

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

VIA TELEPHONE AND WEB LINK

March 11, 2021
9:04 a.m.

MEMBERS:

LEO VASQUEZ, Chair
LESLIE BINGHAM, Vice Chair
BRANDON BATCH, Member (absent)
PAUL A. BRADEN, Member
AJAY THOMAS, Member
SHARON THOMASON, Member

BOBBY WILKINSON, Executive Director

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 MR. VASQUEZ: I am calling to order the meeting
3 of the Governing Board of the Texas Department of Housing
4 and Community Affairs. It is 9:04 in the morning on
5 March 11, 2021. We will start with a roll call.

6 Ms. Bingham?

7 MS. BINGHAM: I'm here. Good morning.

8 MR. VASQUEZ: Good morning. Mr. Batch has
9 actually requested an excused absence today, so he will not
10 be joining us.

11 Mr. Braden?

12 MR. BRADEN: Here.

13 MR. VASQUEZ: Mr. Thomas?

14 MR. THOMAS: Here.

15 MR. VASQUEZ: Ms. Thomason?

16 MS. THOMASON: Here.

17 MR. VASQUEZ: And myself, Chairman Vasquez. So
18 we do have a quorum present, with room to spare even.
19 We'll start out the meeting asking Bobby to lead us in the
20 pledges.

21 (Pledges are recited.)

22 MR. VASQUEZ: All right. Thank you, Bobby. And
23 by the way, you have a little bit of a buzz on your
24 microphone.

25 (Audio interference.)

1 MR. WILKINSON: Does it echo?

2 MR. VASQUEZ: It's more of a buzz.

3 MR. WILKINSON: Okay.

4 MR. VASQUEZ: Okay. Well, moving right along,
5 we -- April is recognized as Fair Housing Month, and our
6 assistant Board secretary, Michael Lyttle, will read a
7 resolution on the adoption by the Department of this being
8 Fair Housing Month.

9 Mr. Lyttle?

10 MS. NORRED: We are getting him moved over.

11 MR. LYTTLE: Okay. Renee?

12 MS. NORRED: [inaudible].

13 MR. LYTTLE: Yeah. I've got my webcam active
14 too. So if you want to pop that up.

15 MS. NORRED: Okay. You can share your webcam.
16 You should be able to share it. We moved you over.

17 MR. LYTTLE: Great. All right. Thank you, Mr.
18 Chairman. The resolution reads as follows: "WHEREAS,
19 April 2021 is Fair Housing Month, and marks 53 years since
20 the passage of the federal Fair Housing Act, Title VIII of
21 the Civil Rights Act of 1968, signed by U.S. President
22 Lyndon Baines Johnson on April 11, 1968; WHEREAS, the Fair
23 Housing Act provides that no person shall be subjected to
24 discrimination because of race, color, national origin,
25 religion, sex, disability, or familial status in the sale,

1 rental, financing, or advertising of housing and charges
2 the Secretary of the U.S. Department of Housing and Urban
3 Development with administering HUD programs in a manner
4 that meets the requirements of the law and purposes of the
5 Fair Housing Act; WHEREAS, the Texas Department of Housing
6 and Community Affairs administers HUD and other housing
7 programs that promote the development and supply of safe,
8 decent, affordable housing for qualifying Texans; WHEREAS,
9 it is the policy of the Department to support equal housing
10 opportunity in the administration of all of its programs
11 and services, including encouraging equitable lending
12 practices for its homebuyer programs ensuring compliance
13 with Fair Housing rules and guidelines for its multifamily
14 developments; WHEREAS, the Department, through its
15 programs, workshops, trainings, and materials seeks to
16 educate property managers, consultants, program
17 administrators, architects, contractors, developers,
18 engineers, lenders, real estate professionals, and others
19 about the importance of their adherence to the requirements
20 of the Fair Housing Act; WHEREAS, the Department encourages
21 the development of educational fair housing programs in
22 local communities throughout the State and is seeking to
23 build new opportunities for fair housing education and
24 training; and WHEREAS, the Department and the State of
25 Texas support equal housing opportunity and

1 housing choice in accordance with the Fair Housing Act not
2 only during Fair Housing Month in April, but throughout the
3 entire year; NOW, THEREFORE, it is hereby
4 RESOLVED, that the Texas Department of Housing and
5 Community Affairs recognizes the significance of Fair
6 Housing Month as an important time to acknowledge,
7 better understand, and support equal housing opportunity,
8 and encourages the continued commitment to fair housing in
9 the State of Texas; and recognizes that in the pursuit of
10 the goal and responsibility of providing affordable housing
11 and equal housing opportunities for all, the Governing
12 Board of the Texas Department of Housing and Community
13 Affairs does hereby celebrate April 2021 as Fair Housing
14 Month in Texas and encourages all Texas individuals and
15 organizations, public and private, to join and work
16 together in this observance of the impact and importance of
17 affordable housing and equal housing opportunity to the
18 success of all Texans.

19 "Signed this eleventh day of March 2021."

20 MR. VASQUEZ: That was excellent. Thank you,
21 Michael. Moving right along to the consent agenda portion.

22 These are Items 1 and 2 on the agenda. Are there any
23 Board members or members of the public that would rather
24 see one of these items addressed in action items?

25 (No response.)

1 MR. VASQUEZ: I don't believe I've heard any --
2 received any word of that. So hearing none, the -- the
3 Chair will entertain a motion to accept the consent agenda
4 as presented.

5 MS. BINGHAM: Mr. Chair, I'll move to approve
6 Items 1(a) through (f), and to accept the report in Item 2,
7 as described and presented in the respective Board action
8 request and report items.

9 MR. VASQUEZ: Thank you. We have a motion made
10 by Ms. Bingham. Is there a second?

11 MS. THOMASON: I'll second.

12 MR. VASQUEZ: Second by Ms. Thomason. All those
13 in favor say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Okay. Thank you. Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, motion carries.
18 Moving on to the action items. We are starting out in Item
19 3, which we kind of had mixed in, but we decided to sort of
20 formalize a space on the agenda for an Executive Director's
21 report, because we always love hearing from our excellent
22 Executive Director, Bobby Wilkinson, and he's been having
23 lots of practice speaking before committee hearings
24 throughout the gap of all this last week.

25 So I'm sure this is going to be a great first

1 formal Executive Director's report. Mr. Wilkinson?

2 MR. WILKINSON: Mr. [audio interference.]

3 MR. VASQUEZ: Your mic is just -- you're --

4 MR. WILKINSON: Is there still a buzz, or does
5 it sound better now?

6 MR. VASQUEZ: That sounds okay.

7 MR. WILKINSON: Okay. This is our inaugural,
8 first Executive Director's report. Mr. Chairman, I thought
9 it would be a good idea to have something like this, more
10 informal on the state of the agency.

11 The big news -- over the last month, we've
12 launched our Texas Rent Relief Program. As I mentioned
13 before the Audit Committee, on February 15, in the --
14 through the height of the ice storm. So it's a little
15 problematic, in that the call center that we contracted for
16 was about at one-third capacity.

17 We built up a backlog of calls. They've since
18 worked through that, and the call center is doing great.
19 The application online looks good. Unfortunately, on the
20 back end, the ability to review has been impaired. And so
21 we're working with the vendor to make some software changes
22 to speed up the review process and kind of get some
23 payments out the door.

24 Stats-wise, I can't give you any, you know,
25 money expended, because we haven't actually cut a check,

1 but we've had 70,000 requests, for an approximate total of
2 \$259 million.

3 That average pay request is about \$3,600, and
4 that average has been fairly consistent over the last
5 month. And funds remaining -- about \$918 million, and this
6 is -- it started out with \$1.3 billion from the late
7 December COVID package.

8 Also related to the winter storm, I mentioned
9 that some employees were having trouble working. I've
10 gotten about 103 employee emergency leave requests for
11 various times. You know, some people were out for two
12 days; some people were out for three hours. It just
13 depends on their internet/power situation.

14 Our portfolio of properties -- they have 30 days
15 to report damage, like after a hurricane or something like
16 this. We've gotten 52 reported so far, and they have 25
17 months to get their property back up fully repaired. I
18 don't think the extent of the damage is quite like a
19 serious hurricane in terms of property.

20 On things we adjusted in response to the storm,
21 we had the Governor waive the statutory deadline for the
22 9 percent applications. That's usually March 1, and you
23 know, people lost a week, so we extended to March 8.

24 Likewise, on the Emergency Rental Assistance
25 Program, we extended the priority deadline from the end of

1 February to about March 8, and that doesn't mean you have
2 to get your application in before that.

3 It's just the federal statute is, you know, you
4 have to be 80 percent of area median income or below to
5 qualify, but we are to prioritize 50 percent AMI for
6 someone who's been on unemployment for an extended time
7 before those other applicants.

8 And so the way we decided to do that was, okay,
9 we missed that first couple of weeks. And now it will be
10 to the first three weeks. All the 50 percent AMIs and
11 below are going to get processed first.

12 And so that's the adjustment we've made, as far
13 as the storm. We had a leak in our building. A couple of
14 things up top and some water running down the elevators and
15 stairs. We had some stained carpet, but the carpet wasn't
16 really that nice anyway. So we survived.

17 None of the computers or anything like that got
18 damaged. So we're up and running at the office now. I
19 don't think I've said this out loud in our Board meeting,
20 but it's texasrentrelief.com. I might add -- I'd like to
21 give the 800 number again to anyone who's listening:
22 1-833-989-7368. And as a reminder, that's rental help and
23 utility assistance. Not telecommunications, but electric,
24 gas, water, wastewater.

25 As the Chairman mentioned, they're in session.

1 The filing deadline is 5:00 p.m. this Friday for bills, so
2 we're seeing a last bit of flurry of bills being filed.
3 Michael Lyttle and his team are monitoring bills for us.
4 Nothing too drastic. There's no bill to get rid of the
5 Department, which there has been in the past, so we're
6 doing okay.

7 We have some people tweaking the tax credit code
8 possibly; you know, Government Code 2306. I think there
9 will be a proposed state tax credit, which there wasn't.
10 It was supposed to get filed yesterday. I don't know if it
11 did or not.

12 I have testified in front of House
13 Appropriations, Senate Finance, and Urban Affairs twice.
14 I've been in front of the Appropriations Committee. So
15 obviously it's mostly about our budget.

16 In front of Urban Affairs. The first time, it
17 was about our COVID response. So Texas Grant Relief and
18 then our CARES Act distributions. And the second time it
19 was about everything else, which is a lot to try to pack
20 into, you know, five minutes.

21 The Chairman was making fun of me. I've had a
22 bit of honeymoon with the Legislature; they haven't really
23 grilled me too hard. Senate Finance -- you know, Workforce
24 Commission in front of me had to answer 50 questions, and
25 then I got like two or three.

1 So knock on wood. It's been good so far. The
2 Department is faring well. We'll see as the session goes
3 on if things heat up for us.

4 Another kind of big news thing, the American
5 Rescue Plan Act, the latest COVID package, \$1.9 trillion,
6 just keeps coming from somewhere. We're going to get some
7 allocations for that. I don't have the state numbers yet,
8 but like Emergency Rental Assistance -- it's 19 billion
9 nationally. We'll probably get about a billion as a state,
10 I'm guessing.

11 There's a new homeowners assistance, like
12 mortgage assistance package, for about 10 billion
13 nationally, and we'll get a piece of that, I'm sure, not
14 that we necessarily have been designated for that yet.

15 Also, HUD has \$5 billion nationally under HOME
16 for homeless activities, and LIHEAP, energy assistance,
17 there's another \$4.5 billion nationally. So in addition to
18 our annual and our CARES Act, getting that into people's
19 hands is big. Big electric bills that people got in
20 February.

21 One more thing -- we did kind of adjust the
22 limits to try to help people that were affected by the high
23 bills in February, if they even will qualify, of course.
24 So that's all that I have prepared at the moment. But if
25 Board members have any questions, I'll do my best to

1 answer.

2 MR. VASQUEZ: Great. Thank you, Bobby. I
3 appreciate you continuing to represent us in front of the
4 Legislature. Okay. Moving right along to Item 4 on the
5 agenda, Internal Audit. A review and possible acceptance
6 of the State Auditor's Office audit of the TDHCA financial
7 statements.

8 And I guess we are having Ms. Thomason present?
9 Or is this -- do we have a representative from SAO? Mr.
10 Pagenkopf?

11 MS. THOMASON: The Finance Committee, yes, we
12 did meet this morning at 8:30, and there was an action
13 item, and we took action to recommend to the full Board
14 approval of the State Auditor's Office, the TDHCA 2020
15 financial statement audit.

16 They are required for the statewide single audit
17 of Texas, as well as compliance with the Public Funds
18 Investment Act. And yes, Mr. Robert Pagenkopf is here to
19 here to present that report today.

20 MR. PAGENKOPF: Good morning, Chairman and
21 members. My name is Robert Pagenkopf, and I'm a project
22 manager with the State Auditor's Office. This morning I
23 will be presenting the results of our most recent financial
24 audits at the Department.

25 We issued two unmodified opinions as part of

1 this audit: one for the Department's basic financial
2 statements for fiscal year 2020, and one for the
3 Department's Revenue Bond Program financial statement for
4 fiscal year 2020.

5 We determined that these financial statements
6 were materially correct and reported in accordance with
7 generally accepted accounting principles, or GAAP. In
8 other words, we determined that these statements, as
9 issued, were not misleading to the reader of those
10 statements.

11 Additionally, we also concluded that the
12 Department's Housing Finance Division's computation of
13 unencumbered fund balances complies with Texas Government
14 Code Sections 2306.204 and 2306.205. We also issued a
15 report on the Department's compliance with the Public Funds
16 Investment Act for the fiscal year ended August 31, 2020.

17 The result of that work disclosed no issues of
18 noncompliance or other matters that are required to be
19 reported under government auditing standards. Lastly, I
20 would just like to thank Mr. Cervantes and the Financial
21 Administration folks, Larry and his IT team, and Mr. Scott
22 for their assistance and cooperation throughout the audit.

23 That concludes my comments, and I'd be happy to
24 answer any questions that you may have.

25 MR. VASQUEZ: Do any Board members have any

1 questions for Mr. Pagenkopf?

2 (No response.)

3 MR. VASQUEZ: Well, great. Robert, you know,
4 thank you for the work with the -- and all the SAO team
5 working with our staff in getting this report done. We
6 appreciate the efforts and definitely the fair report.

7 MR. PAGENKOPF: Thank you.

8 MR. VASQUEZ: Ms. Thomason, do you have a motion
9 to present, or --

10 MS. THOMASON: Yes. I would move to approve the
11 State Auditor's Office report of the TDHCA 2020 financial
12 statements as presented.

13 MR. VASQUEZ: Great. There's a motion made by
14 Ms. Thomason. Is there second?

15 MS. BINGHAM: I'll second.

16 MR. VASQUEZ: Second by Ms. Bingham. Before I
17 call for the question -- or the vote, does anyone have any
18 questions for Mr. Pagenkopf or Ms. Thomason?

19 (No response.)

20 MR. VASQUEZ: Okay. Hearing none, let's call
21 for a vote for the motion to accept the report -- the audit
22 report. All those in favor say aye.

23 (A chorus of ayes.)

24 MR. VASQUEZ: Any opposed?

25 (No response.)

1 MR. VASQUEZ: Hearing none, the motion carries.
2 Thank you all. Moving on to Item 5, we have the
3 Department of Policy and Public Affairs. Mr. Lyttle will
4 give us a brief overview of the Media Analysis and Outreach
5 that we -- the staff has been doing, I guess, so far this
6 year.

7 Mr. Lyttle?

8 MR. LYTTLE: Thank you, Chairman Vasquez. Yes.
9 Item 5 is the Media Analysis and Outreach Report that's in
10 your Board book for January 2021. It begins on page 115 of
11 the Board book.

12 Usually, we have this report each month in the
13 consent agenda, but I wanted to kind of spotlight it, as
14 we've changed it and updated it recently, and wanted to let
15 you know about that, thanks in part to Chairman Vasquez's
16 encouragement.

17 So we have done that. And you know, the report
18 now includes information on news media coverage, social
19 media stats, webinar and online meeting activity.
20 Obviously, the latter stuff there has become a big thing in
21 the wake of the pandemic.

22 So we wanted to again just sort of briefly run
23 through this and show you what we're presenting. The
24 report begins with an analysis of the print and broadcast
25 media news coverage that the Department has received. This

1 is a culmination of the weekly news clips that we send you
2 on Fridays.

3 We will determine -- we look at the article and
4 determine whether it's positive, neutral, or negative in
5 tone, looking at the programs -- which programs are
6 garnering the most coverage, what media markets are paying
7 the most attention to us, and we conclude the section by
8 logging how mentions we've received -- at least we have up
9 until now -- in each quarter.

10 We'll be doing that now on a monthly basis.
11 Next, after that, we look at the activity that's going on
12 with our Facebook page and our Twitter account and what
13 kind of engagement we've been getting from the public.

14 I think the statistics that are there now will
15 take on a greater added value when we've got probably about
16 six months to look at and compare it to each other. Excuse
17 me. So you know, we'll be looking at that and keeping you
18 posted.

19 We're also including information there, as you
20 see, on our YouTube channel, which is something that we've
21 really expanded and gotten much more active with in the
22 last year. And it should come as no surprise that the most
23 viewership is coming with the pandemic rent relief programs
24 that we've having and doing presentations on.

25 And then, we ended the report with outreach

1 activities, and those include online meetings, trainings,
2 and webinars. You know, this report used to have a lot of
3 travel information, as staff would go out and do events.

4 Obviously, with COVID, those have been
5 curtailed, at least for now, and hopefully we'll be getting
6 more active with that, come later this year. But for now,
7 most of the work that you see here is being done online.

8 We include the number of event attendees in the
9 chart, as well as the division sponsoring the event and the
10 title. So I would just tell you that this report is
11 definitely an organic type document. It's going to change
12 as we change our communication strategies and the channels
13 that we're using.

14 But we certainly welcome your ideas and
15 feedback. So please let us know if there's other
16 information that you'd like to see in here or some changes
17 that we need to make. You know, we're certainly wanting to
18 do that and be responsive to you and the information that
19 you want to see.

20 And finally, I just -- I'd be remiss if I didn't
21 give a shout-out to Kristina Tirloni, who is our senior
22 communications advisor and media person. Kristina works
23 very hard on working with the media every day, and she's
24 been -- lately been really busy with all the rent relief
25 stuff.

1 And she compiles this report, gets some help
2 from Nancy Dennis, and you know, most importantly, Kristina
3 has got to put up with me every day. So that should give
4 her some bonus points. So that covers it for Item 5.
5 That's what I got. Any questions or comments.

6 MR. VASQUEZ: Do the Board members have any
7 questions, comments?

8 (No response.)

9 MR. VASQUEZ: I would just have to say that part
10 of the reason I wanted to move this into the action items
11 so everyone could see is that there are so many
12 informational resources that the Department is putting out
13 there all the time, and everyone -- you know, all different
14 levels of constituencies and staff need to remember that
15 these are there, and to share that with others to get the
16 word out.

17 I mean, just -- you know, the YouTube
18 information alone is just invaluable, and especially in
19 these times when we can't actually travel all over the
20 place and come to meetings.

21 Again, this information, we're going to keep
22 briefing to make sure everyone knows all the great things
23 that we're doing, and again, the resources available to all
24 sorts of Texans through the Department. So thank you, Mr.
25 Lyttle. We look forward to future reports.

1 And moving right along to Item 6(a) on the
2 agenda, we have the Department's Single Family and Homeless
3 Programs presentation, discussion, and possible action on
4 proposed amendments to 10 TAC Chapter 7, Subchapter C,
5 Section 7.33, Apportionment of ESG Funds, concerning the
6 Emergency Solutions Grants, and directing their publication
7 for public comment in the Texas Register.

8 We have Abigail Versyp, who will give us the
9 background on this.

10 MS. VERSYP: Good morning. Thank you for that
11 introduction, Chairman. Good morning, members of the
12 Board. I am Abigail Versyp, Director of Single Family and
13 Homeless Programs. I am here to present 6(a), which is
14 some amendments to a certain section of our Emergency
15 Solutions Grants rules.

16 These changes are specific. These amendments
17 are recommended specific to the upcoming HUD program year
18 2021. Over the course of the last year, TDHCA has received
19 and awarded over \$90 million in supplemental ESG funding
20 under the CARES Act.

21 Just for comparison, our normal annual
22 allocation of ESG is about \$9 million, so about a 10th of
23 that. The Department has been notified that our allocation
24 of ESG 2021 is coming in right at about that \$9.3 million
25 mark.

1 In a typical year, once the allocation is
2 announced, staff begins the process of determining which
3 regions in Texas are going to run a local competition and
4 which regions are going apply to TDHCA under a competitive
5 NOFA directly.

6 Typically, the competition results in TDHCA
7 being able to find about half of the total applicants who
8 apply. So that demonstrates a need for the funding, but it
9 also allows us to select the highest-scoring subrecipients.

10 Those are based on a number of factors
11 enumerated elsewhere in the rule, just to make sure we're
12 selecting the highest-capacity organizations. For program
13 year 2021, staff is recommending a deviation from the
14 annual competition.

15 That's reflected in the amended rule proposed
16 today. This rule recommendation is highly specific. It
17 would not apply to a future year. It does not apply to
18 past years of ESG funding. For the upcoming year, staff is
19 recommending that, rather than issue a NOFA and run a
20 competitive application cycle, the 2021 allocation of funds
21 is awarded directly to existing subrecipients who received
22 an award under the competitive NOFA in 2020.

23 The proposed rule does provide some provisions
24 to exclude subrecipients who are non-performing or that
25 have become ineligible for any other reason during the time

1 period, but we anticipate that this would exclude few if
2 any of the 50 2020 awardees.

3 In making this recommendation, staff compared
4 the ESG annual allocation to the ESG CARES fund. The
5 annual allocation of ESG funding is subject to rules and
6 requirements at the federal level that are waived for the
7 much larger CARES fund, including 100 percent match
8 requirement, case management requirement, and a limitation
9 on the amount of money that can be used for certain
10 activities like street outreach and emergency shelter.

11 By offering a direct award to those that were
12 successful in the 2020 application cycle, staff feels that
13 we can proceed with greater confidence that the ESG funding
14 would be obligated timely to subrecipients who have the
15 capacity to administer the more regulated funding source.

16 For 2022, we are not proposing to extend these
17 changes to future years, because the ESG CARES funding is
18 time-limited, but we do feel that it will impact our
19 ability to find successful applications for 2021 funds.
20 I'm happy to answer any questions you have about this
21 recommendation.

22 MR. VASQUEZ: Great. Thank you, Abby. Again,
23 this -- to simplify this for Board members to understand,
24 the -- this is simply a one-time adjustment to help us get
25 money out there faster into --

1 MS. VERSYP: Yes. Yes.

2 MR. VASQUEZ: Okay. Do any Board members have
3 any questions?

4 (No response.)

5 MR. VASQUEZ: None? Okay. Again, sounds
6 straightforward. The Board -- the Chairman would entertain
7 a motion.

8 MR. BRADEN: Mr. Chair, I will make a motion. I
9 move the Board approve the proposed amendments to 10 TAC
10 Chapter 7, Section 7.33, as reflected in the Board action
11 request on this item, and that the amendments be published
12 in the Texas Register for public comment.

13 MR. VASQUEZ: Great. Thank you. Motion by Mr.
14 Braden. Is there a second?

15 MS. THOMASON: I'll second.

16 MR. THOMAS: Mr. Chairman, I'll second that
17 motion.

18 MR. VASQUEZ: Seconded by Mr. Thomas. All those
19 in favor say aye.

20 (A chorus of ayes.)

21 MR. VASQUEZ: Any opposed?

22 (No response.)

23 MR. VASQUEZ: Hearing none, motion carries.
24 Thank you. Let's now move on to 6(b), with Ms. Versyp
25 again.

1 MS. VERSYP: Yes. Thank you again. So this
2 item -- the next item on the agenda is Item 6(b). This is
3 a recommendation related to the transfer and change of a
4 final eligible use for a piece of property in Dallas County
5 known as Kleberg Village to the City of Dallas for
6 designation as a municipal park.

7 This property has a long history with the
8 Department, more fully described in the Board book, but by
9 way of summary, the property, which consists of 23-1/2
10 acres in southeastern Dallas, was acquired using NSP funds
11 in 2013 by Urban Progress Community Development Corporation
12 with the intent to develop multifamily housing.

13 After the purchase, but before initiation of
14 development, issues arose including an environmental review
15 that made development of multifamily property infeasible,
16 as almost half of the land fell into the flood plain.

17 In 2019, Urban Progress CDC assigned their
18 duties, including the land and the land use restriction
19 agreement to another nonprofit developer, City Wide CDC.

20 City Wide CDC planned to change the final use of
21 the property to single family housing for home ownership on
22 the developable portion of the property and to deed the
23 non-developable portion of the property to the City of
24 Dallas for designation as a municipal park.

25 This is a final eligible use under the NSP

1 Program, and it would provide a benefit to the new
2 development, as well as the neighborhood as a whole.

3 City Wide CDC was granted permission for this
4 change in January, but they were -- of 2020, but they were
5 required to secure financing for its needed infrastructure
6 and to submit a complete development plan within six
7 months, with a possible six-month extension.

8 The plan didn't come to fruition, and after
9 consulting with City Wide CDC, TDHCA and City Wide began
10 exploring alternatives to the plan, resulting in the item
11 for your consideration today.

12 Staff is recommending through this item that the
13 Board grant staff authority to begin the process of
14 transitioning the property from City Wide CDC's ownership
15 back to TDHCA, including removing the loan obligation and
16 being assigned title to the property.

17 Staff would then transfer the entire 23-1/2-acre
18 property to the City of Dallas for designation as a
19 municipal park, which would be included in the City's park
20 development plan. Staff, in collaboration with the CDC,
21 approached the City of Dallas about this idea.

22 The City, including members of the Park Board
23 who would authorize the transaction, expressed support for
24 this plan. This particular piece of property is uniquely
25 suitable for a municipal park and would fit into their

1 Parks and Recreation Department Comprehensive Plan.

2 First and foremost, the location of the property
3 in southeastern Dallas is already adjacent to an abandoned
4 right-of-way known as Kleberg Trail, that's already
5 designated as a municipal park.

6 In the City's Trail Plan, Kleberg Trail is
7 included, and would ultimately be connected to about 200
8 miles of trail, which is also ultimately connected to
9 public transportation.

10 At this time, Kleberg Trail would be considered
11 the trail head. With this addition of this property and
12 other nearby parks, one owned by the City of Seagoville,
13 would be able to feed into the City of Dallas's trail
14 system.

15 This property would create a way to get to the
16 DART station off roads, decreasing barriers and access to
17 the DART System. Additionally, the closest developed park
18 to this neighborhood is across a freeway. And so, that
19 creates a barrier for the neighbors to use. This park
20 would remove this barrier.

21 Second, certain natural characteristics of this
22 property allow the park to be used for both active and
23 passive park space. The active space would be a prime
24 location for a community center, playground, other
25 developed recreational space, and the passive park space in

1 the rear of the property is natural woods, including native
2 trees, rolling hills.

3 Twenty-three and a half acres is a large park.
4 This park would be an asset to this neighborhood. I'm
5 happy to answer any questions you have about this proposed
6 change.

7 MR. VASQUEZ: Well, as the famous saying goes,
8 you had me at hello. Is there -- any Board members have
9 any questions for Ms. Versyp on Item 6(b), where we will
10 cooperate with Dallas and make great use of this underused
11 piece of property?

12 MR. BRADEN: I just maybe a couple questions. I
13 agree with the Chair that this sounds like a great idea,
14 and I'm sure Dallas is anxious to do this, but what is the
15 Dallas side of this? So does the Parks Board approve it?
16 And then, it goes to City Council? Or is it only a Parks
17 Board action to deem --

18 MS. VERSYP: It is only a Parks Board action.
19 It's -- because there's not a loan being assumed, it can
20 stay with the Parks Board.

21 MR. BRADEN: And the positive reaction you've
22 received from the Parks Board so far -- has that been
23 through the Director or through interaction with the Board
24 itself? Or how has that been?

25 MS. VERSYP: Through interaction with one of the

1 Board members and meeting with senior-level staff, as well
2 as attorneys for the City of Dallas --

3 MR. BRADEN: Okay.

4 MS. VERSYP: -- just to determine how this
5 transaction could occur, and making sure that once it's a
6 park, it stays a park. We only have a five-year term that
7 it has to stay in that use for the NSP Program, but once
8 they designate it, they actually have to do a vote
9 referendum to remove it from that designation.

10 So it would be a park in perpetuity --

11 MR. BRADEN: Right.

12 MS. VERSYP: -- most likely.

13 MR. BRADEN: No, I think this is great. I
14 support it. I don't have anything else.

15 MR. VASQUEZ: All right. Our Dallas Board
16 member seems to be in favor. Any other questions?
17 Comments?

18 (No response.)

19 MR. VASQUEZ: Hearing none, I would entertain a
20 motion on Item 6(b).

21 MR. BRADEN: Well, I'll make the motion. I move
22 the Board approve the transfer of the property at issue in
23 this item to the City of Dallas for purposes of designation
24 as municipal parkland, and for Department staff to provide
25 any necessary administrative services or permissions to

1 facilitate this transfer as reflected in the Board action
2 request on this item.

3 MR. VASQUEZ: Great. Thank you. A motion made
4 by Mr. Braden. Is there a second?

5 MR. THOMAS: I'll second that motion, Mr.
6 Chairman.

7 MR. VASQUEZ: Motion made by -- or seconded by
8 Mr. Thomas. All those in favor say aye.

9 (A chorus of ayes.)

10 MR. VASQUEZ: Any opposed?

11 (No response.)

12 MR. VASQUEZ: Hearing none, motion carries.
13 Thank you, Ms. Versyp.

14 MS. VERSYP: Thank you.

15 MR. VASQUEZ: Great. And moving right along to
16 Item 7 on the agenda, Texas Homeownership, a Housing
17 Finance Activity Report that will be presented by Ms.
18 Gutierrez, I think, or is it Ms. Galuski? Is it Monica?

19 MS. GUTIERREZ: It is. I'm starting, but I
20 can't seem --

21 MR. VASQUEZ: Oh, okay.

22 MS. GUTIERREZ: -- to get my camera on. Hm.
23 Sorry. I apologize for that. It shows that it's on, on my
24 end. I'm not sure what's going on here.

25 MR. DARUS: Just make sure that it's the only

1 program that you have running that's using your webcam.

2 MS. GUTIERREZ: Well, I apologize for that. I
3 thought I had everything set up, and I don't know why it's
4 not coming up. I am so sorry, because I have really
5 exciting information to share with you, and I think the
6 excitement that you would see on my face would really show
7 all of that. But obviously, I can't get my camera on.

8 MR. VASQUEZ: Well, we can hear you clearly.

9 MS. GUTIERREZ: I'm going to go ahead and go on.
10 I don't want to hold anybody up. So let me just go on
11 with my presentation.

12 Good morning, everyone, Board members, Bobby,
13 TDHCA staff. I'm Cathy Gutierrez, the Director of the
14 Texas Homeownership Division, and I am presenting to you on
15 Item 7, Housing Finance Activity Report.

16 And again, I apologize that I can't get this
17 working. So let me start off by saying, as the designated
18 housing finance agency for HSA for the State of Texas,
19 TDHCA has been granted legislative authority to be in the
20 mortgage business as a pass-through of funds.

21 TDHCA also represents Texas on a national level
22 as a member of the National Association of State Housing
23 Agencies, NCSHA. To begin, I would like to call your
24 attention to a very easy-to-follow report titled, *2020*
25 *Housing Finance Activity Report*.

1 I believe this is page 140 of your Board book.
2 As I go through this report, I ask that you pay particular
3 attention to the jump in business we have experienced and
4 continue to experience. TDHCA is mandated by state
5 legislation to help those who are considered low to
6 moderate income become homeowners.

7 Here is the number of Texas families we assisted
8 in 2020: 14,308. That is a 40 percent jump compared to
9 2019 numbers of 10,201. Follow me down the left column,
10 and you will see the numbers of homes financed through our
11 homeownership option is 12,657, a 36 percent jump from
12 9,291 homes financed in 2019.

13 Our average first loan -- our average first
14 mortgage loan volume totaled \$2.4 billion, which is a huge
15 jump of 47 percent from the 2019 volume of \$1.6 billion.
16 We also issued over 3,600 Mortgage Credit Certificates, or
17 MCCs, as they are common known. This is a jump of 23
18 percent, compared to 2019.

19 Texas has certainly seen a hot housing market
20 that continues to push demand for our products. As a pass-
21 through of funds, we are able to make mortgage loans
22 possible through the subsidy applied to the loan by
23 maintaining interest rates as low as possible and providing
24 down payment assistance in the form of a zero interest
25 second mortgage.

1 If you will, please continue to follow me to the
2 top, right column, and I will give you a more intimate look
3 at the people we serve. The average household income was
4 \$57,890 in 2020. The average income in 2019 was \$58,500.

5 Although the difference in average income may
6 seem small, the amount is considerable when you look at the
7 next piece of data. In 2020, the average loan amount was
8 \$191,055. In 2019, the average loan amount was \$176,210.

9 In short, climbing real estate prices are
10 quickly diminishing the dream of homeownership for many
11 low-income Texans. The first quarter of 2021 is not
12 showing any signs of the housing market slowing down. The
13 National Homebuilders Association also reports continued
14 housing growth well into 2022.

15 So exactly how did this affect low-income
16 Texans? Based on simple principle and interest
17 calculations using your 2019 average loan amount versus our
18 2020 average loan amount, a home buyer is now paying
19 roughly \$70 more a month in a mortgage payment.

20 Multiply that by 12 months, and you are looking
21 at \$840 less a year. And again, that amount might not seem
22 much to some folks, but to a family with a household income
23 of \$57,870, this can be detrimental in having to absorb
24 into their household budget.

25 The disposable income this family have had to

1 cover an unexpected expense, purchase every-day
2 necessities, maybe save for a family vacation, basically
3 just weather life or maybe avoid foreclosure, plus no
4 increase in their incomes, just made the dream of
5 homeownership less possible or much more difficult to
6 obtain and sustain.

7 So here is the good news -- and I must say that,
8 although the rising cost of housing is a concern, the
9 numbers we are reporting are positive in that we are
10 serving the exact folks we were created to serve. In
11 addition, the economic impact the program is having on our
12 state is something this agency should be very proud of.

13 Texas is not alone in this fight. Through our
14 participation in NCSHA and discussions with our
15 counterparts across the country, we are finding that other
16 states are starting to see pressure build up, and soon,
17 everyone will be rolling out best practices.

18 My team and I stand ready to meet the changing
19 needs of the market we are mandated to serve. We'll be
20 following the numbers and trends closely to keep you up to
21 date on homeownership matters.

22 As government overseers, we count on you, our
23 Board, for support in pushing housing strategies that work,
24 and for that, I thank you. My team and I are working on a
25 marketing strategy to continue to get the word out about

1 our programs.

2 You'll be hearing about this in coming months. I
3 believe that the more people we touch and become more
4 familiar with what we do, the more we can help to overcome
5 some of the barriers low-income families face when looking
6 to purchase a home.

7 I get the honor and privilege to come -- to be
8 able to come before you -- and unfortunately, you can't see
9 me, because you would be able to see the excitement in my
10 face in this information that I'm sharing with you -- but I
11 do get the honor to come before you to report the successes
12 and challenges of our homeownership programs.

13 But I can't take credit for the hard work that
14 goes into making these programs the best in Texas. There's
15 a team working behind the scenes who are dedicated to the
16 mission of home ownership. We look at things a little
17 different and we challenge one another to move the ball
18 forward.

19 As our Homeownership Officer, Lisa Johnson,
20 handles our day-to-day, managing our customer service and
21 realtor relationships; Erick Soriano, as our Housing
22 Finance Consultant, manages our lender relationships,
23 including the approval of interested lenders and on-
24 boarding lenders once approved; and Fernando Guajardo is
25 our Business Development Officer.

1 His role is to manage business relationships,
2 business development, and also assist with business
3 processes and systems. I am humbled to work with such a
4 committed and passionate team.

5 And of course, I cannot hand this over to
6 Monica, who also have a few words to say, without
7 recognizing the equally important role our Bond Finance
8 team plays in bringing the dream of homeownership to so
9 many fellow Texans.

10 Michelle Straley, John Tomme, Heather Hodnett
11 and Isaac Quintanilla are also working behind the scenes to
12 ensure that the finance piece of our business is solid.
13 These two divisions work hand-in-hand to keep things
14 moving.

15 Our approach is to keep things simple. Yes, we
16 are the State. Yes, we are a governmental entity. And
17 yes, we understand our role and this business very well.
18 Our processes are efficient and easy to follow. We don't
19 add extra steps. We also don't add unnecessary overlays.

20 And we have Monica and myself as the
21 orchestrators of this madness that we love, and we love
22 what we do, because we know we are making a difference now
23 more than ever.

24 I hope you found this information inspirational
25 and recognize just how much Texas benefits when you, as our

1 Board of Directors, and our executive team exercise the
2 authority of the housing finance agency for the State of
3 Texas.

4 Thank you. I'm happy to answer any questions,
5 and I'm going to pass it over to Monica, because I know she
6 has a few comments as well.

7 MS. GALUSKI: Good morning. I'm Monica Galuski,
8 the Director of Bond Finance, and good morning to Mr.
9 Chairman, the Board, Bobby, staff. And thank you, Cathy,
10 for your excellent report. I'm going to be more verbose
11 than normal, but only because this is an annual report. We
12 don't do this very often.

13 So Cathy's report highlighted the success of the
14 Homeownership Program in 2020, and she compared a lot of
15 those results with the results of 2019. And 2020 was a
16 very good year. I could not be more proud of what we
17 achieved in 2020.

18 But think about this. In 2016, just five years
19 ago, the Department served 2,894 home buyers. In 2020, we
20 served 14,308. In 2016, we financed \$216 million in
21 mortgage loans. In 2020, we financed \$2.4 billion. That's
22 amazing.

23 And it's not just that the program has grown
24 from a volume standpoint, but that in doing so, we've
25 stayed true to our mandate to serve the underserved.

1 Ninety-nine percent of TDHCA borrowers are first-time home
2 buyers.

3 Over 70 percent have incomes at or below
4 80 percent of AMFI. Homeownership staff go the extra mile
5 to reach as many potential home buyers as possible,
6 actively targeting areas that historically have had little
7 to no loans originated through our program.

8 From one-on-one meetings with area realtors and
9 lenders to locating eligible homes in underserved counties,
10 to specifically designed for-sale addendums advertising
11 down payment assistance, they work to bring even -- bring
12 in even just that one incremental new home buyer who heard
13 about the program from their realtor or saw anything on the
14 for-sale sign.

15 Homeownership and Bond Finance do work hand-in-
16 hand. Bond Finance generates the funds, and Homeownership
17 spends them. Together, we explore and examine ways to
18 achieve program efficiencies, to reduce costs, to
19 streamline processes. We are open to new ideas and
20 possibilities, always seeking to increase affordability by
21 improving the loan products that we offer.

22 Behind the scenes, Bond Finance keeps the
23 financing wheels turning, monitoring liquidity, posting
24 loan collateral, purchasing loans, managing the swaps,
25 ensuring compliance with bond indenture covenants, doing

1 what must be done today, while protecting the indentures
2 and ensuring that the program is viable today, tomorrow and
3 long into the future.

4 This program went from zero to 60 in five years.

5 That's an incredible achievement and given that this is
6 the annual update and a very positive one, I'm going to
7 quickly thank a few important parties. I want to thank our
8 financing team and program partners, Stifel, Bracewell,
9 McCall, Parkhurst.

10 Idaho HFA was our master servicer. Hilltop,
11 Ehousing, our underwriters. Bank of New York, our trustee.

12 Thank you to all of our participating lenders and the
13 realtor community. And thank you to the Department's loan
14 servicing and financial services staff.

15 We know the operational changes and the
16 increased volume have not been easy, and we really do
17 appreciate all that you do for us. Thank you to Michael
18 Lyttle and his staff for their continued assistance in
19 promoting the program.

20 And a huge thank you to the Homeownership team -
21 - Cathy, Fernando, Lisa, and Erick, and to the Bond Finance
22 team, Heather, John, Michelle and Isaac. We are a highly
23 leveraged group. Without your hard work and dedication,
24 this program could not have achieved nor could it maintain
25 our current loan volume.

1 Last but not least, thank you to Bobby and to
2 the Board for your support and commitment to the continued
3 success of this program. Thank you.

4 MR. VASQUEZ: All right. Thank you, Monica and
5 Cathy. These are just spectacular numbers for the
6 organization. For our agency that is known for tax
7 credits, as somewhat being the primary thing that we do --
8 the primary activity, this -- these mortgages -- it is
9 just -- the numbers are off the charts.

10 And I -- from what I understand, we are going to
11 meet or exceed last year's numbers in this year. So you
12 know, I think the program keeps growing and growing, thanks
13 to, you know, the work of both your teams, Monica and
14 Cathy.

15 So it just -- I think this is phenomenal. We
16 need to get the word out. We need to make sure lenders are
17 participating in the program, and that buyers understand
18 that this -- these are options for them to, you know --
19 again, resources that we can provide to help them with the
20 dream of homeownership.

21 Do any other Board members have any comments or
22 questions?

23 MS. BINGHAM: Mr. Chair, I don't have a
24 question, but I just wanted to echo your remarks about how
25 just really phenomenal this service is, and I'm from the

1 Valley, and we have a, you know, collection of small
2 communities where it's really easy for me to see the impact
3 that this program has, and how Monica and Cathy and her
4 teams provide the dream of homeownership to folks down here
5 where I live, that would have only been a dream and not a
6 reality without them.

7 So I just -- and I think the growth from 2016 to
8 2020 is just incredible. So I'll call them by name, too,
9 and we can hear Cathy's enthusiasm even though we can't see
10 her pretty face this morning. I know she's excited, and I
11 don't blame her for being proud.

12 Cathy, Lisa, Erick, Fernando, Michelle, John,
13 Heather, Isaac, Monica -- for your leadership also, but
14 just thank you for everything that you guys are doing.

15 MS. GALUSKI: Thank you.

16 MR. WILKINSON: Mr. Chairman, I'd also like to
17 mention -- we've brought it up before, but just for
18 everybody in the audience, thetexashomebuyerprogram.com,
19 our new kind of slick website, where it's -- where
20 homebuyers, realtors, counselors, it really, you know, it
21 shows off our programs.

22 I thought the team did a great job. It has a
23 cool slogan, Home Is Closer Than You Think. So check that
24 out, anyone that's in the audience. We have Spanish or
25 English. I'd also like to mention that, you know, this is

1 maybe our main mission.

2 You know, tax credits and homeownership
3 activities are the two main things we do. We get a lot
4 more of that from our other activities, and sometimes
5 Monica and Cathy fly under the radar.

6 But what they do is so important to the
7 Department for Texans, that I'm really glad that we can
8 highlight these reports. Thank you, Monica. Thank you,
9 Cathy. Great job.

10 MR. VASQUEZ: Hey, Bobby, what was that website
11 one more time?

12 MR. WILKINSON: Thetexashomebuyerprogram.com.

13 MR. VASQUEZ: Texashomebuyerprogram.com. We
14 should all --

15 FEMALE VOICE: It's there.

16 MR. VASQUEZ: Does anyone else have any comment
17 or a question?

18 (No response.)

19 MR. VASQUEZ: Now, again, you know, Monica and
20 Cathy -- and Cathy, we do have your picture on the screen
21 there, so -- you were -- a big smile on that one.

22 MS. GUTIERREZ: Great. Because I am smiling
23 really big right now.

24 MR. VASQUEZ: As well you should. As well you
25 should, and your whole team should. So again, thank you

1 for this report. Since it is a report only, we actually do
2 not take action on this, but thank you for reporting. I
3 look forward to future updates.

4 So moving --

5 MS. GUTIERREZ: We looking forward to sharing --
6 we do look forward to sharing numbers for 2021. We already
7 are on pace to hit another record year. So we're really
8 excited about that as well.

9 MR. VASQUEZ: Excellent. Okay. Thank you. So
10 moving on to Item 8 under Bond Finance, and conveniently,
11 this is going to be presented by Monica Galuski.

12 I guess this was -- we should -- let me more
13 formally say, it's the presentation, discussion, and
14 possible action on Resolution No. 21-017 authorizing the
15 filing of one or more applications for reservation with the
16 Texas Bond Review Board with respect to qualified mortgage
17 bonds, authorizing state debt application, and containing
18 other provisions relating to the subject.

19 Monica?

20 MS. GALUSKI: Mr. Chair, I'm okay moving in this
21 order, but these two items were --

22 MR. VASQUEZ: I'm sorry. Do (b) first?

23 MS. GALUSKI: If that's possible, that would be,
24 I think, a better order for this. It would be presumptuous
25 to do (a) before (b), I think.

1 MR. VASQUEZ: Okay. Very well. I forgot that
2 was -- my mistake. I was informed of it. So we will
3 actually instead move to Item 8(b) first -- presentation,
4 discussion, and possible action on Resolution No. 21-018
5 authorizing the issuance, sale and delivery of Texas
6 Department of Housing and Community Affairs Residential
7 Mortgage Revenue Bonds, Series 2021A and Residential
8 Mortgage Revenue Refunding Bonds, Series 2021B Taxable,
9 approving the form and substance of related documents,
10 authorizing the execution of documents and instruments
11 necessary or convenient to carry out the purposes of this
12 resolution, and containing other provisions relating to the
13 subject.

14 Monica, please present the rest of this.

15 MS. GALUSKI: For the record, again, Monica
16 Galuski, Director of Bond Finance. With this item, staff
17 is requesting approval to issue two series of bonds, the
18 structure of which is expected to be substantially similar
19 to that of the Department's Series 2020A and Series 2020B
20 bonds.

21 The 2021A bonds, to be issued in an amount not
22 to exceed \$100 million, will be tax-exempt single family
23 mortgage revenue bonds to finance new mortgage loan
24 origination. The bond structure is expected to include
25 serials -- serial bonds, term bonds and a premium planned

1 amortization class, or PAC bonds.

2 Borrowers will receive down payment assistance
3 as a zero percent interest, non-amortizing, 30-year second
4 mortgage due on sale or refinance of the first loan.
5 Mortgage loans will be securitized into mortgage-backed
6 securities that will provide the security for the bonds.

7 While the Department has a TBA program that
8 provides continuous funding for new loan origination,
9 single-family mortgage revenue bonds typically result in a
10 lower mortgage rate for bond-eligible loans and provide an
11 element of diversification to the Department's overall
12 financing strategy.

13 If approved, the 2021A bonds will be the
14 Department's first issue designated as social bonds. We
15 expect to receive a second-party opinion from Kestrel
16 Verifiers and have been providing them with use of proceeds
17 information for bond loans purchased since January of 2019.

18 In particular, the breakdown of loans by area
19 median income, the percent of loans made in targeted areas,
20 and the number of potential home buyers that have used the
21 Department's free online Home Buyer Education Program.

22 The 2021B bonds, to be issued in an amount not
23 to exceed \$65 million, will be fixed-rate, taxable, pass-
24 through bonds with principal and interest on the underlying
25 mortgage loans passed through to the bondholders monthly.

1 The 2021B bonds will refund bonds originally
2 issued through the New Issue Bond Program, known as NIBP
3 bonds. The bonds will be secured by MBS, mortgage-backed
4 securities, transferred from the bond issues being
5 refunded.

6 Under current market conditions and using
7 conservative assumptions -- and again, these days, market
8 conditions change every day -- but using conservative
9 assumptions, we're expecting the refunding to generate a
10 present-value savings of between \$4 and \$5 million --
11 again, depending on market conditions at the time of
12 pricing, and the ultimately pre-payment of the underlying
13 mortgage loans.

14 In addition to savings, this refunding will
15 result in the release of covenants that were put in place
16 when the NIBP bonds were issued, which will provide
17 financial flexibility to the Department with respect to the
18 RMRB Indenture.

19 The Department's bond counsel is Bracewell.
20 Disclosure counsel is McCall, Parkhurst & Horton, and our
21 municipal advisor is Stifel. For this issue, Jefferies
22 will serve as the senior manager underwriter. Barclays,
23 JPMorgan, and RBC Capital Markets will be co-seniors, and
24 Morgan Stanley, Piper Sandler, and Ramirez will be co-
25 managers.

1 The Department contribution which may be used to
2 fund down payment and closing cost assistance, lender
3 compensation, second loan servicing fees, and/or cost of
4 issuance will not exceed \$6 million. Capitalized interest
5 will be drawn from the indenture as needed and will not
6 exceed \$2.25 million.

7 As is our practice, these are conservative
8 maximums, and the actual contribution in capitalized
9 interest draws are expected to be significantly lower.
10 Both series of bonds will be rated AAA by Moody's and AA+
11 by Standard & Poor's.

12 At this point, I am -- my presentation is
13 complete, and I'm available to answer any questions that
14 you might have.

15 MR. VASQUEZ: Great. Thank you, Monica. Do any
16 Board members have any questions for Ms. Galuski?

17 MR. THOMAS: Mr. Chairman, I have a question.
18 Monica, on the social bonds that we're issuing for the
19 first time as a Department using the third-party verifier,
20 is there any ongoing review of the bond issue once it's
21 sold so that we are in compliance by that third-party
22 verifier in terms of what the programmatic needs are for
23 social bonds?

24 Or how are we approaching that?

25 MS. GALUSKI: So there is -- the only sort of

1 update once we've issued is, there is a one-time reporting
2 that we do voluntarily to them, as well as to the market,
3 that shows the use of the proceeds.

4 So it will show, you know, the AMI breakout, et
5 cetera, and that's a one-time report, and that report --
6 just so -- for your benefit, Paul, is not a continuing
7 disclosure obligation.

8 So it won't have those implications associated
9 with it.

10 MR. THOMAS: Great. Thanks, Monica. I have no
11 other questions, Mr. Chairman. I think that this is a --
12 you know, I think, dovetails nicely with the previous
13 agenda item and what the Department is trying to accomplish
14 with providing, you know, accessibility to mortgage loans.

15 And this is an important part of what the
16 Department does, and it's growing as a program, and it's
17 great in this low-interest environment that we're not only
18 able to issue the single-family mortgage bonds that Monica
19 referenced, but also taking advantage of these low interest
20 rates to get some refinancing savings where possible.

21 So I commend Monica and her team for that.
22 Thank you.

23 MR. VASQUEZ: All right. Thank you, Mr. Thomas.
24 Is there any other comment or question from a Board
25 member?

1 MR. BRADEN: I had one question, Mr. Chair.
2 Monica, for the taxable refunding, you said it was about \$4
3 to -- the estimate -- current estimate based on current
4 market conditions was \$4 to \$5 million of refunding
5 savings.

6 Do you know what that percentage is?

7 MS. GALUSKI: Yes. I'm sorry. That percentage
8 is between -- I have it here in my notes, because I thought
9 someone might ask that -- it's in the neighborhood of 6 to
10 8 percent.

11 MR. BRADEN: Okay. That's great.

12 MS. GALUSKI: Yeah. We're well above our
13 2 percent threshold and expecting that we will have a very
14 good result at the end of the day.

15 MR. BRADEN: That's great. That's all I have.

16 MR. VASQUEZ: Great. Thank you. And I don't
17 believe there's anyone queued up for public comment on this
18 item. So given the presentation by Ms. Galuski, the Chair
19 will entertain a motion on Item 8(b).

20 MR. BRADEN: I'll make the motion, unless Ajay
21 wants to.

22 MR. THOMAS: Sure. I'll be happy to, Paul. I
23 move the Board approve the issuance of the Texas Department
24 of Housing and Community Affairs Residential Mortgage
25 Revenue Bonds, Series 2021A and Residential Mortgage

1 Revenue Refunding Bonds, Series 2021B as reflected in the
2 Board action request on this item.

3 MR. BRADEN: Second.

4 MR. VASQUEZ: Great. Motion made by Mr. Thomas,
5 seconded by Mr. Braden. All those in favor say aye.

6 (A chorus of ayes.)

7 MR. VASQUEZ: Any opposed?

8 (No response.)

9 MR. VASQUEZ: Hearing none, the motion carries.
10 Now we shall return to Item 8(a) on the agenda,
11 and I've read that once already. So let's jump straight
12 into it, Monica.

13 MS. GALUSKI: Again, Monica Galuski, Director of
14 Bond Finance. With this item, staff requests approval to
15 submit an application to the Texas Bond Review Board for
16 the 2021A bonds, the tax-exempt new money bonds that we
17 just approved, to draw down private activity bond authority
18 for a volume cap in order to implement that issue.

19 I'm available for any questions.

20 MR. VASQUEZ: Are there any questions from Board
21 members?

22 (No response.)

23 MR. VASQUEZ: Hearing none, the -- we'll
24 entertain a motion on Item 8(a).

25 MR. BRADEN: Mr. Chair, I'll make the motion. I

1 move the Board approve Resolution No. 21-017 authorizing
2 the filing of the application for reservation with the
3 Texas Bond Review Board with respect to the issuance of
4 residential mortgage bonds, Series 2021A as reflected in
5 the Board action request on this item.

6 MR. VASQUEZ: All right. Thank you. Motion
7 made by Mr. Braden. Is there a second?

8 MS. THOMASON: I'll second.

9 MR. THOMAS: I'll second Member Braden's motion.

10 MR. VASQUEZ: All right. Well, seconded by Ms.
11 Thomason. All those in favor say aye.

12 (A chorus of ayes.)

13 MR. VASQUEZ: Any opposed?

14 (No response.)

15 MR. VASQUEZ: Hearing none, the motion carries.

16 Thank you, Ms. --

17 MS. GALUSKI: Thank you.

18 MALE VOICE: Thanks, Monica.

19 MS. GALUSKI: Thanks, guys.

20 MR. VASQUEZ: Okay. Moving on to Item 8(c),
21 presentation, discussion, and possible action on Inducement
22 Resolution No. 21-019 for Multifamily Housing Revenue Bonds
23 Regarding Authorization for Filing Applications for Private
24 Activity Bond Authority.

25 And Teri Morales -- Teresa Morales, will give us

1 the background on this and which project it relates to.

2 MS. MORALES: Good morning. Teresa Morales,
3 Director of Multifamily Bonds. Item 8(c) involves the
4 adoption of an inducement resolution associated with a bond
5 pre-application. Delafield Villas proposes the acquisition
6 and rehab of 204 units in Dallas that will continue to
7 serve the general population.

8 The inducement resolution is to authorize staff
9 to submit this application requesting \$26 million in
10 private activity bonds to the Bond Review Board to await a
11 reservation. This application will join the other six
12 applications currently on the TDHCA waiting list, bringing
13 the total and requested volume cap to \$169 million.

14 The TDHCA set-aside has already been met, so
15 these reservations are not likely to be issued until August
16 or much later in the year, depending on availability of cap
17 statewide. Staff recommends adoption of Resolution No.
18 21-019.

19 MR. VASQUEZ: Great. Thank you, Teresa. Is
20 there any -- are there any questions from Board members?

21 (No response.)

22 MR. VASQUEZ: And we have no one who is signed
23 up in the queue to speak on this item. So the Chair will
24 entertain a motion on Item 8(c). Don't be shy.

25 MR. BRADEN: I'll move that the Board approve

1 Inducement Resolution No. 21-019 to proceed with the
2 application submission to the Bond Review Board for
3 possible receipt of state volume cap issuance authority on
4 Delafield Villas in Dallas as reflected in the Board action
5 request on this item.

6 MR. VASQUEZ: Thank you. Motion made by Mr.
7 Braden. Is there a second?

8 MR. THOMAS: I'll second the motion, Mr.
9 Chairman.

10 MR. VASQUEZ: Seconded by Mr. Thomas. All those
11 in favor say aye.

12 (A chorus of ayes.)

13 MR. VASQUEZ: Any opposed?

14 (No response.)

15 MR. VASQUEZ: Hearing none, the motion carries.

16 Item 8(d), continuing with Teresa Morales, Presentation,
17 discussion, and possible action regarding the Issuance of
18 Multifamily Green Tax-Exempt Bonds Series 2021, Resolution
19 No. 21-020, and a Determination Notice of Housing Tax
20 Credits.

21 Ms. Morales?

22 MS. MORALES: Item 8(d) involves the issuance of
23 multifamily tax-exempt bonds by the Department for the
24 acquisition and rehab of 300 units in The Woodlands that
25 will continue to serve a senior population. This property

1 was originally built in 1979 and received an award of
2 4 percent housing tax credits in 2004.

3 This application, along with the next agenda
4 item, are the first of those applications that participated
5 in the 2021 Private Activity Bond Lottery. Last fall, the
6 number of pre-applications TDHCA received exceeded the
7 amount available under our set-aside.

8 So we participated in the lottery in order to
9 better manage the waiting list that would be created as a
10 result. Over the next few months, more of these lottery
11 applications will be before you for consideration, given
12 that the reservations will expire in July, and must be
13 closed by then.

14 This transaction involves an issuance in an
15 amount not to exceed \$34 million, and utilizes Fannie Mae's
16 MTEB platforms, while the bonds will be ultimately secured
17 an MBS. Until the loan is acquired by Fannie Mae, the
18 bonds will be cash collateralized with proceeds from Wells
19 Fargo as the Fannie Mae lender.

20 There is a waiver associated with this
21 application that affects a provision, and the 2021
22 underwriting and loan policy rules, specifically, 10 TAC
23 11.304(a)(2), relating to a third-party appraisal review.
24 The 2021 underwriting and loan policy rules were modified
25 from the prior year to allow for a developer fee on the

1 acquisition of buildings.

2 As part of this rule change, also required under
3 11.304(a)(2), is that the appraisal submitted with the
4 application be reviewed by a third-party appraiser on an
5 approved list by the Department. The waiver of this
6 specific provision is necessary because, while staff has
7 been working diligently on this new provision, meeting the
8 State's requirements for procurement have delayed the
9 establishment of this process.

10 Underwriting staff has continued to review those
11 appraisals, which is what they had previously been doing,
12 to ensure the requirements of the QAP are met. Staff
13 recommends approval of Bond Resolution No. 21-020 in an
14 amount not to exceed \$34 million, a determination notice of
15 4 percent housing tax credits in the amount \$2,761,636 and
16 a waiver of 10 TAC 11.304(a)(2) be granted.

17 MR. VASQUEZ: Great. Thank you. Are there any
18 questions on this item from the Board?

19 (No response.)

20 MR. VASQUEZ: And also, just to make sure we're
21 saying -- this is Resolution No. 21-020.

22 MS. MORALES: Correct.

23 MR. VASQUEZ: Okay. It's reflected properly in
24 the Board book and just on the screen right now, it's
25 021 --

1 MS. MORALES: Correct.

2 MR. VASQUEZ: -- 020.

3 MS. BINGHAM: Mr. Chair, I'm prepared to make a
4 motion.

5 MR. VASQUEZ: Please.

6 MS. BINGHAM: I move the Board grant the
7 requested waiver of the underwriting and loan policy rules,
8 issue the requested Series 2021 Multifamily Green
9 Tax-Exempt Bonds, and approve Resolution No. 21-020, and
10 issue a determination notice for the 4 percent housing tax
11 credits for Pineview at Grogan's Mill Apartments, as
12 reflected in our Board action request on this item.

13 MR. VASQUEZ: Thank you. Motion made by Ms.
14 Bingham. Is there a second?

15 MS. THOMASON: I'll second.

16 MR. VASQUEZ: A second by Ms. Thomason. There
17 are no -- there -- no one has signed up for public comment.
18 So we will go ahead and vote. All those in favor say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Any opposed?

21 (No response.)

22 MR. VASQUEZ: Hearing none, the motion carries.

23 And finally, Item 8(e). Ms. Morales? And this one, I
24 believe, is Resolution No. 21-021. Is that correct?

25 MS. MORALES: That's correct.

1 MR. VASQUEZ: Okay. So again, on your screen,
2 that's the wrong resolution number. So this is
3 Presentation, discussion, and possible action regarding the
4 Issuance of Multifamily Green Tax-Exempt Bonds Series 2021,
5 Resolution No. 21-021, and a Determination Notice of
6 Housing Tax Credits.

7 Ms. Morales?

8 MS. MORALES: Item 8(e), again, is another
9 multifamily bond issuance by the Department and also
10 involves the acquisition and rehab of 300 units in The
11 Woodlands, continuing to serve a general -- excuse me -- a
12 senior population.

13 This property was originally built in 1981 and
14 received an award of 4 percent housing tax credits in 2005.

15 This transaction involves the issuance of tax-exempt bonds
16 in an amount not to exceed 40 million and utilizes the same
17 Fannie Mae MTEB platform where the bonds will ultimately be
18 secured with an MBS.

19 Until the loan is acquired by Fannie Mae, the
20 bonds will be cash collateralized with the proceeds from
21 Wells Fargo as the Fannie Mae lender. Similar to the
22 Pineview transaction, there is a waiver associated with
23 this application relating to 11.304(a)(2) of the
24 underwriting and loan policy rules regarding the third-
25 party appraisal review policy.

1 Staff recommends approval of Bond Resolution No.
2 21-021 in amount not to exceed \$40 million, a determination
3 notice of 4 percent housing tax credits in the amount of
4 \$3,269,484, and a waiver of 11.304(a)(2) be granted.

5 MR. VASQUEZ: Great. Thank you, Ms. Morales.
6 Again, we have no one signed up for speaking on this item.

7 Do any Board members have any questions?

8 (No response.)

9 MR. VASQUEZ: Hearing none, we'll entertain a
10 motion on Item 8(a).

11 (No response.)

12 MR. VASQUEZ: Well, sorry, Teresa. We're not
13 getting a motion.

14 MR. THOMAS: Mr. Chairman, do you mean 8(e)?
15 Correct?

16 MR. VASQUEZ: 8(e). That's exactly what I said.

17 MR. THOMAS: Okay. I'll be happy to make the
18 motion. I move the Board grant the requested waiver of the
19 underwriting and loan policy rule, issue the requested
20 Series 2021 Multifamily Green Tax-Exempt Bonds, and approve
21 Resolution No. 21-021, and issue a determination notice for
22 4 percent housing tax credits for Ridgewood at
23 Panther Creek, as reflected in the Board action request on
24 this item.

25 MR. VASQUEZ: Motion made by Mr. Thomas on Item

1 8(e). Is there a second?

2 MS. BINGHAM: Second.

3 MR. VASQUEZ: Seconded by Ms. Bingham. Again,
4 no one signed up to speak on this item from the public. So
5 all those in favor say aye.

6 (A chorus of ayes.)

7 MR. VASQUEZ: Any opposed?

8 (No response.)

9 MR. VASQUEZ: Hearing none, motion carries.
10 Thank you, Ms. Morales. And we are now moving to Item 9 on
11 the agenda. We -- I'm suddenly getting echo. Does --
12 okay. Is this Marni?

13 MS. HOLLOWAY: Yes, it is.

14 MR. VASQUEZ: The microphone [inaudible].

15 MS. HOLLOWAY: Am I echoing?

16 MR. VASQUEZ: Well, it only happened when you
17 came.

18 MS. HOLLOWAY: Just a moment. Bear with me to
19 get us through this.

20 MR. VASQUEZ: Okay. Let's see if that's better,
21 if you can hear me sufficiently. Let me know if we can't.
22 Again, I remind --

23 MS. HOLLOWAY: Can you hear that?

24 MR. VASQUEZ: -- everyone for these next items
25 on the agenda, if you wish to speak, you should have

1 indicated so in the question box, and staff will get you in
2 the queue.

3 So Item 9(a), Presentation, discussion, and
4 possible action on a Determination Notice for Housing Tax
5 Credits and an Award of Direct Loan Funds to Project 21407
6 Espero Austin at Rutland, in Austin, of course.

7 Marni, you're up.

8 MS. HOLLOWAY: Good morning. This is Marni
9 Holloway. I'm the Director of the Multifamily Finance
10 Division. As mentioned, this application is 21407 Espero
11 Austin at Rutland. The application was submitted under the
12 2020-1 Multifamily direct loan NOFA under the soft
13 repayment set-aside, concurrent with the request for 4
14 percent housing tax credits.

15 The bond reservation will expire on July 24, and
16 Austin Housing Finance Corporation will be the issuer of
17 the bonds.

18 Espero Austin at Rutland proposes the new
19 construction of 171 supportive housing efficiency units.
20 The development will have a preference for households that
21 are homeless or at risk of homelessness. The reservation
22 was issued as a Priority 1A, which requires half of the
23 units to be restricted at 50 percent of AMI, and the
24 balance at 60 percent of AMI.

25 The application was underwritten with 27 of the

1 units restricted at 30 percent, 117 at 50 percent, and 27
2 restricted at 60 percent. The development meets the
3 definition of supportive housing that will carry permanent
4 debt through the City of Austin's commitment to provide
5 project-based rental assistance for 51 of the units, which
6 exceeds the 25 percent minimum.

7 In addition, the borrower anticipates receiving
8 72 project-based vouchers from the Housing Authority of the
9 City of Austin, 25 of which will be limited to veterans.
10 The 21 direct loan National Housing Trust Fund units will
11 be restricted to households at the greater of federal
12 poverty limit, or 30 percent AMI.

13 The Trust Fund units were anticipated to be
14 layered among the 50 percent tax credit units for
15 underwriting purposes, and in addition, two HOME match
16 units will be required to be restricted at 80 percent.

17 Because the application came from the soft
18 repayment set-aside, the Trust Fund loan will be structured
19 as zero percent interest, deferred payable, with a 35-year
20 term.

21 We've received one complaint regarding this
22 application. It is addressed to the City of Austin, and
23 largely involves local issues regarding the development.
24 Staff recommends that the issuance of a determination
25 notice of \$1,350,588 in 4 percent housing tax credits and

1 the aware of \$3 million in National Housing Trust Fund be
2 approved.

3 The deadline to sign the direct loan contract
4 with the Department would be July 2. I am happy to answer
5 any questions.

6 MR. VASQUEZ: Do any Board members have any
7 questions for Ms. Holloway?

8 (No response.)

9 MR. VASQUEZ: Okay. I do believe we have
10 potential speakers in the queue for this item. However --

11 MS. HOLLOWAY: Yes.

12 MR. VASQUEZ: -- first -- we'll first put a
13 motion on the table, and then, a motion for speakers. So
14 does anyone have -- does a Board member have a motion on
15 Item 9(a)?

16 MS. BINGHAM: Mr. Chair, I'll make a motion. I
17 move the Board grant the requested determination notice for
18 4 percent housing tax credits and award the recommended
19 National Housing Trust Funds to Espero Austin at Rutland as
20 reflected and subject to the conditions in our Board action
21 request on the same item.

22 MR. VASQUEZ: Great. Thank you. A motion made
23 by Ms. Bingham. Is there a second?

24 MR. BRADEN: Second.

25 MS. THOMASON: Second.

1 MR. BRADEN: I'm sorry.

2 MR. VASQUEZ: Mr. Braden. We do have public --
3 several who -- or a couple people who have registered to
4 speak on this item. Is that still the case, Renee or
5 Nathan?

6 MS. NORRED: Yes. We are looking for Bobken
7 right now to unmute.

8 MR. VASQUEZ: Okay. While we're looking him up,
9 let's do a quick -- is there a motion to hear public
10 comment on this, Item 9(a)?

11 MS. BINGHAM: So moved.

12 MR. VASQUEZ: By Ms. Bingham.

13 MR. BRADEN: Second.

14 MR. VASQUEZ: Seconded by Mr. Braden. All those
15 in favor say aye.

16 (A chorus of ayes.)

17 MR. VASQUEZ: Opposed? No?

18 (No response.)

19 MR. VASQUEZ: All right. Hearing none, motion
20 carries. We'll have some public speakers. First is -- I
21 guess we're looking at Bobken.

22 MS. NORRED: Bobken Simonians? Yes.

23 MR. DARUS: He is self-muted.

24 MS. NORRED: Bobken, you are self-muted. Please
25 unmute yourself.

1 MR. VASQUEZ: And as a reminder, each speaker
2 we're going to limit to three minutes, and if a series of
3 speakers is speaking, we ask that, if you're going to say
4 the exact same thing as a previous speaker, just
5 acknowledge your support for that other speaker's comments
6 and we can move along.

7 But okay.

8 MR. SIMONIANS: Can you hear me?

9 MR. VASQUEZ: Mr. Bobken. Yes, we can hear you.

10 MR. SIMONIANS: My comment request was actually
11 for Item 9(b), not 9(a). There is some confusion there.

12 MR. VASQUEZ: Okay. No problem. We'll put you
13 back in the queue for 9(b). Renee, was there anyone else
14 for 9(a)?

15 MS. NORRED: Yes. We have Zenobia Joseph.

16 MR. DARUS: She needs to enter her audio PIN.

17 We have sent it to her.

18 (Pause.)

19 MR. VASQUEZ: We're pulling up Ms. Joseph?

20 MS. NORRED: We've sent the audio PIN three
21 times, so we're waiting for her to enter her audio PIN so
22 that she can speak.

23 MR. DARUS: Yes. Ms. Joseph, you need to enter
24 the audio PIN that we have sent you. It is also -- should
25 be in your audio panel in the GoToWebinar software. You

1 need to put that in before we can unmute you.

2 (Pause.)

3 MR. VASQUEZ: We'll give her a couple more
4 minutes.

5 MS. NORRED: She's communicating with us via the
6 questions box, and it looks like she might be using her
7 computer audio. It's muted. So give us just a couple of
8 moments.

9 MR. DARUS: Yeah. It's still not --

10 Ms. Joseph, if you're going to use your computer
11 audio, go to the audio tab and go to webinar software, and
12 make sure that you select the computer audio setting, and
13 you should be able to unmute yourself now.

14 MS. JOSEPH: Thank you, Mr. Chairman, Board
15 members. I'm Zenobia Joseph. Can you hear me, Mr.
16 Chairman?

17 MR. VASQUEZ: Great. Yes, we can hear you now.
18 Go ahead, please.

19 MS. JOSEPH: Sorry about the delay.

20 MR. VASQUEZ: No worries.

21 MS. JOSEPH: Our position is, yes, the local
22 issues as it relates to transit. You started the meeting
23 with the Fair Housing Month, and I wanted to recognize that
24 the information that is provided to the Board should be
25 truthful.

1 There is no public transportation on Rutland.
2 But if you look in your Board packet, you'll see the purple
3 high-frequency route, which is specified on page 272. I
4 want you to recognize that Route 240 Rutland was eliminated
5 on June 3, 2018, when Capital Metro changed 52 bus routes
6 to better serve white commuters.

7 I want you to understand as well that this
8 property is within approximately two miles of Cook
9 Elementary, and there was no discussion about sex offenders
10 or what students would encounter passing individuals that
11 may have other needs.

12 I want you to understand as well that north of
13 U.S. 183, Project Connect -- the light rail, is 24 to 30
14 years. It is infrequent, unreliable and disconnected to
15 bus service. Less than two miles away is the library.
16 This is not a high opportunity area.

17 The City of Austin just placed wash stations and
18 portable toilets, so now there is a tent city with homeless
19 individuals. Approximately two miles north of this is
20 McBee Elementary, where the City of Austin also approved on
21 August 27, 2020 another permanent supportive housing
22 development.

23 It would be adjacent to McBee, and it would have
24 approximately 215 units at 1108 Kramer, and 215 at 1114
25 Kramer. I want you to understand that, while

1 transportation is just one criteria, the Board has -- the
2 Board package shows 142, which is a flyer.

3 The flyer only runs two a.m. trips to downtown
4 in the morning, and two trips back north. Otherwise, the
5 individuals who live in this development will have to walk.

6 I want you to understand that the City of Austin and
7 Capital Metropolitan Transportation Authority has
8 consistently stated that transit would be a half a mile
9 walk.

10 The City of Austin has a strategic housing
11 blueprint which says that transit would be a quarter-mile
12 walk. I want you to understand that the residents, the
13 taxpayers, and the City of Austin all increased their taxes
14 for light rail. And so, it is disingenuous for you to
15 approve this actual project.

16 If you look on page 273 of the Board packet, it
17 specifies high-quality supportive living and high
18 opportunity. The City of Austin received a \$1 million
19 dollar grant. It was to restore Rundberg, which is the
20 adjacent street, because of the high crime in this area.

21 And so I want you to understand that the
22 information that you are relying on is not correct, and
23 that the people who live here will not be -- their living
24 arrangements will not be improved. Instead, they will
25 actually be walking.

1 And there has been no response from the City of
2 Austin. They have just tried to sell through propaganda
3 light rail to the citizens of Austin. If you have any
4 questions, I'll gladly answer them at this time.

5 MR. VASQUEZ: All right. Thank you, Ms. Joseph.

6 MS. JOSEPH: You're welcome.

7 MR. VASQUEZ: Marni, I guess, just confirming
8 this project does have support of the local jurisdictions?

9 MS. HOLLOWAY: So keep in mind that requirements
10 for resolutions were waived due to the pandemic for this
11 application. I can tell you that when this was a 9 percent
12 application in last year's round, it did have full support
13 from the City, and we had no complaints on it during that 9
14 percent round last year.

15 MR. VASQUEZ: Okay. And again, you've heard the
16 prior discussions or presentations from Ms. Joseph, yet it
17 feels comfortable that this is -- this project meets our
18 criteria?

19 MS. HOLLOWAY: Yes. The application has been
20 fully reviewed to meet all of our threshold requirements on
21 a 4 percent application.

22 MR. VASQUEZ: Okay. Renee, Nathan, do I see
23 that we another speaker on this?

24 MS. NORRED: Yes, sir. We have Jennifer Hicks,
25 and we are finding her right now to unmute her.

1 Jennifer, you are unmuted.

2 MS. HICKS: Hi, Board Chair Vasquez, Board
3 members, Executive Director Wilkinson. This is Jennifer
4 Hicks with True Casa Consulting, consultant to the owner
5 and applicant. We can just be available for any questions
6 that the Board may have, based on Ms. Joseph's comments.

7 I'm happy to answer them, and I can -- I'm just
8 available if y'all do have any specific questions. I can
9 say this project is in a TDHCA-defined high-opportunity
10 area. It meets all the requirements. It does have
11 overwhelming local support.

12 The Austin Housing Finance Corporation is a
13 member of the development, the ownership structure, the
14 bond issuer and lending funds to the project as well.

15 MR. VASQUEZ: Great. Thank you, Ms. Hicks.

16 MS. HICKS: Sure.

17 MR. VASQUEZ: Okay. I don't believe we have any
18 other speakers lined up for this particular item. We have
19 a motion on the floor to approve the recommendations of
20 staff. I'll call for a vote. All those in favor of 9(a),
21 say aye.

22 (A chorus of ayes.)

23 MR. VASQUEZ: Any opposed?

24 (No response.)

25 MR. VASQUEZ: Hearing none, motion carries.

1 MS. HOLLOWAY: Thank you.

2 MR. VASQUEZ: Moving on to 9(b), which is
3 Presentation, discussion, and possible action regarding the
4 issuance of a Determination Notice for 4 Percent Housing
5 Tax Credits for Sandpiper Cove (#20705) in Galveston. And
6 again, we have Teresa Morales presenting this to the Board.

7 MS. MORALES: Item 9(b) relates to the issuance
8 of a determination notice for 4 percent housing tax credits
9 for Sandpiper Cove which involves the acquisition and rehab
10 of a 192-unit development in Galveston. This property
11 previously received an award of 9 percent housing tax
12 credits in 1990, and the affordability period associated
13 with that award is set to expire in December 2022.

14 The applicant disclosed two neighborhood risk
15 factors relating to the poverty rate and blight. The
16 Census tract containing the development has a poverty rate
17 of 57.4 percent, which exceeds the 40 percent threshold in
18 the rule.

19 The QAP allows for a resolution from the local
20 governing body to be submitted as mitigation, the
21 resolution submitted was considered acceptable by staff.
22 As it relates to blight, there were a couple of structures
23 that were disclosed that were in proximity to the site --
24 an older home and a small retail building that appeared to
25 be vacant and boarded up.

1 The applicant noted that a dumpster filled with
2 construction debris is adjacent to the subject retail
3 building, indicating that some work has been occurring, and
4 the home appears to have a notice from the City of
5 Galveston posted on the front door, indicating that some
6 action is being taken.

7 Staff believes that the information provided
8 mitigates this risk factor and does not believe that the
9 structures noted are of a nature and severity that should
10 render the site ineligible. The presence of an undesirable
11 site feature was also disclosed, specifically, that the
12 development is located within 100 feet of a high-voltage
13 transmission line.

14 Pursuant to the QAP, an exemption may be granted
15 for a rehab development with existing and ongoing
16 assistance to which this application qualifies, based on
17 the rental assistance from HUD. Exhibit C of your
18 materials includes all of the public comment received.

19 You'll notice that there a number of letters
20 from various elected officials, organizations, and current
21 residents of Sandpiper Cove that are in support of this
22 application.

23 Among these are two letters of support from HUD,
24 and staff notes that yesterday afternoon, the applicant
25 submitted another support letter from HUD dated March 8,

1 2021 and was addressed to the Texas State Affordable
2 Housing Corporation, who is the bond issuer.

3 You'll also notice that there are a number of
4 letters in opposition to the proposed plan to acquire and
5 make improvements to this property. Staff is aware of
6 concerns raised with respect to the current conditions.
7 You may recall that these concerns were raised at the
8 January Board meeting, which prompted staff to present to
9 you a report item in February.

10 Compliance staff did indicate that conditions at
11 Sandpiper Cove have historically been below standards, and
12 as a result, was placed on an accelerated inspection
13 schedule at the beginning of 2019.

14 In 2020, due to COVID-19 restrictions, the
15 Department was not able to perform a thorough inspection of
16 all of the units that it had planned, considering the
17 development's history.

18 Staff also stated that prior inspections did
19 reveal the presence of mold in some of the units and
20 documentation indicating that such issues were corrected
21 was submitted and cleared by staff. As it relates to this
22 new award, staff will perform a final construction
23 inspection once the rehab work is complete.

24 Staff will ensure that what was represented in
25 the application was, in fact, done and staff will also

1 ensure that the Department's accessibility requirements
2 were met. Once the final construction inspection is
3 complete, the property will be placed on a regular
4 monitoring schedule for physical inspections, as well as
5 reviews of tenant files to ensure qualified households are
6 residing in those units.

7 One of the tools that are available to residents
8 of all properties that involve Department funding is to
9 utilize our complaint submission system located on our
10 website. Using this system may necessitate an earlier on-
11 site monitoring visit than previous scheduled.

12 It is a tool that we have to potentially get
13 ahead of issues that may be present on the properties in
14 our portfolio. Some of the public comments that you hear
15 may focus on the proximity to the high-voltage transmission
16 lines.

17 Pursuant to the QAP, this property meets the
18 criteria for an exemption. Some of the public comment may
19 focus on the rehab not being in the best interest of this
20 property and that it be demolished and relocated to another
21 site in Galveston.

22 That is not the proposal that was submitted by
23 this applicant and evaluated by staff. Moreover, there is
24 no policy in the QAP that if an existing property has
25 certain attributes or issues that it must be torn down and

1 rebuilt elsewhere.

2 Some of the public comment may focus on the
3 flooding that the property has experienced in prior years.

4 The QAP states that rehab developments with existing and
5 ongoing federal assistance are exempt from the design
6 requirements imposed on new construction projects.

7 Worth noting, however, is that the QAP does
8 require owners to provide flood insurance for the building
9 and the tenants' personal belongings for as long as the
10 property remains in the flood plain. Staff has been made
11 aware of a flood wall that is proposed to be constructed
12 along the perimeter of this property.

13 The determination as to whether this flood wall
14 will be sufficient to protect the property when a storm
15 hits should be left to the engineers. I will simply note
16 that the applicant is going beyond what the QAP requires
17 regarding design standards for rehab developments in the
18 flood plain.

19 The QAP reflects policy that is established by
20 the Board through its adoption of this rule annually. The
21 application before you reflects that policy. The request
22 is to authorize staff to issue a determination notice that
23 reflects a preliminary determination as to the amount of
24 4 percent credits that the development may be eligible for.

25 The largest piece of the financing, however, are

1 the tax-exempt bonds, which are to be issued by the Texas
2 State Affordable Housing Corporation, or TSAHC. At its
3 Board meeting yesterday, the bond issuance for Sandpiper
4 Cove was not approved by the TSAHC Board.

5 Your approval today may allow the applicant the
6 ability to go before the TSAHC Board again for
7 consideration prior to the bond reservation expiration,
8 which is next month.

9 Staff recommends approval of a determination
10 notice of 4 percent housing tax credits in the amount of
11 \$1,721,660, along with the underwriting conditions and the
12 compliance conditions that are noted in your materials.

13 MR. VASQUEZ: Great. Thank you, Ms. Morales.
14 Okay. We have -- several people have indicated that they
15 want to speak on this item. We also have, I believe, a
16 letter Mr. Lyttle wants to read from a legislator. Shall
17 we do that first?

18 MR. LYTTLE: Please.

19 MR. VASQUEZ: There he is.

20 MR. LYTTLE: Mr. Chairman, we have a letter that
21 we've received from Congressman Randy Weber, who's a member
22 of the -- represents the 14th District, Congressional
23 District in Texas. His letter reads as follows.

24 "Dear Chairman Vasquez, I write in support of a
25 4 percent low-income housing tax credit application to the

1 Texas Department of Housing and Community Affairs for the
2 rehabilitation of the Sandpiper Cove Apartments.

3 "Sandpiper Cove, located at 3916 Winnie Street,
4 Galveston, Texas, is a 192-unit, project-based voucher,
5 Section 8 development for low-income family population.

6 "The multifamily development was built in 1969
7 and is comprised of one-, two-, three-, four- and five-
8 bedroom units. Meeting the redevelopment plans for
9 Sandpiper Cove is a collaborative effort between the ITEX
10 Group, Jeshurun Development and J. Allen Management
11 Company.

12 "Partnership plans to rehabilitate the
13 development which has fallen into disrepair, as evidenced
14 by Sandpiper Cove's most recent HUD Real Estate Assessment
15 Center failing inspection score -- 33 out of 100 0-- in May
16 2019.

17 "Dilapidated buildings, health and safety
18 issues, and crime are a few of the many concerns regarding
19 the current condition of the development. Already, J.
20 Allen Management, the current manager, has made great
21 strides since taking over in April 2020.

22 "Going forward, our partnership will utilize the
23 proposed financing request to bring the property to code
24 while providing upgraded amenities for the residents to
25 enjoy.

1 "The ITEX Group, Jeshurun Development and J.
2 Allen Management Company have partnered on several
3 multifamily housing developments to preserve and maintain
4 affordable housing options across Texas, with plans to do
5 the same for Sandpiper Cove.

6 "Moreover, the proposed rehabilitation has
7 garnered the support of the community and serves some of
8 the most vulnerable populations in Galveston and the county
9 more broadly. For these reasons, I am in full support of
10 the application for funding.

11 "Thank you for your consideration. Sincerely,
12 Randy K. Weber, Member of Congress."

13 MR. VASQUEZ: Great. Thank you, Michael.
14 Again, we appreciate Congressman Weber voicing his support
15 for the rehabilitation of this project. Okay. At this
16 point, let's go ahead and get a motion on the floor and
17 then we will have a motion to entertain comments.

18 So do I first hear a motion on this Item 9(b)?

19 MR. BRADEN: Mr. Chair, I'll make a motion. I
20 move the Board approve the requested determination notice
21 for 4 percent housing tax credits to Sandpiper Cove in
22 Galveston as reflected and subject to the conditions in the
23 Board action request on this item.

24 MR. VASQUEZ: Great. Thank you. Motion made by
25 Mr. Braden. Do we have a second?

1 MS. THOMASON: I'll second.

2 MR. VASQUEZ: Seconded by Ms. Thomason. Okay.
3 We -- again, we do have multiple speakers who want to chime
4 in on this subject. Do we have a motion to hear public
5 comments?

6 MR. ECCLES: Mr. Chairman, there's no need to
7 have a separate motion on this. The motion on the table is
8 satisfactory to move into public comment.

9 MR. VASQUEZ: Okay. Very good. Let's move in
10 directly into -- thank you, Beau Eccles, or General
11 Counsel. Let's go ahead and move into public comments. I
12 believe, according to the notes provided to me, that all
13 the speakers who are speaking are in favor -- in support of
14 the project.

15 Is that correct, Renee or Nathan?

16 MS. NORRED: Yes, sir. It appears -- we do have
17 one person who says they wanted to -- they are against.
18 However, they have not indicated in the questions box that
19 they still wanted to speak. How do you want to handle
20 that?

21 Do you want me to call on that person to see if
22 they want to speak or --

23 MR. VASQUEZ: They can chime in on the notes
24 if -- as we hear a couple speakers in favor. I guess we
25 have Chris Akbari. Is that going to be the first speaker?

1 MS. NORRED: Yes. Chris, you have been moved
2 over to panelist. You may now unmute yourself and share
3 your webcam.

4 MR. AKBARI: Hello, Chairman and Board members.
5 Can you hear me okay?

6 MR. VASQUEZ: Great. Yes. Go ahead.

7 MR. AKBARI: I'm Chris Akbari. I am the CEO of
8 ITEX. We are a Houston-based developer and operator of
9 affordable housing throughout the state of Texas. We are,
10 as I said, a Texas-based company. We have been working now
11 for several months with this troubled asset, Sandpiper
12 Cove.

13 We've worked with both the local jurisdiction,
14 the U.S. Department of HUD, as well as, you know, the
15 TDHCA. As we put it under contract, we actually worked
16 with the current owner to bring in a new management
17 company, J. Allen Management, that specializes in troubled
18 assets. They have helped to turn around many of the issues
19 that have been presented at the site.

20 We believe that this is a great opportunity to
21 completely renovate, address the dilapidated state of the
22 property, bring it up to today's standards, address some of
23 the issues like flooding and other issues that are at the
24 site, and make sure and preserve this housing for the long
25 term.

1 What we see is that, you know, there is some
2 opposition from local tenants. We also see that there's
3 some opposition from the Texas Housers. We spent quite a
4 bit of time working with the Texas Housers to identify what
5 their concerns are.

6 Their concerns were that they wanted the HAP
7 vouchers to be released from the site. They want to be
8 able to affirmatively further fair housing at the site, and
9 they also wanted to address flood issues. Each of these
10 issues, we have gone through and tried our best to
11 alleviate those issues.

12 First, let me mention the floods. We are
13 actually providing flood insurance for every one of the
14 buildings. We are also providing contents coverage for
15 each of the tenants. We are also building a barrier that
16 an engineer and architect will talk to you about later on.

17 In addition, with regard to fair housing, this
18 location is getting much better. There is redevelopment
19 going on in this area, and an adjacent public housing site
20 has been demolished, which will help the poverty rate in
21 this area.

22 As far as the concern with relocating the
23 vouchers, we have talked with HUD extensively about this.
24 We have talked with the Galveston Housing Authority about
25 an opportunity to do this, and it's just not feasible to

1 remove the vouchers and allow for housing choice vouchers
2 to be issued to all the tenants.

3 One of the things that was proposed is, can you
4 move it to a new site? This is a very difficult thing
5 because all of the rental housing in Galveston is -- it's a
6 very, very tight market.

7 There's a very limited supply, and there's
8 also -- the cost of this housing is tremendously expensive
9 on the rental rates, many of which the current HAP -- or
10 the current voucher rates cannot pay enough to be able to
11 cover.

12 We today -- we will have a group of people that
13 will talk about the litigation that has been filed by the
14 residents, and I believe that they'll be able to clarify
15 the current state of the property and make sure that this
16 Board, as well as the staff, is comfortable in the
17 redevelopment and the preservation of this property.

18 Again, Galveston Housing Authority has about 850
19 people that need homes immediately. This is a way for us
20 to be able to preserve homes and provide better housing
21 options on the island immediately.

22 In addition, these families, many of whom -- and
23 you'll hear maybe some comments from some of the
24 residents -- but many of the residents are supportive of
25 this.

1 There are very few that are against this, and we
2 believe that we can be able to preserve this housing and
3 make it much better for the future. Thank you.

4 MR. VASQUEZ: Great. Thank you, Chris. We will
5 now have Elizabeth Roehm -- Roehm -- speak. Can we --

6 MS. NORRED: We are looking to unmute her right
7 now. Elizabeth, you should be unmuted. Can you hear us?

8 MS. ROEHM: Hi, there. Yes. Thank you. My
9 name is Elizabeth Roehm. I know I've spoken with you many
10 times before. I work at Texas Housers. We've submitted
11 extensive materials to you and your staff about this
12 matter. So I won't go into much of it in detail.

13 And we all agree that this property is currently
14 in poor condition. We and the tenants that we work with
15 have outlined what we think is a better way to remedy the
16 poor conditions that are presently at Sandpiper Cove.

17 To give vouchers to the tenants who wish to
18 leave, to elevate the base height 11 feet for flooding, as
19 has happened in recently constructed Galveston public
20 housing in the area, to use GLO mitigation or other funds
21 to foot the cost of such improvement -- because you know,
22 we understand that that does introduce significant cost,
23 but we believe that with GLO mitigation and other funds
24 that should be opening up, that that could be a possibility
25 -- and also to demolish the current buildings on this site

1 and disperse the units to reduce the concentration of
2 poverty in this location and Census tract.

3 The one thing I do want to in a tiny bit of
4 detail is regarding flooding. So I understand that your
5 rules allow you to approve these tax credits with the
6 current plan, that we believe does not adequately elevate
7 the residential units.

8 However, that does not reduce the danger to
9 residents of failing to elevate, just because there's this
10 exception for a property that's already receiving this
11 federal assistance. As an advocacy organization, Texas
12 Housers wrote a report within the past six months on the
13 bungled evacuation of Sandpiper Cove specifically during
14 Hurricane Laura in August 2020.

15 A lot of Sandpiper residents didn't receive
16 adequate notification of how to escape, and there were many
17 failures of communication. We've suggested a number of
18 improvements that could be done by the City Office of
19 Emergency Management and other agencies.

20 But elevating the buildings would be a
21 significant safety measure that could be put in place for
22 this population that has shown, just last year in August,
23 that the hurricane protections are not adequate in reaching
24 them.

25 So I just want to remind you that your decision

1 on this will affect generations of residents, potentially
2 trapping them in unsafe conditions. So just carefully
3 considering that flooding situation.

4 We continue to urge deferral of TDHCA action
5 until an adequate solution can be crafted, and we think
6 that a better solution is possible.

7 Thank you so much for your time and for
8 listening.

9 MR. VASQUEZ: Thank you, Ms. Roehm, and thank
10 you for the work that Texas Housers does in highlighting --
11 bringing to everyone's attention the past conditions and
12 current conditions at this location. I think it's
13 important to shine the light where it needs to be shined.

14 The next speaker I think we have lined up is
15 Harry Kelly.

16 MS. NORRED: Yes. You're -- Harry, you are
17 unmuted. Can you hear us?

18 MS. KELLY: Yes, I can indeed. Thank you very
19 much.

20 MS. NORRED: Great.

21 MS. KELLY: Good morning. And thank you,
22 everyone, for the opportunity to speak to you today. My
23 name is Harry Kelly. I'm a partner in the affordable
24 housing practice group of Nixon Peabody, LLP. I'm speaking
25 on behalf of Galveston 3916 Winnie Street Limited

1 Partnership.

2 My position is for Item No. 9(b). In recent
3 weeks, questions have arisen concerning pending litigation
4 in the District of Columbia federal courts that ask the
5 court to terminate the HAP contract for the Sandpiper
6 property and to issue vouchers to the residents that would
7 allow them to seek housing elsewhere.

8 My comments are addressed to those claims and to
9 show that they provide no basis to oppose the present item.

10

11 In response to the claims made in this
12 litigation, the U.S. Department of Housing and Urban
13 Development did something extraordinary here, sending the
14 Texas State Affordable Housing Corporation two full-
15 throated endorsements of the proposal to preserve the
16 Sandpiper property as affordable housing.

17 Copies of these letters have been made available
18 to the Board, and I understand they're in your package.
19 Those letters make clear that HUD sees the property as a
20 unique and irreplaceable affordable housing resource on
21 Galveston Island.

22 HUD also explains that terminating the HAP
23 contract and issuing the vouchers would essentially remove
24 this housing resource permanently, with no assurance that
25 its residents would find alternative affordable housing

1 anywhere in the Galveston area.

2 In its most recent letter, HUD has also stated
3 that it has never been ordered to abate a HAP contract and
4 issue vouchers to tenants, saying that "within the
5 Section 8 PBRA Program, HUD has not been ordered or
6 directed by a court to take a specific enforcement action.

7 "Rather, courts have recognized that HUD has the
8 discretion to choose how it enforces the owners'
9 obligations under the HAP contract."

10 It's virtually unprecedented to see HUD take
11 such a public position in support of financing for an
12 affordable housing property. HUD wants this deal to
13 happen, and the Board should take note of the vigorous
14 arguments presented by HUD in those letters.

15 Other public officials have written similarly to
16 support this proposal. In our letter to the Texas State
17 Affordable Housing Corporation that we sent earlier this
18 month, we made many of the same arguments made by HUD.

19 In particular, we focused on the contractual and
20 regulatory powers that HUD has to enforce an owner's
21 obligations under the contract and the broad discretion
22 that HUD has in selecting appropriate enforcement actions.

23 We quoted out to case law, including a case
24 cited by HUD, where courts have refused to interfere with
25 those HUD enforcement decisions with respect to other

1 properties, all of which are properly committed to HUD's
2 discretion.

3 We also explained that the Southern District of
4 Texas has rejected similar fair housing claims like those
5 being asserted in the pending litigation on the grounds
6 that, just like enforcement of the HAP contract
7 requirements, enforcement of fair housing laws is committed
8 to HUD's sound discretion, and there was no separate
9 programmatic fair housing rule that would prevent renewal
10 of an existing Section 8 contract or require termination of
11 the current contract.

12 We see no reason why a court would treat the
13 pending case against HUD any differently. Consequently,
14 the Board should not base its actions on the pending
15 application on the basis of concerns about a court ordering
16 HUD to abate the present HAP contract or to order issuance
17 of vouchers.

18 Thank you.

19 MR. VASQUEZ: Great. Thank you, Mr. Kelly.
20 Also, just -- and maybe Beau or Bobby can help clarify.
21 The issue in question for us right now is not the current
22 condition and the -- I mean, the people addressing the
23 troublesome issues that are apparent at the location.

24 The issue is facing us right now is a
25 determination notice for the 4 percent tax credits for this

1 application, and that's the only question that we have, and
2 as presented by the staff, this application meets the
3 criteria for issuing a determination notice.

4 MR. WILKINSON: Yes.

5 MR. VASQUEZ: Is that correct, Bobby?

6 MR. WILKINSON: Yes. Do they meet the rules?
7 And so, staff's recommendation is yes. They do. And so,
8 we recommend a determination notice.

9 MR. VASQUEZ: Okay. I know we have several more
10 speakers lined up, and I believe they are all in favor of
11 the motion that's on the table. So I would ask that --
12 we'll give you an opportunity to speak, if you still wish
13 to speak, but just -- again, we are not addressing the
14 attention that's apparently necessary to fix the current
15 living conditions.

16 Our issue is the issuance of a determination
17 notice for 4 percent housing tax credits. So I would ask
18 that you could limit your comments to that area and if
19 it's -- you know, it's not applicable, just let us know,
20 and we'll pass and move along.

21 So I believe Tamea Dula is our next speaker in
22 line.

23 MS. DULA: Thank you. Good morning. Am I
24 audible?

25 MR. VASQUEZ: Yes, we can hear you, Tamea.

1 MS. DULA: Thank you. Okay. Thank you for
2 saying that, Mr. Vasquez, because it's very important to
3 understand that HUD is actually exercising its remedy.

4 MR. VASQUEZ: And I'm sorry, Ms. -- although we
5 all know you and love you from many years, could you
6 introduce yourself and who you represent?

7 MS. DULA: Oh, my apologies. Haven't done this
8 in a few months. Tamea Dula with Coats Rose Law Firm. I'm
9 here on behalf of the developer. Thank you.

10 MR. VASQUEZ: Okay.

11 MS. DULA: As I was saying, Mr. Vasquez, HUD is
12 very enthusiastic about this proposed remodeling and
13 renovation of the property. This is HUD exercising its
14 remedies under the HAP contract that applies to this
15 property.

16 HUD initially required that the current owner of
17 the property bring in a third-party property management
18 company to try to get it back on track, and they've done,
19 according to HUD, a wonderful job but it takes money.
20 Unfortunately, this project is located in a spot where it
21 can qualify for housing tax credits and for historic tax
22 credits, both federal and Texas.

23 And so, there are various pots of money that are
24 there available in order to fund the complete rehab of the
25 property so that this development, which is the only

1 Section 8 project on the Island of Galveston, can continue
2 to provide housing to the very, very low-income persons.

3 Unless there are questions, that's my comments.

4 MR. VASQUEZ: Great. Thank you, Ms. Dula. We
5 have -- does anyone have any questions for Ms. Dula?

6 (No response.)

7 MR. VASQUEZ: Okay. Moving along our list, does
8 Blair Korndorffer wish to speak?

9 MR. KORNDORFFER: Hi, this is Blair. I was --
10 I'm the architect of record and can speak about the flood
11 wall, if you wish me to. From what you said, I don't know
12 if you want me to talk about it or not?

13 MR. VASQUEZ: Do any Board members have any
14 questions regarding the proposed design of the flood wall
15 for this location?

16 MR. BRADEN: Mr. Chair, I'd be interested in
17 hearing that. I mean, I know it's a little beyond our
18 purview, and I understand what you just said, but I'd be
19 interested. I read what they -- how they described the
20 flood wall, and I'd like to hear an expert explain how
21 that's going to help.

22 MR. KORNDORFFER: Sure. I can do it fairly
23 quickly. Okay. So the base flood elevation, so you can
24 understand where everything starts, is defined as the
25 predicted high-water surface elevation of a flood event, as

1 determined by historic weather data, local topography, and
2 science.

3 In other words, they take the worst storm and
4 they set that now as the new flood level. The National
5 Flood Insurance Program and FEMA then use that data to set
6 the guidelines for architects and engineers to build. They
7 plan on three ways of doing that.

8 They either elevate the building out of it, they
9 build a flood barrier or levee around it, or they build
10 with flood-proof material like concrete blocks and stuff
11 that can be in a flood. They then further divide these
12 areas into different zones that better reflect the type of
13 flood.

14 For most areas like this, Galveston or something
15 it starts with a B zone, because the heavy wave action --
16 where waves are over three feet. They then go to a coastal
17 A, and finally -- which is from three feet to 18 inches.

18 Then finally, the AE zones, which have very
19 little wave action, less than 18 inches. Ironically, even
20 though we're on Galveston, this project is actually in an
21 AE zone, because it's behind the Seawall and because of
22 where it's at, it's actually not heavy wave action area,
23 and actually has a base flood elevation of 12.9 feet.

24 The slabs themselves are at nine - or at
25 10 feet. So it's only about two and a half feet into the

1 flood plain. The existing site around it, though, is a
2 little bit different.

3 The streets are down around four and a half
4 feet. So when people talk about flooding, in most cases,
5 it has not been their houses that have been flooded. It's
6 the fact that they're trapped, because it is an island and
7 everything around them is low.

8 Our proposal is to build a new flood wall around
9 the entire site, with the top of the wall set at 14-1/2
10 feet. That would be 18 inches above the base flood
11 elevation -- actually 20 inches above the base flood
12 elevation, which means we would take into account not just
13 the surface level, but the wave action predicted.

14 And that wall would go all the way around it.
15 You'd have plenty of man-access gates and stuff, but all
16 these gates are flood-proof, and the wall is put in place
17 to protect the site. From the ground level, the wall is
18 actually going to be perceived almost from the street as 10
19 feet wall. But from inside, it's six feet tall.

20 So the actual wall would be about six-foot tall
21 wall when you walk up to it. So we'll have an 18-inch
22 wrought-iron fence on top of it to give us a little more
23 security. It will look nice and be a brick fence, as far
24 as -- the residents will see it as a brick fence until it's
25 put in place as a wall.

1 MR. VASQUEZ: Is that good, Mr. Braden?

2 MR. BRADEN: Yes, sir.

3 MR. VASQUEZ: Okay. Great. Well, appreciate
4 the description, Blair.

5 MR. KORNDORFFER: Thank you.

6 MR. VASQUEZ: I think the -- do we have -- who
7 do we have next? Is it Ray Richardson or Miranda Sprague?

8 MR. NORRED: Ray Richardson. Ray, you are self-
9 muted. You can unmute yourself and you could speak.

10 MR. RICHARDSON: Okay. Good morning, Board, Mr.
11 Chair. I'm going to defer my comments, and I'd just like
12 to echo what everyone else has stated, with the exception
13 that -- I've been on the site. I have met with the
14 residents.

15 I spoke with a long-time resident, Mr. Matthews,
16 who's lived there since 1969, and he did go out and get a
17 survey and got the old-time residents to sign this survey.

18 I think we got about 60 signatures, and they're in favor
19 for the rehabilitation of the site.

20 So I do echo all the comments that have been
21 made by our team. Thank you.

22 MR. VASQUEZ: Great. Thank you, Mr. Richardson.
23 Ms. Sprague?

24 MR. NORRED: Miranda, you are self-muted.
25 Unmute yourself and you'll be able to speak.

1 MS. SPRAGUE: Good morning, Chair and Board.
2 This is Miranda Sprague. I'm with ITEX, and I am speaking
3 in favor of Item 9(b) for Sandpiper Cove. I hear you loud
4 and clear, Chair. So I won't take up the three minutes.

5 I'm here if there's any questions. I just want
6 to speak on one item that Ms. Roehm had brought up that,
7 yes. We're providing that extra protection for the flood
8 wall.

9 Her concern sounded like, from the past
10 experience, was with the current owner and the previous
11 management, that there wasn't a lot of communication with
12 the residents when severe storms were coming, and maybe not
13 even good communication from the City even.

14 But with this flood wall, since we will be
15 providing that protection and they will have to be -- the
16 pedestrian gates and the vehicles accesses will need to be
17 closed up in order for this flood wall to be effective,
18 there is going to be an extensive plan in place.

19 The residents are going to have this plan, and
20 it's going to be enacted and communicated when severe
21 storms are coming, because we're going to need to be
22 assured that if they want to evacuate or if it isn't a
23 mandatory evacuation, that they're well aware and they have
24 the accesses they need and the knowledge they need to be
25 able to react properly and keep themselves and their

1 families safe.

2 So aside from that, I don't want to take up any
3 more of your time, unless you have any questions.

4 MR. VASQUEZ: Great. Thank you, Ms. Sprague. I
5 believe we have next Bobken Simonians.

6 MR. NORRED: Okay. Looking to unmute him now.
7 Bobken, you are unmuted.

8 MR. SIMONIANS: Thank you, Chair Vasquez, Board
9 members, Mr. Wilkinson. Good morning. I'm not going to
10 take much time, as you wished. Just a couple of points I'd
11 like to make.

12 Number one, the flood wall would protect the
13 development from water coming in, but we are also going to
14 have pumps and mobile generators inside the property to
15 take the water out in case of a heavy rain, and also
16 measures to cap the drains so that water doesn't flow in
17 from outside.

18 Point number two -- I'd like to emphasize, both
19 for fair housing issues and Section 8 issues --
20 historically, courts have deferred that action to HUD. HUD
21 is the enforcer of the law, and on both cases, they have
22 made determination that this plan meets both fair housing
23 issues and the Section 8 requirements.

24 Other than that, I'd like to emphasize that we
25 have support of the mayor, city manager, the independent

1 school district, many politicians and community groups who
2 are in support of this rehabilitation, and if we give, for
3 whatever reason, Section 8's to the tenants, not many
4 property owners would accept those Section 8's.

5 So by converting to individual Section 8's, what
6 will happen -- this population will not be able to live in
7 the same community they've lived for a long time, and they
8 will have to be dispersed to Dallas, Austin or whatever,
9 because it's not very easy to find housing the city of
10 Galveston.

11 With that, I'm available to make any -- or
12 respond to any questions you have, and I failed to say, I
13 am with ITEX, and I'm in support of the project.

14 MR. VASQUEZ: Great. Thank you, Mr. Simonians.

15 I believe the last speaker we have queued up is Joe
16 Compian?

17 MR. NORRED: Joe, you are self -- okay. I
18 think --

19 MR. WILKINSON: Mr. Compian would be a different
20 item.

21 MR. VASQUEZ: Okay. That's not on this --

22 MR. NORRED: Yeah. He indicated in the
23 questions box that he wanted to give --

24 MR. COMPIAN: No. I'm on the -- Chairman
25 Vasquez, I'm on this one, too. I want to voice my support

1 for the tax credit action by the Board. I am very familiar
2 with Sandpiper Cove. Each year, after every hurricane, we
3 have made progress in terms of cleaning up this particular
4 neighborhood and especially this.

5 My biggest concern -- and I also speak as the
6 mayor pro-tem of a city on the mainland of La Marque --
7 after Hurricane Ike and the devastation we saw there,
8 affordable Section 8 housing opportunities were
9 significantly reduced in Galveston, and this is the only
10 opportunity.

11 Cities on the mainland right now -- we are
12 suffering from price inflation associated with our rental
13 units, and there are very few affordable rental
14 opportunities here in our Galveston County community. And
15 so, I urge support for this particular tax credit issuance.

16 Thank you all.

17 MR. VASQUEZ: Great. Thank you. And I believe
18 that there is no one left in the queue. So we'll get back
19 to where we have a motion on the table by Mr. Braden and
20 seconded by Ms. Thomason to approve the requested
21 determination notice 4 percent housing tax credits to
22 Sandpiper Cove in Galveston as reflected and subject to the
23 conditions in the Board action request on this item.

24 So do any Board members have any more questions
25 or comments before we vote?

1 MR. BRADEN: Mr. Chair, I'll just make one
2 comment. I very much appreciated the thorough job that
3 Teresa and her staff did in prepping this item and packing
4 it up. It clearly can be an emotional item. It can be a
5 controversial item, but I thought they did a great job in
6 presenting and putting conditions in place that give me
7 comfort as a Board member.

8 MR. VASQUEZ: Great. Thank you, Mr. Braden.
9 Okay. Hearing no more comments or questions, the motion is
10 on the floor. All those in favor say aye.

11 (A chorus of ayes.)

12 MR. VASQUEZ: Any opposed?

13 (No response.)

14 MR. VASQUEZ: Hearing none, motion carries. The
15 motion passes. Thank you all. And again, I just want to
16 make a comment that, you know, the current conditions need
17 to be addressed and hopefully local Galveston folks will
18 get involved and make that happen.

19 In the meantime, this is hopefully the first
20 step to getting the whole place rehabilitated and that's
21 going to be the long-term solution for this property.
22 Again, let's plow through. We've only got a couple more
23 items on the agenda.

24 So I would say, let's work through them rather
25 than taking a break. Unless anyone really, desperately

1 needs to take a break.

2 (No response.)

3 MR. VASQUEZ: Okay. Let's continue on then to
4 Item 10(a) under Community Affairs. Presentation,
5 discussion, and possible action approving actions taken by
6 the Executive Director and authorizing the Executive
7 Director to take further special actions to meet the
8 emergency needs of low-income Texans economically impacted
9 by Winter Storm Uri using federal funds administered by the
10 Community Affairs Division.

11 Mr. De Young, can you please give us the
12 background on this?

13 MR. DE YOUNG: Sure. Good morning, Mr. Chairman
14 and members of the Board. I'm Michael De Young, the
15 Community Affairs Division Director. Back on February 12,
16 Governor Abbott issued a disaster declaration for severe
17 winter weather, which we now know as the Winter Storm Uri,
18 which impacted Texans throughout the state in all 254
19 counties.

20 In addition of the needs of those low-income
21 Texans impacted by Uri, prompt action was required and
22 taken by the Executive Director, Mr. Wilkinson, that
23 precluded the ability to go to -- go through the typical
24 process of obtaining Board authorization.

25 Through CEAP -- it's the Department's Energy

1 Assistance Program, the Department immediately granted
2 several TAC rule flexibilities to meet the emergency needs
3 of low-income Texans impacted by Uri. The flexibilities
4 are listed in the table within your Board item, and I'll
5 give you a summary of them.

6 The first was a doubling of the cap on utility
7 payments. For example, typical homes that were low-income
8 could receive \$1,600 in a normal year. We doubled that to
9 \$3,200 in order to anticipate the peak costs that were
10 going to appear during the week-long storm.

11 We also increased the cap on repairs or
12 replacements of inoperable heating systems, realizing that
13 those were going to be stressed across the state, so we
14 gave more flexibility there. We also allowed the exclusion
15 of the initial payments with arrears from the cap per
16 household and the February bill.

17 So in layman's terms, what that means is, if
18 someone came in with a huge arrearage bill, we went ahead
19 and covered that arrearage. And then, we also didn't count
20 the February bill, which would have been the bills for
21 Tropical Storm Uri, against their cap of \$3,200 or \$2,800
22 or \$2,400.

23 Each of those are tied to a specific income
24 strata. And then the last thing we also allowed was -- we
25 expanded the repair of heating units from being only those

1 households which are vulnerable. LIHEAP determines -- has
2 three different areas that they determine as vulnerable
3 households.

4 We expanded that definition so that we could go
5 to those homes that we knew had need of repairs for their
6 heating and cooling system, so we could get that taken care
7 of. These flexibilities are planned to be in effect until
8 September 30 of this year. And then, we will revert to our
9 original rules as they are contained in the TAC.

10 Further flexibilities, amendment to contracts,
11 and requests for waivers of federal or state requirements
12 to reduce the impact of Uri are not anticipated at this
13 point, but maybe sought after the -- after by the
14 Department in the future.

15 Your approving of this action will allow the
16 Department the flexibility to appropriately serve eligible
17 households in the wake of Uri, and any future actions
18 undertaken under this action will be reported back to you
19 at a subsequent Board meeting.

20 I can answer any questions you might have.

21 MR. VASQUEZ: Great. Thank you, Mr. De Young.
22 Do any Board members have any questions or comments on this
23 emergency action, temporary change, adjustment in the
24 rules?

25 MS. BINGHAM: Mr. Chair, just wanted to express

1 gratitude to staff for being so responsive and nimble to be
2 able to provide this support, and I'm prepared to make a
3 motion.

4 MR. VASQUEZ: The Chair will entertain a motion
5 from Ms. Bingham.

6 MS. BINGHAM: I'll move that the Board adopt and
7 ratify the actions taken by the Executive Director, as
8 described in the Board action request on this item,
9 including issuing disaster-related guidance to low-income
10 housing Energy Assistance Program subrecipients, invoking
11 flexibility to the rules, requesting waivers or approvals,
12 and amending contractual requirements to more immediately
13 respond to the needs and more efficiently provide services
14 to eligible low-income Texans economically impacted by a
15 winter storm during the week beginning February 12.

16 MR. VASQUEZ: Great. Thank you. A motion made
17 by Ms. Bingham. Is there a second?

18 MR. BRADEN: Second.

19 MR. VASQUEZ: Second by Mr. Braden. I'll note
20 that we had one speaker who wanted to speak in favor of
21 this item, but since we already have a motion in favor and
22 second, I'll go straight to a vote. All those in favor say
23 aye.

24 (A chorus of ayes.)

25 MR. VASQUEZ: Any opposed?

1 (No response.)

2 MR. VASQUEZ: Hearing none, the motion carries.

3 Let's move on to 10(b), Presentation, discussion, and
4 possible action on approval of the draft 2021 Department of
5 Energy Weatherization Assistance Program state plan for
6 public comment.

7 Mr. De Young, who is still on.

8 MR. DE YOUNG: Absolutely. Thank you. The
9 Department develops and submits a DOE WAP state plan each
10 year, and that's the plan that governs the administration
11 of their funds.

12 Along with 2.6 million in estimated carry-over
13 from this past year, which is primarily due to not -- most
14 agencies not having the ability to go into as many homes as
15 they wanted, the Department is going to receive an
16 additional 7.9 million for 2021.

17 So we'll have approximately \$10.5 million going
18 into weatherization activities across the state. The
19 funding is allocated to 22 subgrantees that cover all 254
20 counties in Texas, and we have a formula in the TAC that
21 governs the distribution of the funds.

22 Primarily, these funds are designed to increase
23 the energy efficiency of eligible homes, and the funding
24 also provides for our State administration to cover our
25 costs, and training and technical assistance for our

1 subrecipients and our staff.

2 Before submitting the plan for approval, 10 CFR
3 440 requires that notice of a public hearing be provided to
4 receive comments on a proposed state plan. The notice of
5 the hearing notifies the public and subgrantees of a public
6 comment period, the public hearing, and how to obtain
7 copies of the draft plan, which we make available on our
8 website during this time.

9 Subgrantees were provided two previous
10 opportunities to provide input into the drafting of the
11 draft plan. So after the public comment period and
12 hearings, staff will modify the plan if we need any
13 changes, and those would be based on any comment we receive
14 and any changes that are subsequently required by DOE.

15 We have kind of a team effort with DOE. They
16 review the plan as we go through it. Staff anticipates
17 presenting the revised plan along with any recommendations
18 from the subgrantee network and the public. And then, we
19 will come back to you for awards and final approval of the
20 plan in May, and those contracts would then begin on July 1
21 and extend through June 30 of next year.

22 I can answer any questions you might have on
23 this one.

24 MR. VASQUEZ: Great. Thank you, Michael. Do
25 any Board members have any questions for Mr. De Young?

1 (No response.)

2 MR. VASQUEZ: Sounds like a plan. We will
3 entertain a motion on Item 10(b).

4 MS. THOMASON: I'll move that the Board approve
5 the draft 2021 Department of Energy Weatherization
6 Assistance Program state plan for publication in the Texas
7 Register to receive public comment, and that the final plan
8 be presented to the Board as reflected in this action item.

9 MR. VASQUEZ: Motion made by Ms. Thomason. Is
10 there a second?

11 MR. THOMAS: I'll second.

12 MR. VASQUEZ: Seconded by Mr. Thomas. All those
13 in favor say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, the motion carries.
18 Moving right along to Item 10(c), Presentation, discussion
19 and possible action on the amendment of Community Services
20 Block Grant CARES Act discretionary contracts from the
21 Texas Eviction Diversion Pilot program to Community
22 Services Block Grant CARES Act direct service activities.

23 Mr. De Young?

24 MR. DE YOUNG: We're going to work on our action
25 item wordings to make them a little bit easier to

1 understand. This item is part of the CARES Act. The
2 Department received an award of CSBG CARES in the amount of
3 \$48.1 million from the U.S. Department of Health and Human
4 Services.

5 And in September 2021, you all approved that
6 7 percent of these funds could be used for an Eviction
7 Diversion Program. These are a combination of some
8 discretionary funds, as well as some admin that was
9 included in the award, but TDHCA was able to continue with
10 our current staff.

11 We added one temporary person to help us with
12 this, so we used these funds to go into the Eviction
13 Diversion Program. So about \$3.3 million went into this
14 trial run of the Eviction Diversion Program. We had
15 contracts with eight subrecipients that were executed.

16 And during this past time, 380 households have
17 been served, and we still have some funds out there that
18 are going to continue to help. Four of the eight
19 subrecipients have expended or obligated all their funds
20 now.

21 While the other four subrecipients still have
22 remaining funds and have clients who are seeking eviction
23 diversion, they'll continue to provide services to those
24 clients, but the vast majority are now being referred over
25 to the Texas Rent Relief Program.

1 Staff is requesting approval to amend any
2 remaining balances as we let those four remaining agencies
3 continue to work with the files that they have in their
4 office, and we would modify their contracts to include
5 direct services to clients so that the remaining funds can
6 be fully expanded.

7 We don't want to return any of these funds to
8 the federal government. So we're talking about the
9 balances after they get done with all the eviction
10 diversion they can do. There is one subrecipients who is
11 not a member of the CSBG-eligible entity network.

12 It's Panhandle Regional Planning Commission,
13 sometimes referred to as PRPC. Their remaining balance
14 would be returned to TDHCA and would be given to one of the
15 other contracts so that it could be fully expended.

16 Because they're not an eligible entity, PRPC
17 cannot have their funds put into another contract. We
18 don't have one with them. So we'll just take care of the
19 administrative issue there, and move it on to another
20 subrecipients so that we can get full expenditures.

21 I'm prepared to answer any questions you might
22 have on this item.

23 MR. VASQUEZ: Great. Thank you, Mr. De Young.
24 Is there -- are there any questions from any Board members?

25 (No response.)

1 MR. VASQUEZ: Well, okay. Hearing none, the
2 Board -- the Chair would entertain a motion on Item 10(c).

3 MR. THOMAS: Mr. Chairman, I move the Board
4 grant the Executive Director or his designees the authority
5 to amend any remaining balances in the CSBG CARES Eviction
6 Diversion Pilot Program contracts to include direct service
7 CSBG CARES activities as detailed and conditioned in the
8 Board action request on this item.

9 MR. VASQUEZ: Thank you. Motion made by Mr.
10 Thomas. Is there a second?

11 MR. BRADEN: Second.

12 MR. VASQUEZ: Seconded by Mr. Braden. We don't
13 have anyone queued up to speak on this topic, so we'll go
14 straight to the vote. All those in favor say aye.

15 (A chorus of ayes.)

16 MR. VASQUEZ: Any opposed?

17 (No response.)

18 MR. VASQUEZ: Hearing none, the motion carries.

19 Thank you, Mr. De Young and staff, actually, for
20 figuring out how we can maximize utilization of these
21 funds. So that's important, and good move.

22 Moving on to Item 10(d), Presentation,
23 discussion, and possible action regarding termination of
24 Galveston County Community Action Council, Inc.'s Low-
25 Income Home Energy Assistance Program Comprehensive Energy

1 Assistance Program contracts and future funding; award of
2 24.99% of the 2020 and CARES Act Comprehensive Energy
3 Assistance Program awards for the service area covered by
4 Galveston County Community Action Council, Inc., to
5 temporary provider(s); and the authorization of staff to
6 identify a permanent provider, through release and
7 subsequent award of a Request for Application or through a
8 direct designation, to administer the Comprehensive Energy
9 Assistance Program in Brazoria, Fort Bend, Galveston, and
10 Wharton counties.

11 Mr. De Young, can you give us the background on
12 this item?

13 MR. DE YOUNG: Sure. Galveston County Community
14 Action Council is the designated utility assistance
15 provider administering our LIHEAP Program, which we often
16 refer to as CEAP for Brazoria, Fort Bend, Galveston, and
17 Wharton counties.

18 I'm going to focus my oral presentation on some
19 recent events. If you've read the Board item, there's a
20 long history to get us to this point, and I'm just going to
21 focus on the more recent events.

22 In August 2020, the Department recognized that
23 Galveston County Community Action Council exhibiting
24 inadequate performance in serving clients and expending
25 CEAP funds, and therefore, requested that Galveston County

1 submit documentation to immediately the address of lack of
2 effective service delivery to low-income clients.

3 After review of Galveston County's response, the
4 Department determined that Galveston County Community
5 Action Council failed to resolve the issues and notified
6 Galveston County Community Action Council in October 2020
7 that the Department would initiate a determination process
8 if Galveston County Community Action Council did not
9 request a hearing by November 12, 2020.

10 The Department did not receive a direct response
11 from Galveston County answering the question of whether
12 they are requesting a hearing by the November 12, 2020
13 deadline.

14 Later in November, Galveston County Community
15 Action Council presented its own quality improvement plan,
16 which we'll often refer to as a QIP, to the Department
17 asking the Department to delay a decision on termination
18 until after June 2021.

19 While the Department was not willing to grant
20 them through June, we did notify Galveston County Community
21 Action Council that they would need to meet performance
22 benchmarks presented in its own self-imposed QIP by January
23 31, 2021, and that a decision would be based on the
24 achievement of those benchmarks at this Board meeting
25 today.

1 Department staff reviewed whether the benchmarks
2 were met and determined that Galveston County Community
3 Action Council only met two of three benchmarks. You have
4 a table of those benchmarks in your Board item on page 7.

5 It is notable that in their own QIP they
6 expected to sustain a level of approximately 900,000 to one
7 million for each month from January on, and as you can see,
8 the failure to meet January's benchmark lends no support
9 that it can reach or sustain this level.

10 I would also like to note that, particularly in
11 this post-winter storm environment, with high utility bills
12 looming, it's imperative that our CEAP subrecipient be a
13 strong, efficient provider. Additional funds for CEAP are
14 included in the new American Rescue Plan bill, recently
15 signed.

16 Adjacent providers are ready to -- and able to
17 take up on the areas covered by Galveston County Community
18 Action Council so that the residents of these counties can
19 be served timely and with no interruption. Department
20 staff believes that Galveston County Community Action
21 Council has been given ample training and technical
22 assistance opportunities.

23 There's an attachment in your Board item
24 detailing all the different training opportunities that
25 we've had. And they've had a -- excuse me -- a sufficient

1 number of opportunities in which to exhibit performance,
2 but they continue to show an inability to effectively serve
3 the clients of the four-county area.

4 Your approval of this action will give the
5 authority to the Department to proceed with the
6 determination process, which includes determination of
7 Galveston County Community Action Council's 2020 and CEAP
8 CARES contracts effective March 31, 2021.

9 It will also approve the award of over 24.99
10 percent of the funds within these contracts to one or more
11 temporary providers to serve the four counties, and it will
12 also approve the determination of Galveston County
13 Community Action Council's ability to access their 2021
14 CEAP funds.

15 And, finally, it would release a request for
16 applications for a permanent CEAP provider for Galveston
17 County Community Action Council's service area, and that
18 could be one or more providers for the four-county area.

19 I can answer any questions you might have on
20 this item.

21 MR. VASQUEZ: Do any Board members have
22 questions for Mr. De Young?

23 MS. BINGHAM: I have just one question.
24 Michael, on the last point, where we would -- if we take
25 all the actions staff recommends, and then we look for

1 applications to identify another provider that can serve
2 those areas -- is -- would the timeline for that to be
3 pretty tight, so that we could continue to meet the needs
4 there?

5 MR. DE YOUNG: Yes, ma'am. So we would have the
6 24.99 percent that would go out immediately, and we'd try
7 and get a provider to temporarily provide services. The
8 issue becomes how quickly we can get the RFA done and get
9 it scored and make awards.

10 We would come back to you as quickly as
11 possible. With CEAP, it is a very cyclical program, and we
12 want to have a provider in place before we get to June when
13 all the bills begin to really rapidly accelerate. We would
14 like to have a permanent provider.

15 We'd have a window provided by that 24.99
16 percent to work with. And then, quickly get back to you
17 all for approval of a final provider or providers. And
18 many times, the surrounding agencies can't cover the whole
19 area -- and this is a very populated area.

20 Brazoria and Fort Bend County are huge counties
21 just outside of Houston. Galveston County is very
22 populated. I will tell you, Wharton is not a sizeable
23 county, but certainly, we want to get services to all of
24 those counties so that they can be provided the full array
25 of TDHCA services.

1 MS. BINGHAM: Thank you.

2 MR. DE YOUNG: Absolutely. Thank you.

3 MR. VASQUEZ: Do any other Board members have
4 questions for Mr. De Young on this item?

5 (No response.)

6 MR. VASQUEZ: Okay. Again, I think, just before
7 we go into motions and votes, just wish to recognize that
8 there are separate items on the agenda today concerning
9 Galveston County Community Action Council. One relating to
10 the CEAP Program. And then, we'll have a separate one next
11 on CSBG.

12 This is a -- this particular vote is a more
13 immediate stopping of the program and transferring of the
14 contract to another provider. So again, are there any
15 other questions?

16 MS. BINGHAM: Mr. Chair, I'm prepared to make
17 the motion, if there's no -- anyone in the queue to speak,
18 or -- do I just make the motion anyway? And then --

19 MR. VASQUEZ: Let's make the motion. And then,
20 we'll entertain the speakers.

21 MS. BINGHAM: Will do. Okay, sir. All right.
22 I'll move Board approval of the following items as detailed
23 and conditions in our Board action request on this item.

24 The first is to reduce by 24.99 percent both the
25 2020 CEAP and the 2020 CEAP CARES Act contract awards to

1 Galveston County Community Action Council and award these
2 funds as soon as possible after March 31, 2021 to an
3 interim provider or providers until July 31, 2021.

4 The second part would be to terminate for good
5 cause the 2020 CEAP and the 2020 CEAP CARES Act contracts
6 on March 31, 2021. The third would be to terminate or not
7 renew for good cause the Galveston County Community Action
8 Council's eligibility to receive a 2021 CEAP contract.

9 And then, finally, to release a request for
10 applications to identify a permanent provider or providers
11 to administer the 2020 CEAP and the 2020 CEAP CARES Act
12 funds if there are remaining funds, as well as the 2021
13 CEAP contract, and to be designated as the permanent CEAP
14 network provider or providers for the benefit of eligible
15 low-income households in that service area.

16 That's the motion.

17 MR. VASQUEZ: Thank you for that very complete
18 motion, Vice Chair Bingham. Is there any second to that
19 motion?

20 MR. BRADEN: Second.

21 MR. VASQUEZ: Seconded by Mr. Braden --concisely
22 seconded. We actually do have some speakers queued up to
23 comment on this, and I believe Robert Quintero is the first
24 speaker.

25 MR. NORRED: Robert, you are self-muted.

1 MR. QUINTERO: Thank you.

2 MR. NORRED: Never mind.

3 MR. QUINTERO: Mr. Chairman, I -- okay. Mr.
4 Chairman and Board members, my name is Robert Quintero. I
5 am the executive director of the Galveston County Community
6 Action Council since June 2020.

7 I am here to speak against the Action Item
8 10(d), which would terminate GCCAC's current Comprehensive
9 Energy Assistance Program funding effective March 31 and
10 terminate eligibility for future CEAP funding.

11 The record of correspondence reflects that as of
12 November 2020, the only remaining matters of noncompliance
13 was GCCAC's alleged failure to provide services in the
14 quantities TDHCA desired for the 2020 grant year.

15 In discussion with Mr. Bobby Wilkinson, TDHCA
16 and GCCAC agreed via email in early December to a quality
17 improvement plan, under which GCCAC would endeavor to meet
18 certain spending and service delivery targets in the midst
19 of COVID pandemic.

20 As stated by Mr. Bobby Wilkinson by the email of
21 December 3, 2020, we would reassess this in March. I
22 respectfully am against this action item because we believe
23 that it is premature.

24 TDHCA's Board information package may gloss over
25 the fact that GCCAC and TDHCA staff are in the midst of a

1 corrective action plan period of the pertinent findings.
2 Therefore, the action, if approved, would appear to be
3 contrary to procedures required by the Texas Administrative
4 Code, as well as obligations imposed upon TDHCA by federal
5 law.

6 We also believe that the Board's agenda item
7 implies that, notwithstanding the ongoing corrective
8 action, the QIP period -- time period, is that such appeal
9 and hearing may have expired.

10 This is a mischaracterization of the current
11 status of these required procedures. I am proud to inform
12 the Board that, in the midst of this pandemic, working
13 virtually, even before Governor orders to return operations
14 to as normal as possible, I reopened our offices to
15 employment, but had to close again.

16 Several of our staff members tested positive for
17 COVID, which forced us to close and sanitize our -- re-
18 sanitize our offices, yet our delivery of services have
19 increased, which you will hear more about by our board
20 president and board members.

21 More importantly, we established a new delivery
22 model in our four-county services area, which is focused on
23 community collaboration, which is working. Finally, we are
24 in the midst of responding to another disaster besides the
25 pandemic.

1 Our communities were severely impacted by Winter
2 Storm Uri. Our teams, working with community
3 organizations, have delivered and provided services for
4 1,000 individuals, including many of our most vulnerable
5 populations.

6 Yesterday, I had a telephone conversation with
7 Mr. Wilkinson, and he understood the importance of
8 responding to the disaster needs of our community. He said
9 he would not be opposed if the Board would kick this matter
10 down the road, and I wholeheartedly agree with Bobby
11 Wilkinson and urge the Board to permit TDHCA and staff of
12 GCCAC to reassess this in 90 days.

13 That's all we're asking. We are on a roll. We
14 are going to get this accomplished. Thank you.

15 MR. VASQUEZ: Great. Thank you, Mr. Quintero.
16 I believe next we have --

17 MR. NORRED: Rose?

18 MS. PICKENS: Hello. Can you hear me?

19 MR. NORRED: Yes.

20 MS. PICKENS: Okay. Great. Almost afternoon to
21 everyone. My name is Rose Pickens, and I am a board member
22 with GCCA. I've been serving on the board nearly two years
23 now. I serve out of the Fort Bend County area where I am a
24 consulting agent for nonprofits, as well as I have history
25 in development as well.

1 I am speaking against the funds being taken from
2 GCCA, and the reasoning I have is I don't believe that
3 we've been given adequate time to basically reassess and to
4 put into action the things that needs to be done.

5 Mr. De Young mentioned that a serious
6 conversation was had in August 2020, where it was revisited
7 again in October 2020 and then again in December. If you
8 pay close attention to the timeline of things, we are now
9 in March, we just went through Winter Storm Uri, and these
10 services are needed at a greater rate now than we could
11 have ever imagined.

12 So our Rosenberg location is situated in the
13 heart of Fort Bend County, which is the fastest-growing
14 county in the country. However, our area serves the
15 largest pocket of poverty in Fort Bend County.

16 We have local support at our Rosenberg location
17 from County Judge K.P. George, County Commissioner Vincent
18 Morales, both the Rosenberg mayor, as well as the Richmond
19 mayor, and State Representative Ron Reynolds. I've spoken
20 to each one of these entities about the resources that are
21 available through GCCAC.

22 We're utilizing other platforms to get those
23 applications out. We're in collaboration with local
24 municipalities, the school district, both Lamar CISD, as
25 well as Fort Bend ISD to get the applications out to

1 individuals that can utilize these services.

2 We are also in collaboration with other
3 nonprofits. So this is something that I believe is new to
4 GCCAC in Fort Bend County, is to reach out and collaborate
5 with other agencies on utilizing those funds. [audio skip]
6 that we're granted a 90-day extension to be able to utilize
7 the 2020 funding and then also to retain the CARES Act
8 funding and to continue the work that we have started.

9 We would like to expend all of our complete
10 funding and maximize utilization of all funds. I believe
11 by putting a temporary provider in, as Mr. De Young has
12 recommended, would only delay the services that are
13 needed for our most vulnerable clients after they're coming
14 out of Winter Storm Uri.

15 So now, they're starting to receive their
16 utility bills in excess of thousands of dollars. We're
17 already situated in this community --

18 MR. VASQUEZ: If you could wrap up your
19 comments, that would be appreciated.

20 MS. PICKENS: Okay. If we can just expend the
21 current funding and allow a 90-day extension? Thank you.

22 MR. VASQUEZ: Thank you, Ms. Pickens. I think
23 we next have Joe Compian lined up.

24 MR. NORRED: We are working on that right now.
25 Joe, you have been moved over to panelist. So you are now

1 able to share your webcam and also unmute yourself.

2 MR. COMPIAN: I have unmuted myself. I'm not
3 sure about my webcam. Oh, I see it here. Yes.

4 MR. VASQUEZ: There you are.

5 MR. COMPIAN: Yes. Good afternoon, Board
6 Chairman Vasquez and TDHCA Board. First, I want to
7 appreciate the kindness of Mr. Bobby Wilkinson yesterday.
8 He was so kind as to reach out, and we talked yesterday,
9 and he passionately and very intently listened to where we
10 are today.

11 And where we are today is a very different
12 organization, because something I have not -- Mr. De Young
13 and I used to keep a pretty close contact. We don't do
14 that anymore. I hope we can do that again. But we've
15 completely changed our delivery pattern, and that's
16 important because we had one of these come to Jesus with
17 staff that we need to get this job done.

18 Yesterday, I received -- because I'm part of a
19 long-term recovery group of both counties - Brazoria -- the
20 FEMA information as to registrations and the need. In
21 Brazoria County, we have 6,000 valid registrations, of
22 which only 705 inspections have been completed.

23 In Fort Bend, 14,000 registrations -- 1,400
24 completed. Galveston County -- 6,900, of only 925
25 completed. Completed registrations do not mean that they

1 are receiving services. GCCAC is out there now working
2 under a different model.

3 Our entry points of services are our nonprofit
4 organizations, and it is for that reason that Mr. Chris
5 Delesandri at the United Way of Galveston Mainland has
6 indicated that he is against this item, that the GCCAC is
7 an important part of providing services in four counties,
8 and working efficiently, collaboratively with our
9 organization, which was the county with the longest power
10 outage.

11 Our United Way agencies are working with GCCAC
12 to get the resources needed as quick as possible. So it
13 seems ridiculous to take action in the midst of responding
14 to the needs of our communities and Winter Storm Uri. And
15 finally, I just want to say this -- is that the numbers
16 show it.

17 For all of the year -- and this is information
18 we have yet to share with the agency, but I asked staff to
19 pull it up. All of the year, for example, under CSBG
20 regular, \$494,000 -- we're almost spending all of the CSBG.

21 In the first three months, we've already spent \$263,000
22 under this new model versus \$494 during all of 2020.

23 Same thing under CEAP. CEAP and the CARES --
24 all of 2020 -- \$113,000. First three months -- \$121,000.
25 The changes that we've made in the delivery program are

1 important. And just as we've spoken, I've been waiting --
2 we are actively and aggressively involved in helping people
3 recover from Winter Storm Uri.

4 I can tell you where our challenges are. We
5 have landlords that are refusing to reconnect and make
6 repairs because people have not paid their rents. We're
7 working with them now. We've made this happen. We've got
8 individuals that cannot be in their home, and we've --
9 we're providing hotel space for them.

10 That's happening right now. As we spoke earlier
11 in the meeting, I provided a shelter for three families on
12 this side. So I urge and I join with Executive Director
13 Wilkinson and his kindness -- is this matter -- let's kick
14 this down the road for 90 days.

15 In our discussion, he said he wasn't opposed to
16 that, and I hope that we follow through on that regard.
17 And thank you all for your kindness and your consideration.
18 Thank you, sir.

19 MR. VASQUEZ: Thank you, Mr. Compián. Again, we
20 appreciate the efforts that the organization is
21 undertaking. Unfortunately, we have been kicking the can
22 down the road just multiple, multiple times. So we need to
23 take that big picture into consideration as well.

24 MR. COMPIAN: My only -- may I make a comment,
25 Chairman Vasquez? I don't want this to go on. I want us

1 to have, as I said, Chairman Wilkinson -- Executive
2 Director Wilkinson yesterday -- I have not had the pleasure
3 of meeting him face-to-face, and we're going to do that.

4 I committed to that. And this reprieve for
5 90 days -- and I will -- and the board will agree to this,
6 and I will get it in writing -- that this is the final
7 opportunity. So if we have a review of everything in
8 90 days, and if we don't feel -- and you guys don't feel
9 that we don't have a meeting of the minds, then, fine.

10 Let's go take some next steps here, and let's
11 just finally get on with life and matter. But now's not
12 the time to make changes. Now's not the time to make
13 changes with people in crisis, and now's certainly not the
14 time to interfere with the relationships that we have
15 created, where all our agencies are in effect.

16 And I applaud Mr. De Young of the changes
17 that -- and you guys approved with regard to the permitted
18 uses of the CARES Act funding. That has been crucial, Mr.
19 De Young, and I appreciate that very, very much. So that's
20 my plea to you as Board members.

21 I'm committed here publicly on this --
22 recorded -- is that extension for 90 days -- end of that
23 90-day period, let's sit down. Let's review everything.
24 And if we're not up to par at that point, and we haven't
25 spent the funding that we've said, then, fine. The board

1 is -- we will as a board accept the decision and we'll go
2 forward from there.

3 MR. VASQUEZ: Okay. Again --

4 MR. COMPIAN: Am I accurate, Mr. --

5 MR. VASQUEZ: -- we --

6 MR. COMPIAN: -- am I accurate, Mr. Wilkinson,
7 saying what I said with regard to your absence of
8 opposition?

9 MR. WILKINSON: When I returned your call and
10 Mr. Quintero's call separately, I heard you out and let you
11 know that it was not my decision. I couldn't pull you off
12 the agenda or anything like that.

13 We were on autopilot based on our last meeting
14 in November where the subject came up, and I said, you can
15 tell it to the Board. You might have a good story to tell,
16 and you know, I won't pile on, if they want to kick the
17 can. So --

18 MR. COMPIAN: Okay.

19 MR. VASQUEZ: Okay. Again, I think we're at the
20 point where I think the Board needs to do our
21 considerations. You know, thank you for your comment, and
22 we will sure talk to you on the next item as well, I'm
23 sure.

24 Do any other Board members have any more
25 questions for Mr. De Young or thoughts on this?

1 MR. BRADEN: Mr. Chair, I have a couple of
2 questions. Probably, the first one is for Mr. De Young.
3 So Michael, in light of what the discussion that just took
4 place, is it still staff's recommendation -- and obviously,
5 we all want to get the money into the hands of the people
6 who need it soonest.

7 And so, that's what -- why we're taking these
8 steps now. Or -- but their comments about waiting 90 days
9 -- and is it still your opinion that, in order to get the
10 money into the people's hands who need it, it's faster to
11 take this action right now, as opposed to wait 90 days?
12 And then, possibly where they've done -- what they've done?

13 MR. DE YOUNG: I think staff would stick with
14 the proposal that we've put into the agenda item. The
15 concern with -- from the staff perspective of waiting
16 90 days is it moves us into the summer, and that's when
17 things really -- for CEAP really start to move. We've got
18 record funding.

19 We've continued to change the rules to try and
20 get as much help. I think the need this year is going to
21 be higher than ever, and we need, you know, the widest
22 possible dispersion of these funds in those four counties.

23 And if we go 90 days from now, it makes us very
24 difficult to find a path to get a new provider and not have
25 issues of duplication of benefits, which is a concern at

1 the federal level and at the state level because you're
2 going to have Galveston County pledging funds now.

3 And then, potentially a new provider trying to
4 figure out what's been pledged and how much was pledged to
5 their account. From a logistics perspective, staff would
6 recommend that we continue with the Board item as it was
7 presented.

8 MR. BRADEN: And I understand that. And you
9 know, we've heard from this agency for at least a year. I
10 mean, we -- I think the last time we had a presentation by
11 them, we were actually physically in attendance and several
12 of us who are on the Board, we sure remember that.

13 And I was one of the sympathetic ears at that
14 time. But, you know, there are some challenges they must
15 be facing and just challenges generally, and I understand
16 staff's recommendation how you want to move forward. I
17 mean, we all want to, you know, make sure people who
18 have -- need this money will get it the soonest.

19 The one other comment or question I had, and
20 this might be more either for Bobby or for Beau. There was
21 some comment made early on -- from the respondents about --
22 action we're taking today would be contrary to THC
23 provisions. Maybe Beau or Bobby -- I assume that's not the
24 case, or you wouldn't be bringing something to our item,
25 but if you could just confirm that.

1 MR. WILKINSON: Yeah. I'm not sure what Mr.
2 Quintero meant by that. But Beau, could you address that?

3 MR. ECCLES: I have a notation in my notes that
4 I don't understand what he was referring to, and perhaps he
5 could back on the line and explain to us and cite to us
6 some specific either federal law or Texas Administrative
7 Code provision that he believes that we are violating.

8 MR. BRADEN: But Beau, you're not aware of
9 anything. So --

10 MR. ECCLES: No, I'm not.

11 MR. BRADEN: Okay. I don't have anything else,
12 Mr. Chair.

13 MR. VASQUEZ: Okay. Do any other Board members
14 have questions for staff?

15 MS. THOMASON: I have just one question for
16 Michael. The -- as part of the motion that's on the table,
17 we're discussing allowing these funds to be awarded to an
18 interim provider or providers. Are you currently aware of
19 who those may be and how quickly they would be able to step
20 in?

21 MR. DE YOUNG: There are multiple providers of
22 CEAP already in the area. You know, all 254 counties are
23 covered. These four counties are surrounded by four or
24 five different community action agencies. We would talk
25 with each of them to gauge any interest that they would

1 have.

2 And then, ultimately, if approved, we would have
3 that formal request for applications, and they would have
4 to put in a formal application for the permanent provider
5 position. We've done this historically with other
6 community action agencies when we've had struggles with
7 either the CEAP Program or the WAP Program.

8 We approach those most adjacent and see if they
9 can do it. And then, give them that temporary contract and
10 in the interim, try and identify a permanent provider.
11 Sometimes it ends up being the same, that they figure out
12 that they can provide it.

13 Other times, they've said, you know what? It's
14 too much. We can't do that. I don't anticipate that. I
15 mean, it's always different with every agency. The
16 difference here is, you have one small county and three
17 fairly large counties, population-wise.

18 So it's not -- I don't know that I could point
19 to another recent similar situation where we had three
20 really large counties just outside of an area that probably
21 the latest one would have been four or five years ago in
22 the Dallas area. So talk to all those community action
23 agencies and gauge their interest.

24 MS. THOMASON: Thank you.

25 MR. DE YOUNG: Sure.

1 MR. THOMAS: Mr. Chairman, I've got one question
2 really quick for Michael. So if we take this direction and
3 staff's recommendation and take these funds away from
4 GCCAC, what happens in July when this program -- sort of
5 this new contract period comes up?

6 Do we just reevaluate it at that time with new
7 providers that apply for the funding? And then, we have
8 another opportunity to take a look at this? Or well, how
9 does this process play out?

10 MR. DE YOUNG: So the process -- the LIHEAP
11 contracts or CEAP contracts run from January 1 to
12 December 31. So we would take -- hopefully in the next two
13 to three months, we would be working on the complete
14 process of identifying the permanent provider. We would
15 come back to the Board in June, hopefully in June.

16 I don't -- I haven't looked at the calendar. It
17 could be in May. But we would come back with the
18 recommendation for a permanent provider. Whoever that's
19 awarded to, we'll talk with legal whether we should create
20 a separate contract for the -- you know, whatever counties
21 they're going to serve versus adding it to their existing
22 contracts.

23 Get through the logistics with the local
24 agencies of trying to identify who's received assistance
25 already this year. And then, you would be presented with

1 an action item that makes permanent those awards for the
2 four counties.

3 It is -- I would be -- I do not think it would
4 be one provider for all four counties. It is a very large
5 service area and very high population. My --

6 MR. THOMAS: Is it conceivable -- sorry to
7 interrupt -- is it conceivable that at that time GCCAC
8 would then be able to compete again? Like, could they
9 present another plan that sort of say, Hey., you know, we
10 fixed what we needed fix? We can service these four
11 counties better than anybody else and present a new plan to
12 us?

13 MR. DE YOUNG: Yes, sir, they are not precluded
14 from applying. They're -- anybody who applies has to go
15 through a previous participation review, just like any
16 other project that comes before you all. Senior staff at
17 the Department discuss their compliance history, and all
18 that goes into play for whether they would be a viable
19 provider in the future.

20 I will tell you, historically, that has not
21 happened often, if at all. I can't remember, and
22 unfortunately, I'm one of the longer-term employers around
23 here. In 16 or 17 years, I don't remember that instance,
24 but we never preclude the previous provider from applying
25 for the -- or from a -- giving -- being given the

1 opportunity to apply for the program.

2 MR. THOMAS: Understood. I know, being new to
3 the issue and new on the Board, you know, I don't have the
4 history that Member Braden or others have had dealing with
5 this organization or these funding needs, but I do share
6 Member Braden's view that, you know, it's important that
7 these funds get to the people that need it as soon as
8 possible in light of everything that's going on.

9 And you know, I think the one thing, from
10 everybody's comments that we heard from GCCAC and the
11 community is that, you know, there was a -- there's a
12 promise, and I think, an honest promise, to do better and
13 try to get these out and quicker to our liking, but there
14 wasn't any specific plan that I heard that said, you know,
15 here is what we are going to definitely do differently to
16 get this thing done.

17 So I'm sort of in the position to take staff's
18 recommendation and move forward with the action item.

19 MR. ECCLES: This is Beau Eccles. I do have a
20 quick clarification regarding the status of the motion
21 that's on the table. The Board action request, as well as
22 the motion that's on the table, did include terminating or
23 not renewing for good cause GCCAC's eligibility to receive
24 a 2021 CEAP contract.

25 So that may be a little different than what was

1 just said. So if that part of the motion -- in other
2 words, their eligibility to apply and be selected then for
3 a 2021 CEAP contract, that's not -- that would currently be
4 precluded by the motion that is on the table.

5 MR. THOMAS: Okay.

6 MR. VASQUEZ: Also, while -- since Beau just
7 spoke up, while I am wanting to limit continued discussion,
8 and I think we need to get to a vote, I would say, let's
9 see if we can bring them back on, Joe or Robert,
10 specifically to provide that TAC's citation that they
11 were -- they brought up, just so we can glance at it really
12 quickly and make sure, you know, we're giving everyone
13 their fair shake here on that.

14 So can Renee bring up Joe or Robert?

15 MR. NORRED: Joe -- we are bringing up Joe.

16 Joe, you are --

17 MR. COMPIAN: Yes, ma'am.

18 MR. NORRED: -- unmuted.

19 MR. COMPIAN: Okay. Thank you, Chairperson
20 Vasquez. I'm still here. I'm still here and kicking.
21 Thank you.

22 MR. VASQUEZ: Okay.

23 MR. COMPIAN: I --

24 MR. VASQUEZ: We want to just -- if you all --
25 you've mentioned this TAC, Texas Administrative Code

1 citation. That's what we'd like to address. And again, we
2 understand your big-picture argument.

3 MR. COMPIAN: Okay. Well, I hope -- I don't
4 know if I did that effectively, but we have a lot of needs,
5 and now is not the time. As I suggested, a 90-day period,
6 we'll even -- we'll work on this.

7 But this now disqualifying us, is -- at all --
8 that's the other challenge we have here. You're just --
9 legally, you're disqualifying us from ever applying.
10 That's a pretty heavy corrective action, and -- but -- so,
11 let me just read this part of this.

12 The administrative framework for reassessment
13 and resolution of QIPs are similar corrective actions by
14 TDHCA recipients, such as ourselves, is similar to CEAP
15 awards and CSBG awards, albeit under different sections of
16 the Texas Administrative Code.

17 And I'm speaking on both of our issues here, the
18 next item as well, from our counsel. For a seed app, if
19 TDHCA believes the subrecipient is not performing
20 satisfactorily, it must notify the subrecipient and arrange
21 for corrective action.

22 It's -- but apparently, TDHCA apparently has set
23 some ambiguous date at some point in March where GCC
24 compliance would be reassessed. That was what was the
25 agreement. And critically, after the corrective action

1 period, TDHCA is required to issue the subrecipient a
2 close-out letter indicating whether its corrective action
3 efforts were or were not sufficient.

4 We haven't received anything under 10 Texas
5 Administrative Code Section 6.10(c)(3). From that point,
6 TDHCA must provide the subrecipient an opportunity to
7 supply evidence that negates any finding of noncompliance.

8 As we understood, TDHCA has not concluded the
9 current corrective action period, issue GCCAC a close-out
10 letter, or afforded GCCAC an opportunity to furnish
11 evidence of satisfactory performance.

12 And once again, for these reasons, the Board's
13 proposed resolutions are premature. And I will forward
14 this on to staff. But once again, I don't want this to --
15 we can work this stuff out and --

16 MR. VASQUEZ: Okay. Joe, I think we --

17 MR. COMPIAN: -- so --

18 MR. VASQUEZ: -- understand where y'all were
19 coming from now on that.

20 Okay. Does Beau or Bobby want to talk about
21 that process and close-out and things like that?

22 MR. ECCLES: Well, I'll refer back to Michael,
23 but I'll put it in this framework. This is Beau Eccles,
24 General Counsel. I think that this may be the result of --
25 the process was followed.

1 And then the can was kicked down the road so
2 many times that we were sort of asking to reevaluate and
3 reevaluate and reevaluate, but the process was followed so
4 long ago that perhaps they didn't receive another close-out
5 letter, another follow-up, because of this sort of
6 informal, self-imposed quality improvement plan that GCCAC
7 had put on itself in order to justify the delay.

8 Michael, is that your understanding of what's
9 happening?

10 MS. BOSTON: This is Brooke Boston. I just want
11 to add that everything that had occurred up to the last
12 Board meeting had been followed exactly right. And then,
13 as Bill referenced, it was -- we let them have 90 more days
14 last time.

15 And so, nothing -- that doesn't negate that we
16 followed all the right steps. It just happened, you know,
17 several months ago.

18 MR. VASQUEZ: All right. Okay.

19 MR. ECCLES: Well, and furthermore -- this is
20 Beau Eccles -- I think he may also be conflating the
21 requirement for CSBG and CEAP as it relates to the federal
22 process, as well as the State process, for what we need to
23 provide him.

24 And that would be in the next item, and we're
25 not cancelling the CSBG contract. We're going forward with

1 more process to address that. We can deal with that in the
2 next item.

3 MR. VASQUEZ: Correct. Okay. Would -- okay.
4 Ms. Bingham made the motion. Would you be open to amending
5 the motion to remove the permanent ineligibility of GCCAC,
6 so as to allow them to reapply sometime in the future?

7 MS. BINGHAM: Yes. I may need a little help
8 with which language -- yes. I'll work with Beau on that.
9 Yes, I'm willing to amend it. Do you want me to amend it
10 right now, or are we still --

11 MS. BOSTON: I just want to clarify. We still
12 would need your authorization to identify a permanent
13 provider. We just want to clarify that they're allowed to
14 be an applicant.

15 MS. BINGHAM: I didn't notice that anything in
16 my motion completely ruled that out. I thought Michael
17 said it didn't, either.

18 MR. VASQUEZ: I think --

19 MR. ECCLES: I can be -- I can clarify this
20 quickly. The third point of the four points you made in
21 your motion was to not renew --

22 MS. BINGHAM: Oh, the eligibility.

23 MR. ECCLES: -- their eligibility to receive
24 a --

25 MS. BINGHAM: Okay.

1 MR. ECCLES: -- 2021 CEAP contract. To be
2 clear, there was never a motion to permanently make them
3 ineligible. It was simply to not make them eligible for
4 next year's contract. However, to modify the motion, it
5 would be to withdraw the third point of the four-point
6 motion you made at the start of this item.

7 MS. BINGHAM: Thank you. Mr. Chair, I will
8 accept -- or I will amend my own motion to remove my third
9 point, which was to terminate or not renew for good cause
10 GCCAC's eligibility to receive a 2021 CEAP contract.
11 Everything else would stay intact.

12 MR. VASQUEZ: Okay. This would mean they'd have
13 to reapply for a 2021 contract?

14 MS. BINGHAM: Correct.

15 MR. VASQUEZ: Okay. Bobby, Beau, are you good
16 with that?

17 MR. ECCLES: Yes.

18 MR. VASQUEZ: Okay. All right. Unless there's
19 something a Board member truly wants to hear, I would call
20 the question for the motion made by Ms. Bingham, seconded
21 by Mr. Braden, as amended, to remove her third point --
22 terminate or not remove for good cause GCCAC's eligibility
23 to receive a 2021 CEAP contract.

24 So with that --

25 MR. ECCLES: I'm sorry. I have to break in with

1 one more point. To continue along this line, however,
2 there needs to be an additional point to remove GCCAC as
3 the permanent provider at this time.

4 MR. VASQUEZ: That's not number 2?

5 MR. ECCLES: That's eliminating the 2020 CEAP
6 and 2020 CEAP CARES Act contracts, but they're still
7 designated as the permanent provider for CEAP.

8 MR. VASQUEZ: Okay. All right. So we'll --
9 tell us how you want to revise the -- do we replace number
10 3 with -- and to remove them as the permanent -- as a
11 designated permanent provider?

12 MR. ECCLES: Yes. Simply adding that point.

13 MS. BINGHAM: Mr. Chair, I can so amend. So
14 I'll amend my motion again to include a point to remove
15 GCCAC as the permanent provider for the CEAP and the CEAP
16 CARES.

17 MR. VASQUEZ: Okay.

18 MR. BRADEN: I'll amend my second to accept the
19 amendments.

20 MR. ECCLES: Yes.

21 MR. VASQUEZ: Okay. Given the amended motion,
22 and again, call for the question to vote, all those in
23 favor of the motion, as amended, say aye.

24 (A chorus of ayes.)

25 MR. VASQUEZ: Any opposed?

1 (No response.)

2 MR. VASQUEZ: Okay. Motion carries. Now, I
3 think we're going to end up repeating a large portion of
4 this, although it is a different set of -- a different
5 program and different set of circumstances.

6 So we're moving on to 10(e), Presentation,
7 discussion, and possible action on initiation of
8 proceedings to remove the eligible entity status of
9 Galveston County Community Action Council, Inc. and
10 terminate Community Services Block Grant contracts and
11 future funding.

12 Mr. De Young, can you give us more background on
13 10(d) -- 10(e)?

14 MR. DE YOUNG: Sure. Let me pause for a second.

15 The LIHEAP that we just discussed, because it's a block
16 grant, most of the rules reside within the Texas
17 Administrative Code, and we have to deal with that on the
18 LIHEAP.

19 In the Community -- in the instance of Community
20 Services Block Grant, much of this process is contained in
21 the Federal Register or in the federal law and the statute.

22 So the discussion is going to be very different -- or
23 going to be different on some levels -- because of the
24 process as determined by Health and Human Services and
25 federal statutes.

1 So in this instance, Galveston County Community
2 Action Council is the designated eligible entity
3 administering the Community Services Block Grant. I'm
4 going to refer to it as CSBG from here forward. Fort Bend,
5 Galveston, and Wharton counties -- and while your Board
6 item takes you through an extensive background of how we
7 came to be at this point, I will focus in my oral
8 presentation on the more recent events.

9 After a history of the Department seeking to
10 remove contracts from Galveston County Community Action
11 Council, in August 2020, the Department once again
12 recognized that GCCAC exhibited inadequate performance in
13 serving clients and expending CSBG funds.

14 We requested that Galveston County Community
15 Action Council submit another QIP to immediately address
16 the lack of effective service delivery, and after review of
17 the 2020 QIP, the Department determined that Galveston
18 County Community Action Council failed to resolve the
19 deficiencies and notified GCCAC in October 2020 that the
20 Department would seek determination of Galveston County
21 Community Action Council's CSBG eligible entity status.

22 In November 2020, Galveston County Community
23 Action Council presented its own QIP to the Department,
24 asking the Department to delay a decision on termination
25 proceedings until after June 2021.

1 While the Department was not willing to wait
2 until June, we did allow Galveston County Community Action
3 Council an extension, requiring that they meet the
4 performance benchmarks presented in their own self-imposed
5 QIP by January 31, 2021.

6 We let them know that a decision would be made
7 based on the achievement of those benchmarks at this March
8 meeting today. Department staff reviewed whether the
9 benchmarks were met and determined that Galveston County
10 Community Action Council only met one of the three
11 benchmarks.

12 A table depicting the self-identified benchmarks
13 and whether they were met or not met can be seen at the top
14 of page 6 on your Board item. As you can see in the table,
15 what is notable is that their performance did not reflect a
16 trend of consistently increasing improvement.

17 The most recent month of performance reported,
18 which was January, was the poorest of the three months.
19 Department staff believes that Galveston County Community
20 Action Council has been given ample training and technical
21 assistance -- that's also seen as an attachment to this
22 Board item -- and a sufficient number of opportunities in
23 which to exhibit satisfactory performance.

24 Yet they continue to show an inability to
25 effectively serve the clients of its four-county service

1 area. Your approval of this action will give authority to
2 the Department to follow the IM 116 process.

3 IM 116 is a memo from the U.S. Department of
4 Health and Human Services and guides how you remove
5 eligible entity status from a Community Services Block
6 Grant recipient.

7 It would also authorize staff to pursue a
8 hearing with the State Office of Administrative Hearings,
9 often called SOAH, and as a reminder, Galveston County
10 Community Action Council still has the opportunity to come
11 into compliance until the end of any termination
12 proceedings taken under this action.

13 I will tell you this process is not a quick
14 process. Some of the Board members who have been on the
15 Board for a while have heard us say that this is measured
16 in years, possibly, rather than months. Not taken lightly,
17 and a great deal of work will go into it, should you
18 approve this action.

19 And I can answer any questions that you might
20 have.

21 MR. VASQUEZ: Okay. Michael, just to clarify,
22 and you sort of started saying it at the end here. It is a
23 long process to remove this type of contract. So this is
24 just -- what we are approving here today is the start of
25 that process, which we could have started six months ago --

1 a year ago, given where this organization was at.

2 Any time during this process, while we first go
3 through the state level, and then the federal level, and
4 then whatever appeal level that the federal process has,
5 the GCCAC can get their act together, like they're
6 promising that they will, and we can -- if they show us
7 satisfactory progress, we can stop this process that
8 we're -- you're asking us to start today.

9 Is that correct?

10 MR. DE YOUNG: Yes, that's my understanding, and
11 I'll let Beau come in from the legal angle on this, but
12 that's the way the process is detailed, is -- we identify
13 deficiencies, give them an opportunity to correct.

14 If they don't correct, we let them know that we
15 may begin termination proceedings, and that is where we are
16 today. This process started back in 2018. We revisited it
17 again in 2020, and brought it back to you all, and we gave
18 them the 90-day reprieve to see if we had sufficient cause
19 to delay this action.

20 Beau, anything else you'd like to add?

21 MR. ECCLES: Simply that the federal law and
22 guidance on this, as Michael mentioned, is long and very
23 detailed. This will go to a hearing before SOAH unless
24 there's a voluntary relinquishment, and after the SOAH
25 hearing, there is a proposal for decision that will come

1 from the SOAH Judge back to the Board.

2 And then, there's an opportunity after the Board
3 comes to its judgment. It can still be appealed to the
4 Secretary of Health and Human Services, and during that
5 entire time, the contract is still active. So it's
6 starting a journey, if you will, on CSBG.

7 MR. VASQUEZ: Okay. And again, repeating, in
8 the meantime, GCCAC has the opportunity to prove out their
9 new management team and effectiveness. They're getting
10 more than their 90-day reprieve on this one, that they've
11 been asking for, just by nature of the process itself.

12 Okay. Bearing that in mind, I will entertain a
13 motion on this item, and then noting that we will be -- the
14 GCCAC team is going to want to have public comment as well.

15 So would a Board member like to make a motion on Item
16 10(e)?

17 MR. BRADEN: Mr. Chair, I'll make a motion. I
18 move the Board approve and direct the Executive Director
19 and staff to take all actions necessary to initiate
20 termination proceedings to remove the eligible entity
21 status of GCCAC under the CSBG Act and authorize staff to
22 pursue a hearing with the State Office of Administrative
23 Hearings to that end.

24 MR. VASQUEZ: Thank you. Is -- Mr. Braden. Is
25 there a second?

1 MS. THOMASON: I'll second.

2 MR. VASQUEZ: Seconded by Ms. Thomason. Does
3 Mr. Quintero -- is he lined up to speak on this item?

4 MR. NORRED: Robert, you are -- okay.

5 MR. QUINTERO: Thank you once again, Mr. Chair
6 and Board members. I'll keep it short. We are on line to
7 have our CARES funds spent on CSBG by June on the contract.
8 By June 30, it will -- they will be depleted. We are also
9 online to have the CSBG -- regular CSBG -- spent down.

10 So we will meet the task right now on this -- on
11 CSBG. I just wish you would have given us the same amount
12 of time, because you would have seen the results on the
13 CEAP. But moving forward, I know this is going to be done.
14 I assure you it's going to be done. Thank you.

15 MR. VASQUEZ: All right. Thank you, Mr.
16 Quintero. We look forward to seeing the positive results.
17 Do we have -- is Ms. Pickens going to speak?

18 MS. PICKENS: Yes. Hi. I will reintroduce
19 myself. Rose Pickens, board member. Thank you for the
20 opportunity to expend the funding for the CSBG. I know
21 that it's a process that's going to take some time.

22 I would like to talk about some of the things
23 that we are doing that we have started to do, even with the
24 CEAP funding and the CSBG funding, prior to our meeting
25 today. This is definitely a different and an improved

1 GCCAC board.

2 They actively pursued me as being a leader in
3 Fort Bend County. They sought out someone that was going
4 to bring a value of community and be able to provide
5 services and collaboration. We have also begun the process
6 of organizing an associate advisory board, and that's very
7 important to GCCAC, as we look toward the future of
8 funding.

9 We thank you for the opportunity to be able to
10 do -- reapply as a permanent organization for the CEAP
11 funding. And then, also, just to continue on with the
12 support that we have been able to provide in the most
13 recent weeks after Winter Storm Uri.

14 Just to continue to expend those funding, as Mr.
15 Quintero mentioned, we are on track of expending all of our
16 allocated CSBG funding, as well as the additional funding
17 that we received. So I thank you for the opportunity, and
18 I do know that I'm new to this organization, and I don't
19 know the history of it.

20 What I can tell you is that, since I've been a
21 part of this organization, we have been moving in a better
22 direction, and I would definitely like the opportunity to
23 continue to show you guys that, and hopefully, reapply for
24 the CEAP funding so that we're able to provide those
25 services to not just Fort Bend County, but the other

1 counties that are truly in need of those services.

2 Thank you, guys, for your time this afternoon.

3 I really appreciate it.

4 MR. VASQUEZ: All right. Thank you, Ms.

5 Pickens. I look forward to continued positive progress.

6 Mr. Compian? Is Joe back up?

7 MR. NORRED: Joe, you are unmuted.

8 MR. COMPIAN: Thank you. Thank you, Chairman
9 Vasquez. Briefly, I just want to say this. I didn't think
10 that staff -- they've been down this road, obviously, but
11 they're playing very loose with the history.

12 We had already come under both CEAP and CSBG
13 and -- with an agreement, especially under CEAP.
14 Previously, we have filed a notice of appeal. I have the
15 emails. I have the history here from counsel -- TDHCA
16 counsel -- that was withdrawn. I have requested the
17 hearings.

18 So we're going to continue to work on this
19 process. This is an opportunity here. Unfortunately,
20 we're going to have more legal counsel involved in this,
21 and -- but we're going to meet our goals, and I'm not
22 giving up on CEAP. I want to say that very clear as well,
23 too. So thank you for your time.

24 MR. VASQUEZ: Okay. Joe, again, we -- this
25 gives you your opportunity to start going in the path that

1 looks like you are aiming towards. So appreciate your
2 efforts. And I've actually been informed, we do have one
3 more speaker on this item, Lorie Chinn.

4 MR. NORRED: Lorie, you are self-muted. If you
5 unmute. Can you hear us, Laurie?

6 MS. CHINN: Hello? Hello? Hello? Hello?

7 MR. VASQUEZ: We can hear you. Yes. Go ahead,
8 Laurie.

9 MS. CHINN: You can hear me?

10 MR. VASQUEZ: Yes.

11 MS. CHINN: Okay. Thank you. Thank you, Mr.
12 Chairman. My name is Lorie Chinn. I am the Director of
13 the Seeds of Abraham Community Action Group, and I'm also a
14 former board member of GCCAC.

15 I have heard the recommendations from staff, and
16 I want to bring to you all's remembrance that this is a
17 conversation that was had back in April 2019 in which you
18 all had already given approval for them to send the -- to
19 request a meeting with SOAH. Okay?

20 For some reason, the ball got dropped. That's
21 why I was shocked when I heard that you all had awarded
22 them the money last year. I was like I thought they had
23 started the IM 116 process. This agency has failed to
24 really, really service the needs of a community in the way
25 that it should.

1 Also, they have failed to meet all of the
2 recommendations or requirements by you guys. So in my
3 opinion, I feel as though this is just another stalling
4 tactic. There are several -- there are many
5 organizations -- I'm here in this community -- that could
6 further administer these funding and help the people here
7 in this -- in our community.

8 I'm talking Galveston County as well as the
9 other three counties. So with that being said, I am truly
10 in favor of the staff recommendations to complete this
11 IM 116 process.

12 Y'all started it all over again, when I have a
13 record, because I haven't printed out all of the Board
14 meetings for the last - what -- two years, and I can show
15 proof of where y'all had already agreed to do this process.

16 And then, like you say, the can got kicked up the road
17 somewhere.

18 So please don't allow this stalling tactic to
19 continue, and let's make some things happen for some of
20 these other organizations that are more deserving. Thank
21 you.

22 MR. VASQUEZ: All right. Thank you, Ms. Chinn.

23 Okay. I don't have anyone else lined up to speak. So we
24 have a motion on the floor from Mr. Braden, seconded by
25 Mr. -- Ms. Thomason. Anyone else have any questions before

1 we call for a vote?

2 (No response.)

3 MR. VASQUEZ: Okay. There is a motion for
4 initiation of proceedings. All those in favor say aye.

5 (A chorus of ayes.)

6 MR. VASQUEZ: Any opposed?

7 (No response.)

8 MR. VASQUEZ: Hearing none, the motion carries.
9 Thank you all for -- and staff for working through that.
10 And again, we appreciate the GCCAC's efforts in this, and
11 we sincerely hope that they can start hitting the metrics
12 and performances that they are aiming for, because we want
13 to get this effective help to help -- to the people of
14 Galveston and the surrounding region.

15 At this point, we have completed the posted
16 agenda items. Now is the time of the meeting where members
17 of the public can raise issues with the Board on matters of
18 relevance to the Department's business or request that the
19 Board place specific items on future agendas for
20 consideration.

21 I don't believe, however, that there is anyone
22 signed up for public comment. Yeah. Okay. So it looks
23 like that is all set.

24 The next meeting of the Board is scheduled for
25 April 8, 2021.

1 With that, is there a motion to adjourn the
2 meeting?

3 MR. THOMAS: Mr. Chairman, I move to adjourn the
4 meeting.

5 MR. VASQUEZ: Motion made by Mr. Thomas.
6 Seconded by?

7 MS. THOMASON: Second.

8 MR. VASQUEZ: Okay. Seconded by Ms. Thomason.
9 All those in favor say aye.

10 (A chorus of ayes.)

11 MR. VASQUEZ: Any opposed?

12 (No response.)

13 MR. VASQUEZ: Hearing none, then, I call this
14 meeting closed at 12:36. Thank you all for your
15 participation.

16 (Whereupon, at 12:36 p.m., the meeting was
17 adjourned.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: March 11, 2021

I do hereby certify that the foregoing pages,
numbers 1 through 154, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Elizabeth Stoddard before
the Texas Department of Housing and Community Affairs.

DATE: March 15, 2021

(Transcriber)

On the Record Reporting
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