developer in this particular case? There was extenuating circumstances from the municipality with whom they were associated. Is that correct?

MS. TREVINO: It was delays in completing in the City of Hondo, completing their CDBG contract.

MR. BOGANY: Earnest money typically comes back, if they are not able to obtain their loan. So based on the way the contract may have been written, but in a typical every day contract, if the participants were not able to obtain a loan from their lender then the earnest money would come back to the families.

MR. CONINE: You mean the builder or the buyer. Either side.

MR. BOGANY: Right. Whoever put money up.

MS. RAY: My only concern is about that, because what I heard Ms. Trevino communicate is that they had been preapproved, which would indicate that they were on the road to getting approval of the loans. And then if for some reason, they have to back out of that relationship, that earnest money may be lost to the family. That is my only concern.

MR. BOGANY: Well, you may have been preapproved for the loan between the relationship between the builder, and the person who is approached in the home. And if the builder was not able to perform, he should be able to release that family, because normally, on a new home type deal, their earnest money given to the builder

themselves at that point in time. So I would think that that family should be able to get that money. I don't even think we could even see that earnest money on our level.

MR. CONINE: Exactly right. I mean, if the house can't be built, then the buyer gets their money back.

MS. RAY: I want to make sure they get their money back. That is all I am concerned with.

MS. ANDERSON: Any other questions or discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MS. TREVINO: Bluebonnet Trails Community MHMR Centers, requesting to expand their service area with a contract to include the urban areas of Guadalupe County. The contract firmly allows assistance in rural Guadalupe County. The administrator states that they are not able

to assist families in the current service area. The Department previously denied the request, because align both rural and urban/exurban area would be in violation of the original allocation formula. The administrator has an existing contract for the urban/exurban area of the county already. The Department does not recommend the approval of the amendment.

MS. ANDERSON: I have public comment on this item. Ms. Terry Couch?

MS. COUCH: Good morning. My name is Terry Couch. I am with Bluebonnet Trails Community MHMR Center.

I am here this morning to talk to you about this issue. We received four contracts from TDHCA in the fall of '05.

And we are unaware until those contracts were received that they were to be designated as rural versus urban.

We did go ahead and use those dollars as allocated. We have expended 97 percent of our contract funds in the other areas. We received an urban in rural Williamson, and an urban in rural Guadalupe. And as I said, we have expended 97 percent of those funds for tenant based rental assistance for individuals with severe and persistent mental illness. The rural Guadalupe County area has very limited apartments, and the two apartment houses that we have identified that would be appropriate

and acceptable to TDHCA standards have, are located in Cibolo, which is rural. But they have a waiting list of 26 persons. And we are just trying to avoid deobligating funds. And that is basically it.

MS. ANDERSON: Any questions of staff?

MR. CONINE: Move staff's recommendation.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Item 6A is presentation, discussion and possible issuance of multi-family mortgage revenue bonds and tax credits for Terraces at Cibolo.

MS. TREVINO: We have got one more.

MS. ANDERSON: Oh, I am sorry.

MS. TREVINO: One more. The City of Bay City is requesting additional funds of 160,000 in American Dream down payment assistance funds to be able to assist

an additional 16 households. The City is also requesting a nine month extension in order to have sufficient time to assist these additional households, because the City has been successful in implementing the program and because sufficient AD funds are available, the Department recommends the approval of their request.

MR. CONINE: Move approval.

MS. RAY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Mr. Gerber.

MR. GERBER: Madam Chair, Item 6A is an application requesting the issuance of tax exempt bonds and a 4 percent Housing Tax Credit determination for the Terraces at Cibolo development. This is a Priority Three bond transaction. It proposes the new construction of 150 units targeting the elderly. Applicant is requesting \$10 million of tax exempt bonds and \$591,016 in Housing Tax

Credits. There were three people in attendance at the public hearing conducted by the Department on February 21.

The Department received a letter of support from Senator Jeff Wentworth, and a resolution in support by the city. No letters of opposition have been received. EARAC has met and concurs with the staff recommendation. Staff is recommending \$10 million in tax exempt bonds and \$588,451 in Housing Tax Credits. This would be Resolution 07-009.

MS. RAY: Madam Chair. I move the staff recommendation.

MS. ANDERSON: Thank you.

MR. CONINE: I will second.

MS. ANDERSON: Thank you. Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote, although it is the funniest transcript that I have ever read in my entire life.

MR. CONINE: It is true.

MS. ANDERSON: Hearing no discussion, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Item 6B is a possible inducement resolution for Ennis Senior Estates in Ennis, Texas. Mr. Gerber.

MR. GERBER: Madam Chair, and Board members, this is a proposed new construction development, to be located approximately 600 feet north of the northwest corner of Rudd Road and Belasic Road in Ellis County. The Department has received no letters of support or opposition. A full application for this development was previously brought before the Board at the February 1 board meeting. The application was determined to be infeasible under the financial structure presented by the applicant, and therefore not recommended for approval by staff at that time. The Department received a new application for bonds, Housing Tax Credits and HOME funds on March 1, 2007. Staff is now recommending the approval of the inducement resolution, which is numbered 07-012.

MR. CONINE: Isn't it amazing. Move approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Item 7, Mr. Gerber.

MR. GERBER: The last item, Madam Chair and Board members provides guidance to the Executive Director regarding the Board's desire to direct our loan servicer to sell loans to national organizations. The National Council of State Housing Agencies entered into an agreement with Fannie Mae. As part of that package, TDHCA staff has reviewed offering documents and started negotiations with both Fannie Mae and Freddie Mac for the sale of our conventional loans. This would not impact our non-conventional loans, which are currently securitized through Ginnie Mae.

After significant discussions, the staff believes that the Department could receive a 62 percent savings from Fannie Mae by securitizing 70 percent of the conventional loans. TDHCA could also receive a 40 percent savings from Freddie Mac by securitizing 30 percent of the conventional loans. By authorizing the Executive Director to enter into these agreements, it is expected to generate approximately \$488,000 in fees or fund savings. As noted

in the writeup, these funds can be only used for limited purposes, but would ultimately benefit the low income Texans that we are currently serving. Staff is recommending the approval of a policy to provide the authority to the Executive Director to enter into these contracts under this general policy directive or dividing loans in this manner.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. That is the end of the formal agenda. I have one thing to ask the General Counsel. Mr. Conine indicated that we didn't formally vote on resolution 07-011, which is recognizing April as Fair Housing Month. Do we need to take a vote?

MR. HAMBY: Yes, ma'am.

MS. ANDERSON: May I have a motion?

MR. CONINE: Move for approval.

MS. RAY: Second.

MR. HAMBY: Thank you.

MS. ANDERSON: We have a motion on the floor.

It has been seconded, for a board resolution to recognize April as Fair Housing Month. The resolution is number 07-011. Hearing no discussion, I assume we are ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. We do not need an executive session today. There are several items on the Executive Director's report. The Executive Director and I are due in the Capitol shortly to meet with Representative Chisholm.

MS. RAY: Madam Chair.

MS. ANDERSON: Yes, ma'am.

MS. RAY: I move that we waive the Executive Director's report.

MR. BOGANY: Second.

MS. ANDERSON: Thank you. And clearly, if there are things in that report, you would like to ask Mike about, I am sure he would love to have a call from

you. The last item of business is to wish Mr. Conine a very safe and happy and fun trip to Italy.

MR. CONINE: Thank you.

MS. ANDERSON: We stand adjourned.

(Whereupon, at 11:15 a.m., the meeting was adjourned.)

C E R T I F I C A T E

IN RE: TDHCA Board meeting
LOCATION: Austin, Texas
DATE: April 12, 2007

I do hereby certify that the foregoing pages, numbers 1 through 128, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Stacey Harris before the Texas Department of Housing & Community Affairs.

(Transcriber) 04/19/2007
(Date)

On the Record Reporting
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