

BEFORE THE  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

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

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

BOARD MEMBERS PRESENT:

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

STAFF:

DAISY STINER, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE:</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	4
PUBLIC COMMENTS	6
Item 1 - Presentation, Discussion and Possible Approval of Minutes of Board Meeting of April 14, 2000	18
Item 2 - Presentation, Discussion and Possible Approval of Report from Programs Committee: (a) Approval to Transfer and Amend HOME Contract No. 535023 from the Corporation for Affordable Housing to the Housing Authority of Travis County and Providing Additional Funds in the Amount of \$75,000 to Finalize the Project	73
(b) Approval of Strategic Plan	19
Item 3 - Presentation, Discussion and Possible Approval of Report from Finance Committee: (a) Approval of Resolution Approving the Sale of a Collateralized Home Mortgage Revenue Bonds Series 1990A and Series 1990B GMNA/FMNA Mortgage Certificates and Approving the Redemption and Refunding of Collateralized Home Mortgage Revenue Bonds Series 1990A and Series 1990B and Other Related Matters	27
(b) Approval of Resolution Approving the Residential Mortgage Revenue Bond Series 2000B, Series 2000C, Series 2000D, and Series 2000E and Other Related Matters	31
(c) Approval of Underwriting Team for the Sale of Collateralized Home Mortgage Revenue Bonds Series 1990A and Series 1990B GNMA/FNMA Mortgage Certificates and the Redemption and Refunding of Collateralized Home Mortgage Revenue Bonds, Series 1990A and Series 1990B and the Sale of Residential Mortgage Revenue Bonds Series 2000B, Series 2000C, Series 2000D, and Series 2000E (Program 56) and Other Related Matters	34

Item 4 -	Presentation, Discussion and Possible Approval of Report from Low Income Housing Tax Credit Committee:	
(a)	Approval of Tax Exempt Bond Projects and Possible Issuance of Determination Notices	43
(b)	Approval of Extension Requests for Closing of Construction Loans for 1999 Projects	44
Item 5 -	Presentation, Discussion and Election of Vice Chairman of the Board	46
REPORT ITEMS		54
EXECUTIVE SESSION		72
ADJOURN		76

1                   P R O C E E D I N G S

2                   MR. JONES: This is the board meeting of the  
3 Texas Department of Housing and Community Affairs for May  
4 19, 2000. First thing I will do is certify a quorum by  
5 role call. Mr. Don Bethel?

6                   MR. BETHEL: Here.

7                   MR. JONES: Mr. Robert Brewer?

8                   MR. BREWER: Here.

9                   MR. JONES: Mr. James Daross?

10                  JUDGE DAROSS: Here.

11                  MR. JONES: Ms. Lydia Saenz?

12                  (No response.)

13                  MR. JONES: She's absent.

14                  Ms. Margie Bingham?

15                  MS. BINGHAM: Here.

16                  MR. JONES: Mr. Kent Conine?

17                  MR. CONINE: Here,

18                  MR. JONES: Dr. Florita Bell Griffin?

19                  DR. GRIFFIN: Here.

20                  MR. JONES: Marsha Williams?

21                  MS. WILLIAMS: Here.

22                  MR. JONES: And Michael Jones, the Chair, is  
23 here. I'd like to take this opportunity at the first of  
24 the meeting, if I could, and do something that's not on  
25 our agenda. But this is the first meeting we've had as a

1 board in a long time where our chairman was not Mr. Donald  
2 R. Bethel.

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

6                   MR. BETHEL: I have to consider you colleagues.

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

15                   (APPLAUSE.)

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

18                   MR. BREWER: You've got three minutes.

19                   MR. BETHEL: I'm going to use my two minutes.  
20 This has been a real good experience. When I got on  
21 this -- first got on this board, well, they asked me,  
22 since I had a little experience with it as mayor and on  
23 the original review community that -- in community  
24 development, they said, You know, you know about that CBDG  
25 things, and this board does community development. Then

1 there's some housing stuff.

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

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

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

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

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

23 (Applause.)

24 MR. JONES: Well, you did that so good you sure  
25 you don't want to just sit here and continue on?

1                   MR. BETHEL: I'm going to stay over here in the  
2 corner.

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

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

9                   MR. KILDAY: I'm working on it.

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

13                  (No response.)

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

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

21                  And on Wednesday night, I delivered a short  
22 speech to the Sunset Commission. And since that time,  
23 I've received numerous phone calls from press around the  
24 state and around -- actually around the country who  
25 wanted -- who were asking me certain parts about it,

1 because evidently by the time they got to me much of the  
2 media had gone.

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

8           MR. JONES: Why don't you just submit it?  
9 Thank you, Doctor.

10          DR. GRIFFIN: Okay.

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

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

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

25           The courage to tell the truth about what we see

1 around us is well illustrated in the parable by Hans  
2 Christian Anderson entitled "The Emperor's New Clothes."  
3 In the story, a vain emperor required all the latest  
4 fashions, and he was assured that only simpletons would be  
5 unable to see the new suit he had just bought.

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

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

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

22 This story shows how all kinds of lies can be  
23 told if enough people collude in the lie and deny their  
24 own senses for fear of ridicule. As I will demonstrate to  
25 you today, that is precisely what has happened in the case

1 of TDHCA. I encourage you to demonstrate the courage  
2 needed to set aside anything that would blind you from  
3 seeing and hearing the truth.

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

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

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

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

23 On the other hand, if the agency follows its  
24 policies of judging projects on merit, without outside  
25 pressure, we get publicly ambushed and sabotaged as has

1 been witnessed over the last two years and more recently  
2 today.

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

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

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

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

17           (Three letters attached dated August 31, 1998,  
18 April 2, 1998, and October 22, 1996.)

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

24           As you note in his letter, Mr. Harris  
25 encouraged the subjectivity element since the project

1 scored so poorly. Subjectivity is usually discouraged by  
2 him.

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

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

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

24 On October 26 Mr. Hance's business partner, Ken  
25 Mitchell, sent a letter to the Attorney General requesting

1 that Margie Bingham and I not be allowed to vote on a  
2 Senior Citizen Project that he was proposing in San  
3 Marcos, due to a \$25 million lawsuit that I have pending  
4 against him for liable and slander. On the same day, Mr.  
5 Hance sent the Attorney General a check for \$5,000.

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

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

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

23 Following that particular encounter, my family  
24 insisted that I hire bodyguards to accompany me until I  
25 finished my personal investigation into all of this

1       madness. I have gathered and securely stored all of the  
2 information that I have shared with you today and many,  
3 many boxes more.

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

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

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

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

25                 This is the proper forum to begin to repair the

1 damage that has been caused to staff's integrity and  
2 reputations by this highly publicized and degrading  
3 process sabotage attempt.

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

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

13 If you Sunset the agency, then tell the truth.  
14 It's the least you can do for the citizens of Texas.  
15 Thank you for your time.

16 (End of statement.)

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

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

25 MR. JONES: Thank you. I appreciate it. Mr.

1 Michael Hunter? Thank you, sir.

2 MR. HUNTER: Good afternoon. My name is  
3 Michael Hunter. I'm with Hunter and Hunter Consultants.  
4 And in deference to Don Bethel I didn't wear a tie today.

5 It's probably the first time I've been here where I  
6 didn't have a suit on.

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

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

22 And in the homebuyer assistance, all three of  
23 the clients have reached 90 percent reservation. They  
24 will complete their reservation probably by the end of  
25 this month. If not, it would be by mid next month. They

1 will have spent all of their money that they had that you  
2 awarded to them probably by mid-July.

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

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

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

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

18          The next witness affirmation I have is from Gary Traylor.

19          Gary, are you here? Mr. Traylor?

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

23           MR. JONES: If anybody knows him and he happens  
24 to walk in tell him he'll be -- I'll be happy to let him  
25 testify at another time later in the meeting.

1 DR. GRIFFIN: And if he doesn't -- if, for some  
2 reason, he doesn't come back, we're prepared to summarize  
3 his comments for you.

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

5 Mr. Steven Rogers?

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

14 MR. JONES: Thank you, sir.

15 Mr. Kilday?

16 MR. KILDAY: Could I defer --

17 MR. JONES: Sure.

18 MR. KILDAY: -- at this time?

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

21 MR. KILDAY: You bet.

22 MR. JONES: Is there anybody else who'd like to  
23 make public comment? Seeing none, we'll move on to the  
24 next item on the agenda and the first action item. Item  
25 number 1, presentation, discussion, and possible approval

1 of the minutes of the board meeting of April 14, 2000.

2 MS. WILLIAMS: Move approval.

3 MR. CONINE: Second.

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

7 (No response.)

8 MR. JONES: Hearing none, are we ready to vote?  
9 All in favor say aye.

10 (A chorus of ayes.)

11 MR. JONES: All opposed say nay.

12 (No response.)

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

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

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

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

24 (Pause.)

25 MS. STINER: Okay.

1 DR. GRIFFIN: Well, then, we'll summarize it.

2 MS. STINER: You can give the --

3 DR. GRIFFIN: Okay.

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

6 MR. JONES: That would be fine.

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

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

14 DR. GRIFFIN: That would be fine.

15 MR. JONES: I mean, I --

16 DR. GRIFFIN: At this time?

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

19 MR. JONES: Shall we take --

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

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

24 DR. GRIFFIN: All right. That's fine with me.  
25 Ms. Stiner?

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

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

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

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

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

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

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

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

1 past biennium.

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

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

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

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

25           The summary of that public comment is our basic

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

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

14           And that's the plan.

15           MR. JONES: Thank you.

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

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

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

24           MR. JONES: Thank you.

25           DR. GRIFFIN: Mr. Chairman, I move that the

1 plan be accepted as presented by staff.

2 JUDGE DAROSS: Second.

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

5 DR. GRIFFIN: Yes, sir, it is.

6 MR. JONES: Okay. Further discussion?

7 (Pause.)

8 DR. GRIFFIN: There may be some discussion.

9 May we have a side bar?

10 (Pause.)

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

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

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

24 DR. GRIFFIN: And I apologize, Ms. Stiner. Mr.  
25 Chairman, I apologize. I should have explained that --

1 sorry, Mr. Garvin -- because it was my comment. The staff  
2 was basically telling us that -- basically it is my  
3 impression that they were telling us that they were trying  
4 to incorporate into this plan some of the information that  
5 had come out of Sunset this week.

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

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

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

20 MR. GARVIN: June 1 to the Legislature.

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

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

25 DR. GRIFFIN: Uh-huh.

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

8                   MS. STINER: Yes, sir.

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

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

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

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

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

24                  And we've checked the formatting from -- we had  
25 a virus so the formatting -- the 18 different formats was

1 corrected -- has been corrected. I think that was it.

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

4 (No response.)

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

6 All in favor of the motion please say aye.

7 (A chorus of ayes.)

8 MR. JONES: All opposed say nay.

9 (No response.)

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

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

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

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

24 MR. BETHEL: Yes, sir.

25 MR. JONES: And, at this point in time, Marsha

1 Williams is recusing herself, and she will leave the room.

2 And she does so pursuant to this letter:

3                 "Dear Chairman Jones and board member, Due to  
4 our firm's representation of mortgage lenders which  
5 originate residential mortgage loans under the TDHCA's  
6 Mortgage Revenue Bond Program, I recuse myself from the  
7 votes related to the approval of the sale of  
8 Collateralized Home Mortgage Revenue Bonds Series 1990A  
9 and Series 1990B GNMA/FNMA Mortgage Certificates and  
10 approving the redemption and other related matters and to  
11 approval -- and to the approval of resolution approving  
12 the Residential Mortgage Revenue Bond Series 2000B, Series  
13 2000C, Series 2000D, and Series 2000E and other related  
14 matters.

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

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

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

24                 MR. BETHEL: Thank you, Chairman Jones. And  
25 Ms. Williams has left the room.

1           The Finance Committee met this morning, and  
2 agenda item number 3(a) was the possible -- the approval  
3 of Resolution 00-17 approving the sale of Collateralized  
4 Home Mortgage Revenue Bonds Series 19A and Series 19 --  
5 1990A and 1990B GNMA/FNMA Mortgage Certificates and  
6 approving redemption and refunding of Collateralized Home  
7 Mortgage Revenue Bonds.

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

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

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

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

25           We anticipate being able to create about 18 to

1       \$20 million in loans. And this recycling program is very  
2 similar to the process we use for the commercial paper  
3 program.

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

9           We have to do this within a certain time frame  
10 because the bonds were issued in July 12 -- in July of  
11 1990. So it is the opinion right now of tax counsel and  
12 bond counsel that we have to reflect this sale prior to  
13 July 12. In order to do that, we really need to sell the  
14 loans -- or the certificates prior to June 5 or 6 because  
15 we have to issue redemption notices.

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

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

1 the certificates.

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

5 MR. BETHEL: Thank you, Byron. And we also --  
6 the Finance Committee did confer with their financial  
7 advisor, Gary Machak, and he concurred with the  
8 presentation. And we did vote to approve this resolution.

9 In fact, Mr. Chair, I'd make a motion that we pass  
10 Resolution 00-17 approving the sale of these  
11 Collateralized Home Mortgage Revenue Bonds and the  
12 redemption refunding.

13 MR. BREWER: I second that.

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

16 (No response.)

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

19 (A chorus of ayes.)

20 MR. JONES: All opposed say nay.

21 (No response.)

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

23 Action item number 3(b).

24 MR. BETHEL: This one also came before the  
25 Finance Committee. And I will defer to Mr. Johnson.

1                   MR. JOHNSON: Thank you. This is the second  
2 part of the transaction. The certificate sale would be  
3 the first stage of the transaction. The second phase of  
4 the transaction would actually be refunding the commercial  
5 paper.

6                   So this is kind of an informational-type of  
7 disclosure for you. We anticipate selling four series of  
8 bonds. The particular series are 2000B, which is  
9 \$83,515,000, which would consist of tax-exempt new money;  
10 2000C, which would be up to about \$15 million, which would  
11 be a general commercial paper refunding, which is  
12 something we have been doing consistently for about five  
13 or six years, since we've had a commercial paper program.

14                  2000D relates back to the sale of the  
15 certificates. Whatever amount of certificates we sell is  
16 the amount we probably will be redeeming in bonds -- or  
17 whatever amount of bonds we redeem in connection with the  
18 sale of those certificates will be the amount of the --  
19 this particular component, the 2000D. And that will be up  
20 to 20 million.

21                  And then 2000E -- and to order -- in order to  
22 further expand the volume of loans permitted, we may add a  
23 taxable component. Of course, this will be subject to the  
24 rates in the market at the time, and taxable market at  
25 this time is extremely volatile.

1           And one banker informed me this morning that  
2 the spreads are widening, you know, like constantly. So  
3 this may or may not be feasible by the time we price.

4           MR. BETHEL: Thank you, Mr. Johnson. And I  
5 make a motion that we pass Resolution 00-18 approving the  
6 Residential Mortgage Revenue Bonds Series 2000B, 2000C,  
7 2000D, and 2000E.

8           JUDGE DAROSS: Second.

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

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

23           So this is very preliminary, and the numbers  
24 that are represented in this analysis are preliminary too,  
25 of course, subject to market change and to negotiation

1 with underwriters with regards to their fees.

2 MR. JONES: Thank you.

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

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

13 MR. JONES: Thank you. Any further discussion?

14 (No response.)

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

17 (A chorus of ayes.)

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

20 (No response.)

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

22 Action item 3(c).

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

25 MR. JONES: I believe so. At this time -- I'm

1 a rookie at this, and I have already made an error which I  
2 would like to correct.

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

5                   VOICE: She was in the hall.

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

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

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

14                  VOICE: Where is he?

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

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

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

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

25                  So, with that, Representative Ehrhardt, we sure

1 do appreciate you being here. Thank you so much.

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

4 MR. JONES: Thank you.

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

6 The last item on the Finance Committee was the possible  
7 approval of the underwriting team for the sale of the  
8 Collateralized Home Mortgage Revenue Bonds and the  
9 refunding, and then also the MRBs on the 2000s -- Series  
10 2000s.

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

15 MR. JOHNSON: Yes.

16 (All talking at once.)

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

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

25 And the components of the team are George K.

1 Baum as senior manager; Bear Stearns and Company as co-  
2 senior; First Southwest Company, co-manager; M. R. Beal  
3 and Company, co-manager; Morgan Keegan and Company, co-  
4 manager; Salomon Smith Barney as co-manager; and Siebert  
5 Brandford Shank as co-manager.

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

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

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

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

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

25 MR. JONES: Thank you.

1 DR. GRIFFIN: I have a question, Mr. Chairman.

2 MR. JONES: Sure.

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

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

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

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

19 I wasn't speaking. Mr Chair, may I --

20 MR. JONES: Surely.

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

23 MR. JONES: Please do so.

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

1 preliminary.

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

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

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

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

12 DR. GRIFFIN: If that is the case --

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

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

21 DR. GRIFFIN: Then, if that is the case and if  
22 these numbers really don't mean anything, why is it  
23 necessary to vote on anything today other than who the  
24 team will be? Why would we just vote on arbitrary  
25 numbers?

1 MS. BINGHAM: I think we need to take something  
2 to the Bond Review Board.

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

5 MR. MACHAK: Well --

6 DR. GRIFFIN: Okay.

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

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

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

22 DR. GRIFFIN: The structuring --

23 MR. BETHEL: The structuring fee?

24 DR. GRIFFIN: Yes, the structuring fee.

25 MR. BETHEL: The --

1 DR. GRIFFIN: \$96,386.25.

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

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

12 MR. BETHEL: Oh, okay.

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

14 MR. JONES: Certainly.

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

22 DR. GRIFFIN: In this one?

23 MS. STINER: Yes, ma'am.

24 DR. GRIFFIN: This was the actual?

25 MR. MACHAK: Yes.

1 MS. STINER: Yes, ma'am.

2 DR. GRIFFIN: Okay.

3 MR. BETHEL: So this first one --

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

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

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

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

10 MS. STINER: Yes, sir.

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

15 MS. BINGHAM: I second.

16 MR. JONES: So we have a motion made by Mr.  
17 Bethel, a second -- it's been seconded by Ms. Bingham.  
18 Further discussion on the motion?

19 (No response.)

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

22 (A chorus of ayes.)

23 MR. JONES: All opposed nay.

24 (No response.)

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

1 ayes have it.

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

4 MR. JOHNSON: Thank you very much.

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

11 MS. BINGHAM: Mr. Cherno Njie here?

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

14 MS. BINGHAM: We have one extension. Right?

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

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

19 MS. STINER: Tax credit meeting?

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

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

24 (General laughter.)

25 MR. BETHEL: I don't have any idea. I'm just

1 asking the question. I don't --

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

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

6 MR. JONES: I understand. I understand.

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

10 MR. JONES: That's fine.

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

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

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

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

22 The property owner is requesting an  
23 extension -- a 30-day extension to close their  
24 construction loan. They are right now finalizing that in  
25 conjunction with the permanent loan and the equity

1 syndication for the credits. And we're recommending the  
2 extension onto the 27th of May.

3 And we've gotten very good compliance for the  
4 1999 projects so far. And we're projecting that, except  
5 for one or two, most of them will be moving forward. So,  
6 with that, I will let the committee deal with --

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

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

11 MR. CONINE: Second.

12 MR. JONES: We have a second by Mr. Conine.  
13 Further discussion on the motion?

14 (No response.)

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

17 (A chorus of ayes.)

18 MR. JONES: All opposed nay.

19 (No response.)

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

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

25 MR. NJIE: The other item on the agenda, the

1 tax-exempt bond projects, was not -- is not moving forward  
2 at this time, so that item was withdrawn.

3 MR. JONES: Thank you.

4 MS. STINER: Thank you.

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

8 MR. CONINE: Mr. Chairman?

9 MR. JONES: Yes, Mr. Conine.

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

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

16 MR. BREWER: I second.

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

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

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

25 (A chorus of ayes.)

1           MR. JONES: All opposed say nay. Judge,  
2 you're --

3           JUDGE DAROSS: I'll abstain.

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

6           (Applause.)

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

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

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

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

22           Mr. Chairman, I had really thought I was going  
23 to respond to the executive director's report, but I'd be  
24 happy to do whatever you'd like me -- yes, I could lay out  
25 our concerns if -- about this issue again.

1                   MR. JONES: Well, I tell you what, if you  
2 would -- you've introduced these concerns -- excuse me.  
3 You've introduced these concerns to us before. And, if  
4 you would -- if you would introduce them again, and then  
5 we'd let our executive director speak. And then I would  
6 be delighted to let you have another opportunity. Would  
7 that be all right?

8                   MR. HENNEBERGER: That would be fine.

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

13                  MR. HENNEBERGER: Surely.

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

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

25 There -- Section 8 program, just to give you a

1 little background -- there are more than 100,000 families  
2 in Texas, all of whom are below 60 percent of median  
3 family income, who currently receive Section 8 rental  
4 certificates and vouchers.

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

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

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

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

25           It seems to us that the reasonable standard

1 should be that the landlord should be allowed to examine  
2 the tenant's income to determine if it was sufficient to  
3 pay that portion of the rent which the tenant would pay --  
4 30 percent of their income -- but not the entire amount of  
5 the rent.

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

14                 In other words, let's say this is \$1,000 a  
15 month rent on this tax credit development. They would be  
16 required to show an income -- a minimum income of three  
17 times that amount, or \$3,000 per month, which would be  
18 \$36,000 a year, which was above the qualifying level for  
19 Section 8.

20                 Now, why is this -- this is matter that really  
21 clearly strikes home is that when Congress set up the Low-  
22 Income Housing Tax Credit Program, it was specifically  
23 understood that the rent levels that would be allowed to  
24 be charged, and would have to be charged in some cases,  
25 would exceed that that would make the rents affordable to

1 a low-income person.

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

6 In essence, the public purpose that we could  
7 get out of this, in terms of getting low-income people  
8 housing out of the Low-Income Housing Tax Credit  
9 Program -- truly low-income people -- was the promise that  
10 they could access it if they were able to obtain a Section  
11 8 certificate.

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

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

23 This is placing a tremendous strain on the  
24 local housing authorities and is a huge hurdle for low-  
25 income people who have Section 8 certificates.

1           The problems of the Section 8 certificate is  
2 similar to the problems of school vouchers and other  
3 programs along those lines. It's to say, Let the private  
4 market work. Empower low-income people to exercise some  
5 choice in their lives about shopping for an apartment in a  
6 community near a job with a type of quality of life that  
7 the rest of us get to enjoy who can afford to pay the  
8 market rent.

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

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

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

23           Now, a landlord may discriminate on any other  
24 basis, and we have no problem with that. A landlord may  
25 say, You have a criminal background; I will not rent to

1 you. A landlord may say, You have bad rental references;  
2 I will not rent to you. They may say any valid reason  
3 that they have -- wrong family composition, like too many  
4 people for the number of bedrooms in the unit -- any valid  
5 private nonprohibitive, nonfair-housing violation basis.  
6 We have no problems.

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

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

15                  MR. JONES: Thank you. And I appreciate you  
16 presenting the issue to us again. My suggestion is this.

17                  As the board will recall, this issue obviously has come  
18 up before. We have had a report from an outside legal  
19 counsel on the matter, and we also noted at that time that  
20 there were policy issues that we would need to address.

21                  And we kind of referred that to staff, and I've  
22 also asked Daisy to just get us an update on how she  
23 thinks we can move forward with this policy issue and get  
24 the information we need to take the appropriate action as  
25 a board. Thank you, Daisy.

1 MS. STINER: Thank you, Mr. Chair. You've  
2 heard the issue laid out by Mr. Henneberger. And,  
3 subsequent to staff's report to you, the staff organized  
4 as a task force to look at this issue, along with  
5 strengthening where there were opportunities -- current  
6 fair-housing initiatives.

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

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

18 MR. JONES: That would be fine.

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

23 So I would ask that he come forward -- also lay  
24 out some issues that we've been asked to consider as  
25 staff's preparation of a position. And, again, we are not

1 advocating that -- either position. We are ready to make  
2 a recommendation on either position right now, but we  
3 think it's important that you also be able to hear where  
4 this group -- Mr. Kilday, as you may know, represents  
5 TAAHP, and we've also had some discussions with him about  
6 it.

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

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

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

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

23                  Because the two operating projects we have  
24 right now -- one in Dallas and one in Houston -- we are  
25 capped in Dallas and we have -- actually we had I think at

1 one point 215 applications that were -- that had been  
2 approved, and found out that they were over our limit,  
3 because the Dallas Housing Authority, I understand,  
4 imposes a limit on how much Section 8 -- how many tenants  
5 you can have. So we obviously abided by that limit.

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

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

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

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

25 And I just wanted to offer TAAHP, because we

1 are very interested in that. So just let us know what we  
2 can do and we'll be glad to help do it. Okay? Any  
3 questions or anything?

4 MR. JONES: Thank you. Ms. Stiner?

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

6 MR. KILDAY: Thank you.

7 MR. JONES: Thank you, sir.

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

9 MR. KILDAY: Okay.

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

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

23 So we were trying to be very clear on  
24 separating the two. That, by no means, is meant to  
25 represent that somehow this department promotes any

1 practice of circumventing the fair-housing law.

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

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

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

20 But the participants that we anticipate will be  
21 a part of the discussions that would ultimately result in  
22 a position to present to this board would be  
23 representative from a PHA, public housing authority, the  
24 Texas Affiliation for Affordable Housing providers,  
25 whom -- the organization that you hear from that

1 represents CDCs throughout the state of Texas, the United  
2 Cerebral Palsy organization that you hear from many times  
3 here, who represent the disabled segment of the  
4 population.

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

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

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

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

24           MS. BINGHAM: Are you going to have  
25 representatives from those groups that you called out?

1 MS. STINER: At a minimum, yes, ma'am, and  
2 others as they are identified. But I wanted to give some  
3 idea to the public who will be involved.

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

7 (Applause.)

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

11 JUDGE DAROSS: Yes, I understand that.

12 MS. STINER: Good luck.

13 JUDGE DAROSS: Thank you very much.

14 MR. JONES: Mr. Bethel?

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

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

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

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

1 mind --

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

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

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

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

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

17 MR. JONES: Mr. Conine?

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

23 MR. JONES: You know, my suggestion would be  
24 that it certainly be a report item at the very least on  
25 our next meeting -- I mean, just to know where we're

1 going. And then hopefully the target would be to have  
2 something for public comment and perhaps board action by  
3 that next meeting.

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

8 MS. STINER: Yes, sir.

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

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

20 And I don't -- I personally don't have a good  
21 handle on a lot of the characteristics that come with a  
22 Section 8 program. I don't know when a person hands in  
23 that certificate when the owner actually receives the  
24 funds. I don't know how quick that turnaround takes  
25 place.

1                   MR. BREWER: Effective when they move in.

2                   MR. CONINE: I don't know whether there's any  
3 other considerations that might affect that particular  
4 tenant's -- resident's occupancy of that particular unit.

5                   And especially when it comes to such hard things to  
6 discuss such as eviction.

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

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

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

20                  MR. JONES: And I know that we've discussed  
21 about getting board material out -- some things of that  
22 nature, you know, sooner to our -- not closer to the  
23 board, but further out so that board members can have it  
24 more ahead of time and so the public can have it more  
25 ahead of time.

1           And I think that would be crucial in this  
2 instance, because there are going to be a lot of questions  
3 that are going to be generated. And I think the sooner we  
4 can get it to the board and let them consider it the  
5 better.

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

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

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

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

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

23           And I would specifically ask that included  
24 among the participants would be the fair-housing centers  
25 in Texas -- I'd be happy to furnish a list of those -- as

1 well as the state chapter of the NAACP and the Mexican-  
2 American Legal Defense Education Fund.

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

10 MR. BREWER: Mr. Chair, also I went to a  
11 conference not too long ago. And Dallas Housing Authority  
12 was discussing the Section 8 opt-out and things like that.

13 And the lady that's in charge over there had -- they have  
14 had problems in the area that Mr. Henneberger has brought  
15 up, and they may be a good housing authority to be  
16 involved. And, you know, I just don't know, but they've  
17 got a lot of experience in the Section 8 area and some of  
18 things that go on.

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

25 MR. JONES: Mr. Conine.

1                   MR. CONINE: Did we decide on board  
2 participation in this? Can we get -- maybe assign one of  
3 us to --

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

8                   MR. BETHEL: I'll opt out.

9                   MR. JONES: Yes. So --

10                  MR. CONINE: So will I.

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

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

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

18                  MR. BREWER: I would.

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

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

1                             (Pause.)

2                             MS. STINER: I guess --

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

4                             MR. BETHEL: He's not out there.

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

11                            DR. GRIFFIN: Yes, ma'am.

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

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

20                            MR. JONES: Sounds like home to me.

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

1 having the same problem.

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

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

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

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

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

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

21 MR. JONES: Yes.

22 MR. CONINE: -- thing, if I might, Mr.  
23 Chairman, in the spirit of trying to help you through your  
24 first meeting. Would you like to speak to the future  
25 schedule of board meetings? My understanding we may be

1 moving next month's meeting, and are you going to kind of  
2 adhere to the previous schedule set or --

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

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

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

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

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

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

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

23 MR. BREWER: June 9.

24 MS. BINGHAM: June 9?

25 MS. STINER: Yes, ma'am.

1                   MR. JONES: Other than that, Mr. Conine, I  
2 don't know. I don't have any other -- is that a problem  
3 for you? Do we need to --

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

6                   MR. JONES: Yes. Sure.

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

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

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

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

24                  So would you just really think about whether or  
25 not that's absolutely necessary or whether we can get the

1 P.A. system fixed?

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

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

10 MS. BINGHAM: There's a garage there?

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

14 (No response.)

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

21 "The board of directors will begin its  
22 executive session today, May 19, 2000, at 2:55 p.m. The  
23 subject matter of this executive session deliberation is  
24 as follows, and it has been posted. Litigation and  
25 anticipated litigation, potential or threatened, pursuant

1 to Section 5551.0711(a) and 551.103 of the Texas  
2 Government Code.

3 "Secondly, personnel matters regarding duties  
4 and responsibilities in relationship to budget pursuant to  
5 5551.074 of Texas Government Code. Number 3, consultation  
6 with attorney pursuant to Section 551.0712 of the Texas  
7 Government Code."

8 Do we want to go upstairs, Ms. Stiner?

9 MS. STINER: No.

10 MR. JONES: We can just stay here? Fine.  
11 Thank you.

12 MS. STINER: Clear the room.

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

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

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

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

24 And consultation with attorney pursuant to  
25 Section 551.0712 of the Texas Government Code -- and

1 action taken was none.

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

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

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

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

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

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

21 In doing so, that would also allow for  
22 additional funds of \$75,000 to be awarded in conjunction  
23 with this to allow for additional finish out in  
24 construction activities related to these six units, along  
25 with the opportunity to work with the LURA and the

1 restrictions on the property to ensure that we meet HOME  
2 guidelines and move from rental to homeownership  
3 activities.

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

8 MR. BETHEL: Second.

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

12 (No response.)

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

15 (A chorus of ayes.)

16 MR. JONES: All opposed say nay.

17 (No response.)

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

20 MR. LONG: Thank you.

21 MR. JONES: Is there any further motions?

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

1 the staff.

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

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

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

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

22 And I really think that, even if you don't want  
23 to challenge them for yourself, it's our responsibility as  
24 the board not to let them do that to our staff, because  
25 staff can't say anything back to them. But we, as board

1 members -- we can say it, and we should say it. And  
2 that's going to be the only thing that brings some kind of  
3 civility back to the process. As you witnessed this week,  
4 there wasn't any.

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

6 MR. BETHEL: I move we adjourn.

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

9 MR. CONINE: Second.

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

11 (A chorus of ayes.)

12 MR. JONES: We're adjourned.

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

## C E R T I F I C A T E

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

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

---

(Transcriber) (Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731