

BOARD MEETING OF THE  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Room E1.016  
State Capitol Extension  
1400 Congress Avenue  
Austin, Texas

11:00 a.m.  
Friday,  
September 15, 2000

PRESENT:

MICHAEL JONES, Chair  
JAMES DAROSS  
ROBERT BREWER  
MARGIE BINGHAM  
LYDIA SAENZ  
MARSHA WILLIAMS  
DON BETHEL

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	3
PUBLIC COMMENT	3
Item 1      Presentation, Discussion and Possible Approval of Minutes of Board Meetings of July 28, 2000 and August 11, 2000	22
Item 2      Presentation, Discussion and Possible Approval of Report from Finance Committee:	
a) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Williams Run Apartments, Dallas, Texas, in an Amount not to exceed \$12,850,000 and Other Related Matters	11
b) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Highland Meadow Village Apartments, Houston, Texas, in an amount not to exceed \$13,500,000 and Other Related Matters	12
c) Approval of Extension of Certificate Purchase Period for Program 54	17
Item 3      Presentation, Discussion and Possible Approval of Program Items:	
a) Approval of Housing Infrastructure Fund Award	24
Item 4      Presentation, Discussion and Possible Issuance of Determination Notices for Tax Exempt Bond Projects	25
Item 5      Presentation, Discussion and Possible Approval of Resolution Authorizing the Executive Director to Approve the Section 8 Public Housing Authority Plan and the Administrative Plan for the Year 2000 and all Future Plans and Amendments thereto, and all other related matters	27
Item 6      Presentation, Discussion and Possible Approval of Legislative Appropriations Request	40
REPORT ITEMS	
Executive Director's Report on Deobligation Policy	60

EXECUTIVE SESSION  
ADJOURN

20  
74

P R O C E E D I N G S

1  
2 MR. JONES: I call to order at this time the  
3 meeting of the Board of the Texas Department of Housing  
4 and Community Affairs for September 15, 2000.

5 The first order of business is to call the  
6 roll. Mr. James Daross?

7 MR. DAROSS: Here.

8 MR. JONES: Mr. Don Bethel?

9 MR. BETHEL: Here.

10 MR. JONES: Ms. Margie Bingham?

11 MS. BINGHAM: Here.

12 MR. JONES: Mr. Robert Brewer?

13 MR. BREWER: Here.

14 MR. JONES: Mr. C. Kent Conine?

15 (No response.)

16 MR. JONES: He is absent.

17 Dr. Bell Griffin?

18 DR. GRIFFIN: Here.

19 MR. JONES: Ms. Lydia Saenz?

20 MS. SAENZ: Here.

21 MR. JONES: And Ms. Marsha Williams?

22 MS. WILLIAMS: Here.

23 MR. JONES: And Mike Jones is here.

24 I determine that we do have a quorum.

25 At this time, we would ask for public comment,

1 and I do have certain witness affirmation forms that have  
2 been signed, and also would request that anyone else who  
3 would like to speak to the board and provide public  
4 comment to provide such a form to Delores.

5 The first one that I have is Mr. Joe Jenkins.

6 Thank you, sir. Yes, sir. Thank you.

7 MR. JENKINS: Thank you. My name is Joe  
8 Jenkins. I'm from -- I'm a member of the City Council in  
9 Waxahachie, Texas. And our mayor, Mayor Beatty  
10 [phonetic], very much wanted to be with you today, but he  
11 was unable to come. He did, however, send you a letter  
12 which gives his viewpoints very strongly for the matter  
13 which we have before you today.

14 Waxahachie is a growing community, and one of  
15 the things we particularly need is for low- to moderate-  
16 income housing, which this project is all about. And my  
17 purpose here today -- and I'll turn it over to someone  
18 else in just a moment -- but Waxahachie is very much in  
19 need of low- to moderate-income housing. We're growing,  
20 and the city -- I want to assure you the city is behind  
21 this. We want it; we need it very much.

22 And with that, I would just like to turn it  
23 over to Mr. Oliver McElroy, who is with Clift Properties,  
24 who is the one who's handling this project.

25 MR. JONES: Thank you.

1 Mr. McElroy.

2 MR. McELROY: Thank you, Mr. Jenkins. I  
3 appreciate it.

4 Also wanted to let you know that I'm not here  
5 by myself. I'm general management of Clift Properties,  
6 Inc., and I also have Joe Passinissi [phonetic], our  
7 operations manager for Clift; and we have Lane Ballard  
8 [phonetic], with the -- he's vice president of economic  
9 development for Waxahachie; and Mr. Jenkins. So we're all  
10 here to kind of answer any questions or concerns that  
11 y'all may have.

12 I know at the last meeting that y'all had some  
13 concerns, and we really appreciate this opportunity to  
14 come before you and address these concerns and give you  
15 answers for the questions that you provided, one of which  
16 was our experience and our qualifications as developers.

17 And I wanted to explain that our development  
18 company is primarily made of my brother and myself. He's  
19 a dentist from El Paso, full-time dentist. And his  
20 involvement in it is financial. He backs the projects,  
21 and he attends monthly board meetings; whereas, I'm the  
22 operations manager. I work on it on a daily basis, and I  
23 have extensive experience in development in both  
24 commercial, residential in general, and specifically in  
25 low-cost housing development.

1           We've done some low-cost housing development  
2           ourselves. We understand how difficult it is to get a  
3           quality product in a price range that people can afford it  
4           without the help of grants and things along those lines.  
5           And we wanted to assure you of that.

6           We've also provided a booklet that shows some  
7           of our projects. It has pictures and details on some of  
8           the projects that we have been involved with. And I  
9           apologize we didn't include that in our initial  
10          application. We had verbal conversations with all the  
11          committee -- with all the staff members. There's been  
12          some turnover, and we probably didn't get to everybody  
13          with verbal comments.

14          And, you know, it's a web world. You tell them  
15          that you've got all your information on the website, and  
16          you expect them to go home and look all that up. I don't  
17          know why; I don't look up every website that everybody  
18          tells me about. But it is all out there. We put all the  
19          information together for y'all, and we'd be happy to  
20          answer any questions on that.

21          Ms. Mauro was attending a seminar this summer  
22          in Sherman, Texas, at the local COG, and that was only two  
23          blocks away from one of our developments. And she took  
24          some time off during her lunch break to go see it. So  
25          there have been people that have seen our developments and

1 have the information. We feel like the staff members are  
2 satisfied in our expertise level. And I'll be happy to  
3 answer any other questions about that.

4 Some other questions arose about our costs that  
5 we had. And there were some line items in there where we  
6 had totals, and the staff has asked for detailed  
7 breakdowns on those totals, and we've provided those. And  
8 it's our indication that everybody's satisfied with that  
9 and understands where the costs are coming from and that  
10 they're justified.

11 One of the cost factors was the purchase of the  
12 land. And our land is owned by -- currently owned by  
13 relatives who are not a party to our development company.

14 And they'd love to donate the property to us, but they're  
15 not in a financial situation where they can do that, so we  
16 are purchasing the land from them at a discount, a  
17 substantial discount, from the market price, the market  
18 value, of the land.

19 Now, where the question came in is we used an  
20 old appraisal. We didn't spend the money to get a current  
21 appraisal to prove what the current market value of that  
22 land was. I apologize for that. We've since done that.  
23 I got with an independent appraiser, and I told the  
24 fellow, I said, Now, whatever the numbers come in at, I  
25 want them triple-verified. I want you to give me backup



1 and background, and I want to be able to defend those  
2 numbers. And he did. He gave us a whopper of an  
3 appraisal. I've never seen an appraisal on an empty tract  
4 of land to be over a hundred pages, but it was. Took me  
5 forever to read it. And I can assure you I got a whopper  
6 of a bill to go with that.

7 MS. BINGHAM: It's independent, though, isn't  
8 it?

9 MR. McELROY: Absolutely.

10 MS. BINGHAM: Okay.

11 MR. McELROY: Absolutely. And we provided  
12 that -- copy of that to the staff members, and it's my  
13 understanding that they feel like the numbers work and  
14 that everybody's happy and satisfied.

15 MS. BINGHAM: Could you go back to the  
16 information on the web, you said. What is that, in terms  
17 of application? You say you expected them to go on the  
18 Web?

19 MR. McELROY: Yes, ma'am. What we have on the  
20 Web is a website where we list -- or it shows information  
21 on our expertise as developers, because we're --

22 MS. BINGHAM: Well, wait a minute. Wait a  
23 minute. And I understand the confusion, but --

24 MR. McELROY: Yes, ma'am.

25 MS. BINGHAM: -- I raised three issues. One

1 was the -- and I've gotten the information; I'm satisfied  
2 with it. And I, as one board member, am prepared to  
3 support the project today. But I had three issues, and  
4 I've always had these three issues.

5 When you're buying land from yourself or your  
6 family, you need an independent report of its value.

7 Okay?

8 MR. McELROY: Yes, ma'am. And we did not have  
9 that.

10 MS. BINGHAM: And you did not have that.

11 MR. McELROY: Yes, ma'am.

12 MS. BINGHAM: Okay. There was no information  
13 on the experience of the team. Okay? That was not  
14 provided. You know, we talk about all our issues on our  
15 tax-credit projects, heaven's sakes, if we have to go to  
16 the Web to see what the developer's experience is, have  
17 the staff have to present it to us, walk around with  
18 bunches of information. So I think all issues need to be  
19 treated the same.

20 I request applications from individuals. I  
21 don't tell my governing body or my city council, Oh, he's  
22 experienced; go on the Web and find him. That's not how  
23 we operate. So I appreciate the fact that you have  
24 cleared up those issues for me.

25 MR. McELROY: Yes, ma'am. Again, I apologize.

1 I totally agree that we should have put everything we had  
2 in writing.

3 Now, there was also a market study done, and we  
4 used volunteers from key positions in the town of  
5 Waxahachie for that. And, you know, we were told that  
6 this was acceptable, and it was the same numbers that any  
7 independent study would've used. And there's less than 1  
8 percent -- this is a fact -- it's less than 1 percent  
9 vacancy rate in Waxahachie. You know, the apartments have  
10 waiting lists, and there's 500 jobs coming on the short  
11 term and more coming on the long term, and there's just a  
12 desperate need for affordable housing in the Waxahachie  
13 area. And that's a fact, no matter how you slice it.

14 And so we're -- that's why we're here. We're  
15 asking for y'all's help so that we can help these people  
16 that desperately need it. And we're here to answer any  
17 other questions or issues that come up.

18 I appreciate your time.

19 MR. JONES: Thank you, Mr. McElroy.

20 Any further questions?

21 (No response.)

22 MR. McELROY: Thank you so much.

23 MR. JONES: Thank you. Appreciate it.

24 MR. JENKINS: Thank you.

25 MR. JONES: Thank you, sir.

1           The next witness affirmation form I have is  
2 from Mr. John Henneberger. In fact, we have two from Mr.  
3 Henneberger.

4           MR. HENNEBERGER: Mr. Chairman, would it be  
5 permissible for me to speak after the item?

6           MR. JONES: It certainly would be.

7           The next item on our agenda, Item Number 1, I  
8 would prefer that we take up after our executive session.

9           So if we could, we would move to Item Number 2, which is  
10 the report of the Finance Committee.

11          Ms. Bingham, would you make that for us?

12          MS. BINGHAM: Mr. Chairman, we had two  
13 specific -- several items from the Finance Committee. One  
14 that's listed under 2(a), and that was -- is Robert Onion  
15 still here?

16          We basically looked at the approval of proposed  
17 issuance of Multifamily Mortgage Revenue Bonds for  
18 Williams Run Apartments in Dallas, Texas, in the amount  
19 not to exceed 12,850,000, and that was included in -- as a  
20 part of 00-28 -- Resolution Number 00-28.

21          And the Finance Committee of two did -- is  
22 recommending it to the board, and there were several board  
23 members in the audience.

24          MR. JONES: Can I take that in the form of a  
25 motion, Ms. Bingham?

1 MS. BINGHAM: Yes, sir.

2 MR. BETHEL: Second.

3 MR. JONES: We have a motion that's been made  
4 and seconded. It was seconded, I believe, by Mr. Bethel.  
5 Discussion of the motion? Any questions?

6 (No response.)

7 MR. JONES: Any further presentations from  
8 staff?

9 (No response.)

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

13 (A chorus of ayes.)

14 MR. JONES: All opposed, nay.

15 (No response.)

16 MR. JONES: The ayes have it.

17 DR. GRIFFIN: I abstain.

18 MS. BINGHAM: The next item on the agenda was  
19 the approval of proposed issuance of Multifamily Mortgage  
20 Revenue Bonds for the Highland Meadow Village Apartments  
21 in Houston, Texas, in the amount not to exceed 13,500,000.  
22 That came in the form of Resolution Number 00-27.

23 There were a few changes to that one that the  
24 committee did approve. There were six conditions, and  
25 this is a 4 percent tax-credit deal. And because of the

1 tight time frame in getting those done, we normally see a  
2 list of -- a lengthy list of conditions on them -- and the  
3 committee did recommend that to the board for approval  
4 with the conditions.

5 MR. JONES: May I take that in the form of a  
6 motion, Ms. Bingham?

7 MS. BINGHAM: Yes, sir.

8 MR. JONES: We have a motion -- motion's been  
9 made and seconded. Is there any further discussion? Any  
10 need for further presentations?

11 MS. SAENZ: I have a question --

12 MR. JONES: Sure.

13 MS. SAENZ: -- on this one. On the public  
14 comment, I noticed here that they had people speaking  
15 against it. Did -- were these concerns addressed?

16 MS. STINER: Mr. Onion on the staff, who I  
17 think was at that TEFRA hearing, will be able to address  
18 that.

19 MR. ONION: Yes, ma'am. My name is Robert  
20 Onion. I conducted the TEFRA hearing on August 30. At  
21 the meeting, we did not have any prior notice that there  
22 would be anybody attending this meeting. I did not  
23 receive any calls or any letters, et cetera. We did have  
24 a sign out on the project notifying them of the hearing.

25 The nature of the questions were essentially,

1 you know, What is the project going to look like; what  
2 will it consist of; the unit density, et cetera. Although  
3 we attempted to answer some of their questions, some of  
4 them relating to management, the screening process, et  
5 cetera, we could not answer. Therefore, in a subsequent  
6 meeting, the developer met with them last Friday.

7 The developer's here today and can probably  
8 give you a better outline of what took place at that  
9 meeting. His name is Chris Bergmann, from Trammell Crow  
10 Residential, if you would like for him to address the  
11 board.

12 MR. JONES: Yes. And if you would, go ahead  
13 and address the board. If you would afterward, please  
14 sign a witness affirmation form.

15 And if -- this would be a good time -- I have  
16 read now all the witness affirmation forms that I have.  
17 Have I missed any? Anybody else care to comment to the  
18 board?

19 (No response.)

20 MR. JONES: Thank you.

21 Yes, sir.

22 MR. BERGMANN: Good morning. My name is Chris  
23 Bergmann. I'm a partner with Trammell Crow Residential  
24 and responsible -- excuse me voice; I have a frog in it.

25 Last Friday we held an additional meeting to

1 address some of the concerns of the local residents, and  
2 basically, the residents that were there were people that  
3 backed right up to the site, and their main concern was,  
4 you know, Will lights shine in my backyard; how tall are  
5 the buildings going to be; how much landscaping's going to  
6 be there. And we showed them a detailed site and  
7 landscape plan.

8 And some of the concerns that they had were  
9 overcome or -- or most -- all the concerns they had were  
10 overcome by the way we were going to that. There was no  
11 real -- I shouldn't say they're not opposed. They're  
12 opposed to the project, because nobody wants to see an  
13 apartment project built in their very backyard. But they  
14 were understanding enough, and we worked with them to  
15 overcome all the issues. So there weren't any further  
16 communications with the department or with our office.

17 We've assured them, and we'll sit down with  
18 them at their request, and do anything they want to do.

19 MS. SAENZ: So this one man that commented that  
20 there was a potential of overcrowded school systems and a  
21 concern for safety and fire protection, in particular?

22 MR. BERGMANN: He was there at this meeting.  
23 We have -- we explained to him that in our projects, we  
24 fully sprinkle the projects; the way we design a fire loop  
25 inside of the project, there's five fire hydrants. He --



1 in a lot of multifamily projects that are outside of the  
2 certain areas, you do not have to do these type of things  
3 I just described to you, as a developer. But we do that.  
4 And he was satisfied with that.

5 And as far as the school system is concerned, I  
6 don't think he was -- we've talked to the school system,  
7 and there has been no issues. They're very aware of the  
8 project.

9 MS. BINGHAM: Mr. Bergmann, could you go over  
10 your -- the individuals, the public officials from the  
11 Houston, Harris County, area and talk about that comment.  
12 I don't think they've heard that.

13 MR. BERGMANN: Al Edwards and -- I have to  
14 remember. I can't remember all their names, but the  
15 specific state representatives --

16 MS. BINGHAM: They don't comment. I don't see  
17 a comment from them.

18 MR. BERGMANN: No, they didn't. But we have  
19 talked to them.

20 MS. BINGHAM: So they're supporting it. That's  
21 my point. They are supporting the project.

22 MR. BERGMANN: That's the way I usually take  
23 that.

24 MS. BINGHAM: They haven't gotten involved to  
25 say that they oppose this project?

1 MR. BERGMANN: That's correct.

2 MS. BINGHAM: The elected -- let me go back.

3 MR. BERGMANN: The elected officials.

4 MS. BINGHAM: The elected representatives of  
5 the area have not opposed this project.

6 MR. JONES: Thank you. Any further questions?

7 (No response.)

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

9 I believe we have a motion on the floor and  
10 second. Any further discussion or comments?

11 (No response.)

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

14 (A chorus of ayes.)

15 MR. JONES: All opposed, nay?

16 (No response.)

17 MR. JONES: All who abstain?

18 DR. GRIFFIN: I abstain.

19 MR. JONES: The ayes have it.

20 Ms. Bingham?

21 MS. BINGHAM: Mr. Chairman, the Finance  
22 Committee had one other item on its agenda, and that was  
23 the presentation and discussion, and possible approval of  
24 extension of Certificate Purchase Program, Program 54. I  
25 don't see Mr. Byron Johnson --

1 MS. STINER: He's here.

2 MS. BINGHAM: Oh, there he is. I thought he  
3 was somewhere out there looking around -- looking at his  
4 mortgage rates.

5 (General laughter.)

6 MR. JOHNSON: Good morning.

7 MS. STINER: Good morning.

8 MR. JOHNSON: Back in 1998, December of '98,  
9 the department issued its Residential Mortgage Revenue  
10 Bonds, Series 98A and 98B, otherwise known as Program 54.  
11 The origination period for this issue will end on October  
12 23. We have a balance of approximately \$3 million on  
13 which we could make additional below-market-rate mortgage  
14 loans, and if we don't use the money before October 23, we  
15 would have to call bonds. And we prefer not to call  
16 bonds, and we come to you today to ask that you extend the  
17 origination period for up to one year.

18 The interest rate on the loans is 5.85 percent,  
19 and we do not expect any problems in originating these  
20 funds. This is kind of a contingency-type request,  
21 whereas, if we have, on October 1, a million dollars or  
22 less, we just may consider making a bond call, because  
23 that would result in a call of less than 1 percent of the  
24 original bonds sold.

25 So we just want to put everything in place, so

1 that, come October 1, we can make a decision and go  
2 forward.

3 MS. BINGHAM: It's a win-win. Right?

4 MR. JOHNSON: Yes.

5 MS. BINGHAM: We'd have to turn them back  
6 otherwise. I would make the motion for approval, Mr.  
7 Chairman.

8 MR. DAROSS: Second.

9 MR. JONES: The motion's been made and  
10 seconded. Further discussion?

11 MS. WILLIAMS: I need to recuse myself.

12 MR. JONES: Okay. Yes. There will be a  
13 recusal, and I will read the reason therefore. A letter  
14 dated September 15, 2000, to Chair Jones and members of  
15 the Board of the Texas Department of Housing and Community  
16 Affairs, "I am recusing myself from voting on the approval  
17 of a resolution approving the extension of certificate  
18 purchase period for Residential Mortgage Revenue Bonds,  
19 Series 1998A; Residential Mortgage Revenue Refunding  
20 Bonds, Series 1998B; and Residential Mortgage Revenue  
21 Refunding Bonds, Series 1999A; and other related  
22 materials. This agenda item could relate to our firm's  
23 representation of mortgage lenders. Sincerely, Marsha L.  
24 Williams."

25 And it should be noted that Ms. Williams has

1 left the room.

2 Any further discussion of this item?

3 (No response.)

4 MR. JONES: There is a motion and a second on  
5 the floor. Hearing none, I assume we're ready to vote.  
6 All in favor of the motion, please say aye.

7 (A chorus of ayes.)

8 MR. JONES: All opposed, nay?

9 (No response.)

10 MR. JONES: Does anyone abstain?

11 DR. GRIFFIN: I abstain.

12 MR. JONES: The ayes have it.

13 With that, in light of the number of people we  
14 have here, I would like to turn our attention to the  
15 executive session.

16 MR. JOHNSON: Thank you.

17 MR. JONES: And -- excuse me. I'm sorry.

18 And on this day, September 15, 2000, at the  
19 regular board meeting of the Texas Department of Housing  
20 and Community Affairs held in Austin, the board of  
21 directors adjourned into a closed executive session, as  
22 evidenced by the following. And the board of directors  
23 will begin its executive session today, September 15,  
24 2000, at approximately 11:28 a.m.

25 The subject matter of this executive session

1 will be personnel matters regarding duties and  
2 responsibilities in relationship to the budget, pursuant  
3 to Section 551.074 of the Texas Government Code; secondly,  
4 consultation with attorneys concerning pending litigation,  
5 pursuant to Section 551.071 of the Texas Government Code;  
6 and third, litigation and anticipated litigation,  
7 potential or threatened, pursuant to Sections 551.071 and  
8 551.103, Texas Government Code Litigation Exception.

9 And with that, we'll adjourn, and I think we  
10 can move right in there.

11 (Whereupon, at 11:30 a.m., the board recessed  
12 for executive session, to reconvene at 12:12 p.m., this  
13 same day, Friday, September 15, 2000.)

14 MR. JONES: We call our meeting back to order.

15 The board of directors has completed its executive  
16 session of the Texas Department of Housing and Community  
17 Affairs on September 15, 2000, at approximately 11:12 --  
18 excuse me -- 12:12 p.m.

19 And the subject matters of the executive  
20 session deliberation were as follows: Personnel matters  
21 regarding duties and responsibilities in relationship to  
22 the budget, pursuant to Section 551.074, Texas Government  
23 Code; action taken, none.

24 Number two: Consultation with attorneys  
25 concerning pending litigation, pursuant to Section

1 551.071, Texas Government Code; re KKR Construction, Inc.,  
2 and Joe Kemp [phonetic] versus Texas Department of Housing  
3 and Community Affairs, et al; action taken, none.

4 And number three: Litigation and anticipated  
5 litigation, potential or threatened, pursuant to Sections  
6 551.071 and 551.103, Texas Government Code Litigation  
7 Exception; action taken, none.

8 I hereby certify that this agenda of an  
9 executive session of the Texas Department of Housing and  
10 Community Affairs was properly authorized, pursuant to  
11 Section 551.103 of the Texas Government Code, posted at  
12 the Secretary of State's Office seven days prior to the  
13 meeting, pursuant to 551.044 of the Texas Government Code;  
14 that all members of the board of directors were present,  
15 with the exception of C. Kent Conine; and that this is a  
16 true and correct copy of the proceedings, pursuant to the  
17 Texas Open Meetings Act, Chapter 551, Texas Government  
18 Code.

19 And with that, I turn our attention to Item  
20 Number 1 on the board's agenda, presentation, discussion,  
21 and possible approval of the minutes of the board meetings  
22 of July 28, 2000, and August 11, 2000.

23 MR. BETHEL: Do we have a copy of that? We do  
24 have a copy of it, don't we. I make a motion we approve  
25 them, and then on the -- which one? -- the July 28, that

1 included in that, because there was a -- under the summary  
2 there was some different language, that we include the  
3 actual transcript under those minutes of the July 28, and  
4 then approve the August 11 minutes as submitted.

5 MS. SAENZ: Second the motion.

6 MR. JONES: As I understand the motion, then,  
7 Mr. Bethel, your motion is that we approve the minutes for  
8 the meetings of July 22 [sic], 2000, and August 11, 2000,  
9 and that with regard to the minutes for July 28, 2000,  
10 that with regard to the presentation, discussion, and  
11 possible approval of the Low Income Housing Tax Credit  
12 items, that we substitute the actual transcript, as  
13 opposed to what is put in the written form of these  
14 minutes. Is that your motion?

15 MR. BETHEL: You're correct.

16 MR. JONES: We have a motion on the floor. Is  
17 there a second?

18 MS. SAENZ: I second.

19 MR. JONES: Motion's been made and seconded.  
20 Any discussion?

21 (No response.)

22 MR. JONES: Hearing no discussion, are we ready  
23 to vote? I assume we are. All in favor of the motion,  
24 please say aye.

25 (A chorus of ayes.)



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

3 DR. GRIFFIN: I abstain.

4 MR. JONES: There's one abstention.

5 MR. DAROSS: I also abstain.

6 MR. JONES: There are two abstentions. The  
7 ayes have it.

8 We then will move to Item 3 on the agenda, I  
9 believe is our next item, which is the presentation,  
10 discussion, and possible approval of program items.

11 Ms. Stiner?

12 MS. STINER: Thank you, Mr. Chair. This is an  
13 item that was on the board agenda for last month, and I  
14 think y'all heard a presentation this morning from the  
15 developers and sponsors. Sandy Mauro is the director of  
16 Community Development under which the Infrastructure Fund  
17 operates, so Ms. Mauro, would you make the presentation,  
18 please, for the staff?

19 MS. MAURO: Thank you, Ms. Stiner.

20 MR. BETHEL: Mr. Chairman, is this the same one  
21 that we were talking -- the people were talking about from  
22 Waxahachie?

23 MS. STINER: Yes, the public comments.

24 MR. BETHEL: I make a motion we approve it  
25 then.

1 MS. BINGHAM: Second.

2 MR. JONES: There's a motion been made that we  
3 approve it, and there's been a second. Any further  
4 discussions, questions, or comments?

5 (No response.)

6 MR. JONES: Hearing none, I assume we're ready  
7 to vote. All in favor of the motion, please say aye.

8 (Chorus of ayes.)

9 MR. JONES: All opposed to the motion, say nay.

10 (No response.)

11 MS. GRIFFIN: I abstain.

12 MR. JONES: There is one abstention.

13 MS. STINER: Thank you, Ms. Mauro.

14 MR. JONES: We will next move to Item Number 4,  
15 which is the presentation, discussion, and possible  
16 issuance of determination notices for tax-exempt bond  
17 projects.

18 Ms. Bingham.

19 MS. BINGHAM: Give me a second here. Who of  
20 the staff is going --

21 MS. STINER: Mr. Njie.

22 MR. NJIE: Mr. Chairman, board members, my name  
23 is Cherno Njie, manager of the Tax Credit Program. The  
24 project we're presenting is the one that was approved  
25 earlier by the Finance Committee and subsequently the

1 board. It concerns the tax-credit portion of the bond  
2 transaction. I believe you have the underwriting report  
3 before you. We are recommending approval of the project  
4 in the amount of \$657,190 in tax credit annually.

5 There are six underwriting conditions outlined  
6 in the underwriting report and the allocation is subject  
7 to those conditions. I'll be happy to address any  
8 questions you may have.

9 MS. BINGHAM: These are the same conditions  
10 that we did at Finance and sent to the board. This is  
11 the -- board members, this is the same six conditions that  
12 were discussed in -- earlier.

13 MR. BETHEL: I make a motion we approve.

14 MS. BINGHAM: This is the Trammell -- just to  
15 clarify, this is still the Trammell Crow Meadowcreek  
16 [phonetic] construction in Houston?

17 MR. NJIE: Right.

18 MS. BINGHAM: Same six conditions that the  
19 Finance Committee had.

20 MR. BETHEL: It's just the tax-credit portion  
21 of the --

22 MS. BINGHAM: Yes, sir.

23 MR. BETHEL: I make a motion we approve.

24 MR. BREWER: I second.

25 MR. JONES: We have a motion on the floor, and

1 we have a second. Further discussion, comments,  
2 questions?

3 (No response.)

4 MR. JONES: Hearing none, I assume we're ready  
5 to vote. All in favor of the motion, please say aye.

6 (Chorus of ayes.)

7 MR. JONES: All opposed to the motion, nay.

8 DR. GRIFFIN: I abstain.

9 MR. JONES: Thank you. Motion carries.  
10 Thank you, Mr. Njie.

11 Next, we'll turn to Item Number 5 on the  
12 agenda. And at this point, would you like to comment to  
13 us, Mr. Henneberger, or wait? I had you down as being on  
14 Items 5 and 6. Is that correct?

15 MR. HENNEBERGER: Yes, sir. If you would like  
16 me to speak before the staff presentation, or --

17 MR. JONES: I'll tell you what. Why don't we  
18 let the staff present first, and then let you speak.

19 We will then go, Ms. Stiner, to Item Number 5,  
20 which is the presentation, discussion, and possible  
21 approval of resolution authorizing the executive director  
22 to approve the Section 8 Public Housing Authority Plan and  
23 Administrative Plan for the Year 2000 and all future plans  
24 and amendments thereto, and all other related matters.

25 MS. STINER: Thank you, Mr. Chair.

1           This is the first time that the board will have  
2 an opportunity to authorize the executive director to  
3 approve the Public Housing Authority Plan, Administrative  
4 Plan for our Section 8 Program. As all of you know, there  
5 is -- there still exists some disconnect between our  
6 legislation. When the former structure of this board  
7 existed, there were certain items that this board -- that  
8 the board approved and certain items that they did not.

9           The Section 8 Program is one of those items  
10 that had been approved at the administrative level, but in  
11 the interest and intent of bringing matters before the  
12 board that would require your attention, this is one of  
13 those program areas that we will be bringing forward.  
14 However, there -- right now we have a plan that's pending  
15 being submitted to HUD -- two plans: the administrative  
16 plan, as well as a new requirement for Section 8, a PHA  
17 plan. Both of those are being worked on in the department  
18 to submit to HUD.

19           We've been in communications with HUD. They  
20 are expecting it. So this particular resolution asks the  
21 board for authority to have the executive director sign  
22 those plans and submit them to HUD. It is for a one-time  
23 situation only; all future plans will be coming back to  
24 this board for consideration and approval. And the  
25 resolution that's attached will accomplish that

1 authorization for the executive director to sign on both  
2 of those plans and submit them to HUD for this year.

3 MS. BINGHAM: I'm a little confused. Could you  
4 go back over that?

5 MS. STINER: Go back over that?

6 MS. BINGHAM: Uh-huh. I'm confused.

7 MS. STINER: There are programs in the  
8 department that, because of the way the department's  
9 legislation is structured, are not required to come before  
10 this board for approval. You all are aware of many of  
11 those. The Section 8 Program is one of those programs.

12 MS. BINGHAM: Okay.

13 MS. STINER: However, due to some changes in  
14 the Section 8 regulatory rules itself and also coupled  
15 with the desire of this executive director and staff to  
16 bring matters before the board that are of a policy nature  
17 to get you to look at them and approval, this program will  
18 be brought to this board for approval of its annual  
19 administrative plan, as well as a new requirement under  
20 the Section 8 Program that when you're acting as we are as  
21 a public housing authority, a new requirement under the  
22 Section 8 Program is that you had to development a PHA  
23 plan. So those are two distinct --

24 MS. BINGHAM: Wait a minute. Under which plan  
25 do you act like a public housing agency?

1 MS. STINER: The PHA plan.

2 MS. BINGHAM: The PHA plan.

3 MS. STINER: And the administrative plan.

4 MS. BINGHAM: Whose rules are those?

5 MS. STINER: Those are HUD rules.

6 MS. BINGHAM: Okay. Those are HUD rules. So  
7 we currently are getting Section 8 when it's for the  
8 balance of the state.

9 MS. STINER: We're getting Section 8 vouchers  
10 and certificates for those smaller cities and counties  
11 that have asked this department to act on their behalf  
12 and -- where in some instances, regional offices have  
13 asked this department to take over for a public housing  
14 authority that's gone out of business.

15 MS. BINGHAM: And so there's a plan to  
16 administer and distribute those certificates?

17 MS. STINER: Yes, ma'am, across the state of  
18 Texas.

19 MS. BINGHAM: Okay.

20 MS. STINER: And those small -- and those  
21 designated --

22 MS. BINGHAM: And the board has -- in the past,  
23 has had to approve the plan?

24 MS. STINER: It's not been a requirement in our  
25 legislation to approve --

1 MS. BINGHAM: The legislation has been changed.

2 MS. STINER: No, ma'am. The legislation has  
3 not been changed. What has changed is that HUD has  
4 provided an option under the PHA plan that the -- I think  
5 it's the authorized official -- I won't -- don't hold me  
6 to that -- may sign this. And the -- our opinion, the  
7 authorized official will be this board or the executive  
8 director, but we want to be sure that everybody  
9 understands that it's our intent that this board  
10 participates in future considerations of the plan.

11 MS. BINGHAM: Oh, okay.

12 MS. STINER: And we're bringing that now as an  
13 additional program that this board will now be  
14 considering, on an annual basis, the administrative plan  
15 and the PHA plan.

16 MS. BINGHAM: Just the administrative plan; not  
17 the issuance of every --

18 MS. STINER: Not the issuance of every  
19 certificate and voucher. That's the still in the  
20 administrative day-to-day operation.

21 MS. BINGHAM: Okay. Thank you.

22 MS. STINER: Yes, ma'am.

23 MR. BETHEL: Mr. Chair?

24 Ms. Stiner, though, so then we're approving it  
25 this year, but the way I was reading it, it was all future



1 plans and everything --

2 MS. STINER: Thank you, Mr. Bethel. I'm sorry.

3 There's a substitute resolution --

4 MR. BETHEL: Okay.

5 MS. STINER: -- we need to provide to the board

6 where we have limited it to just this year's --

7 MR. BETHEL: This year. Oh, okay.

8 MS. STINER: Yes, sir. Thank you very much.

9 MR. JONES: Thank you, Ms. Stiner.

10 Mr. Henneberger?

11 MR. HENNEBERGER: Thank you, Mr. Chairman,  
12 board members. My name is John Henneberger. I'm the co-  
13 director of the nonprofit organization the Texas Low  
14 Income Housing Information Service, and we are very much  
15 interested in Section 8 -- the Section 8 Program and the  
16 State's administration of the program.

17 I'm here today to reluctantly agree that the  
18 policy that's before you is the correct thing to do. But  
19 I would like to --

20 MR. BETHEL: Would you restate that?

21 MR. HENNEBERGER: It's the right thing to do,  
22 given the circumstances. Unfortunately, the circumstances  
23 which have brought us to this point are not very good  
24 ones. The department -- in 1998, under the leadership of  
25 Rep. Lazio, the Congress adopted and the President signed

1 the Quality Work and Responsibility Act, which was the  
2 most significant reform of the Public Housing Law in the  
3 United States since the Act was originally passed in 1937.

4 The center point of that law has to do with two  
5 points: One is that broader discretion is going to be  
6 given to the administering entities, the public housing  
7 authorities in the country, to make decisions about who  
8 gets Section 8, what the rules are that govern the people  
9 who have Section 8, what the admission criteria are to the  
10 program, how the waiting lists are considered, and what  
11 the rents are that the Section 8 tenants will pay. In  
12 essence, this is devolution, and this is a major piece of  
13 legislation.

14 This board is a public housing authority under  
15 the definition of the law. You have around 2,000 families  
16 who depend on you to administer the Section 8 Program for  
17 80 counties in the state. It is a big responsibility.

18 The other hallmark piece of this legislation  
19 was the requirement that there be a public housing or  
20 Section 8 resident sitting on the decision-making body of  
21 all the bodies which control the administration of these  
22 programs.

23 The law took effect in -- as I said, the law  
24 was passed in 1998. And unfortunately, the department  
25 failed to submit the required five-year annual plan in a

1 timely manner. The result is that you are now in -- you  
2 now have a problem, because the -- this five-year plan was  
3 designed to be the central document that the deliberative  
4 body which has control over the program used to exercise  
5 this new broad control over how the Section 8 Program  
6 would be administered.

7 Let me explain to you some of the decisions  
8 that you were required to make under that plan. You were  
9 required to establish a detailed admissions criteria. You  
10 were required to develop a fair-housing plan to promote  
11 the deconcentration of poor people in areas where they are  
12 overly concentrated.

13 You were required to produce a waiting-list  
14 policy to tell the people who want to apply for this  
15 housing how they will be treated when they want to come  
16 and apply to you to be on a waiting list. Included in  
17 that policy is setting preferences for disabled people,  
18 for homeless people, for people of low income, for victims  
19 of domestic violence and others. Those are all broadly  
20 within the discretion of the governing body, and that  
21 policy must be adopted as part of the plan.

22 You're required to set the minimum rents, which  
23 are required now for the first time. HUD requires the  
24 administering entity to set a minimum rent between zero  
25 and \$50, and that's a major impact on the budget of many

1 Section 8 families who are very poor.

2 The requirements are that you establish a  
3 supportive-services agreement for moving people from  
4 welfare to work who participate in this program, and  
5 provide local supportive services within those 80 counties  
6 to help these families transition over.

7 You're required to establish transfer policies  
8 to allow people to take their Section 8 certificate and  
9 move to another city where they can get a better job or go  
10 to school or move closer to family members or whatever the  
11 circumstances would be.

12 You're required to establish a policy for the  
13 admission to this program of people based on their  
14 criminal history and drug abuse past, which is a  
15 significant issue both to the families who are affected  
16 and to the communities which are -- in which these  
17 families live.

18 And you were required to establish termination  
19 and eviction procedures.

20 These are all vital policy decisions that  
21 this -- that are now this board's responsibility.  
22 Unfortunately, because the plan did not move in the  
23 right -- in an expeditious manner, it's now necessary to  
24 file a plan, and this is supposed to be a five-year plan  
25 that's to be filed. In order not to jeopardize the

1 federal funds, it's now necessary to file a plan and to  
2 adopt all of these very important policies.

3 My organization believes, and the low-income  
4 people who I represent believe, that there should be a  
5 public body such as this which reviews these policies and  
6 makes the adoption. It should not be an administrative  
7 function of the state. It should be a function, a  
8 deliberative function, of a body that is accountable to  
9 the citizens, and that is this body.

10 So therefore, we are in a very unfortunate  
11 circumstance. I'm not here to request that you do  
12 anything to jeopardize the funds. And I think that the  
13 resolution which Ms. Stiner has brought to you allows you  
14 to move forward with adopting a plan, but I do believe it  
15 is incumbent on the board not to just adopt a five-year  
16 plan and step back and then let this program run without  
17 the oversight that Congress has required in the new  
18 legislation.

19 And I would urge the board to set aside time to  
20 actually review these very important policies which your  
21 staff will be making decisions on, and that next year you  
22 amend your five-year plan so as to thoroughly provide for  
23 the required public hearings, the required periods of time  
24 for input, and so that you can make these important  
25 decisions for the citizens for the state.

1           Finally, there's one other important -- very  
2 important matter with the Section 8 program, which  
3 unfortunately -- well, fortunately, I should say, I think  
4 there is an opportunity to salvage the situation. And  
5 that has to do with the Section 8 home ownership  
6 initiative.

7           This is a very important initiative. As I'm  
8 sure most of you are aware, it is the center point of Gov.  
9 Bush's housing policy, is moving people from using the  
10 Section 8 Program to move people into home ownership. It  
11 is a program that we support and the people who I  
12 represent very much support.

13           Not all Section 8 residents will be able to  
14 achieve home ownership, but now under this new law, where  
15 you will make these decisions, you are required to review  
16 and design a program, if you decide it is appropriate, to  
17 provide for home ownership opportunities for Section 8  
18 tenants.

19           Since it is part of the governor's  
20 initiative -- it is the center point, as I read it, his  
21 housing initiatives -- I believe it is incumbent upon the  
22 board to act this year to propose a Section 8 home  
23 ownership initiative and to carefully design that program.

24           There's tremendous potential to achieve for a limited  
25 number of the Section 8 tenants on -- who receive

1 assistance from this department -- the opportunity for  
2 home ownership.

3           It won't work for everybody, but clearly we  
4 have an opportunity to pioneer the type of initiatives the  
5 governor's put on the table, and I think we should avail  
6 ourselves of that opportunity. And that is my second  
7 request. In addition to reviewing what the staff produces  
8 and set aside some time to understand these policies, I  
9 would suggest that the board also set aside a time to  
10 review and to approve a home ownership initiative, based  
11 on what the governor's put forward.

12           Thank you very much.

13           MR. JONES: Thank you, sir.

14           Any questions?

15           (No response.)

16           MR. JONES: Thank you, Mr. Henneberger.

17           MR. BETHEL: I make a motion we approve  
18 Resolution Number 00-31.

19           MS. SAENZ: Second.

20           MR. JONES: Motion's been made and seconded.

21           Any discussion?

22           (No response.)

23           MR. JONES: Hearing none, I assume we're ready  
24 to vote.

25           MR. BETHEL: And that's the one -- the amended

1 one that was handed out just now.

2 MR. JONES: Any discussion?

3 MR. DAROSS: As I understand it, the amended  
4 resolution that we're about to vote on is just adopting it  
5 for a one-year period?

6 MR. JONES: That's correct.

7 MR. DAROSS: So there would be time for staff  
8 to conduct a review such as Mr. Henneberger's suggesting?  
9 All right.

10 MS. STINER: No. I -- let's -- I'm sorry. The  
11 review that he was talking about would be for the  
12 amended -- for the amendment next year. This would an  
13 opportunity for the staff to submit the plan, and then  
14 once that plan's submitted, we could amend it for year two  
15 and expose that to a public process.

16 MR. DAROSS: Yes. That's what I understood.

17 MS. STINER: Yes, sir.

18 MR. JONES: Any further discussion?

19 (No response.)

20 MR. JONES: Hearing none, I assume we're ready  
21 to vote. 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: Any abstentions?



1 DR. GRIFFIN: I abstain.

2 MR. JONES: We will turn next to Item 6, which  
3 is the presentation, discussion, and possible approval of  
4 legislation appropriation request. Ms. Stiner.

5 MS. STINER: Thank you, Mr. Chair.

6 In June, the department came before the board  
7 and presented to you our strategic plan for year 2000,  
8 five-year period, that contained the performance measures  
9 and goals for the department. Subsequent to that, the  
10 staff has put together a request to the legislature for  
11 the funding to accomplish those things.

12 Last week, the staff appeared a staff of the  
13 GBO and LBB. Chairman Jones joined us in that  
14 presentation. We're presenting today for your  
15 consideration that LAR, that legislative appropriations  
16 requests.

17 We want to spend a few minutes this morning  
18 going through the appropriation request, and we have Bill  
19 Dally, the CFO, and David Aldrich, the budget manager,  
20 will present the strategic plan portion of it. Then, Ms.  
21 Ruth Cedillo, who is the deputy executive director, will  
22 be talking to you about some exceptionable items requests.

23 Mr. Dally, you want to make the presentation,  
24 please?

25 MR. DALLY: Yes. Good afternoon, Chairman,

1 board members, and Ms. Stiner.

2 This is the first time we've laid out a  
3 document like this, so what I'd like to do is just kind of  
4 walk you through some of the elements and explain the  
5 process.

6 It is a department-wide effort. All of the  
7 directors this summer put together their requests for 2002  
8 and 2003. Then Mr. Aldrich and myself and our department  
9 compiles that into this format. The format -- it's got a  
10 lot of detail to it, but the front portion of it  
11 summarizes a lot of the requests, and so I'm going to  
12 focus on that at first, and then we can take detail  
13 questions later.

14 It's laid out in a format where you actually  
15 look at five years. You begin in '99. That was the  
16 biennium previous to the one that we're in, and those are  
17 showing actual figures.

18 Let me get you to a page. Look at page 5. Let  
19 me back up further. This was required to be turned in by  
20 the department on August 25. That was a Friday. We were  
21 still working on it over the weekend and got it actually  
22 finished on Monday and turned in. We then had a -- as Ms.  
23 Stiner said, we had a public hearing with the Governor's  
24 Office and LBB last week. And I want to thank Chairman  
25 Jones for attending that. On behalf of the staff, we

1 appreciate your support there.

2 MR. JONES: Oh, it was a delight.

3 (General laughter.)

4 MS. BINGHAM: Did he do a good job?

5 MR. DALLY: Yes, he did.

6 So with that, that is in the hands of the  
7 Governor's Office and the LBB. They are currently  
8 analytically looking over it and have sent us questions  
9 out of that hearing, and we are responding to those. We  
10 are also bringing it to you today for your approval.

11 And I'm going to walk you through the elements,  
12 since is the first time we -- you guys have had a chance  
13 to look at this. On page 5, we begin with the very top  
14 level summary, and it will show that the various six goals  
15 of the department, the housing, community development, the  
16 for the homeless energy assistance, our compliance  
17 division, the manufactured housing, and then the indirect  
18 administrative support. And then under each of those  
19 goals, you'll see the strategies.

20 This is at the highest level, and what we're  
21 actually -- the portion that's being considered by the  
22 Legislature will be those last two columns, 2002 and 2003.

23 The other three columns are there for their analytical  
24 review so they can kind of tell where you've been, what  
25 you've actually spent in various areas, and then measure

1 that against this new request.

2 The instructions come from the Governor's  
3 Office and LBB, and one of the primary ones is that we  
4 initially build a baseline budget. And that's where we  
5 ask for essentially no more general revenue than we've had  
6 in the past. We hold our FTEs, and basically build all of  
7 our strategies sort of as a business-as-usual given --  
8 your base resources, you know, how would that lay out.

9 We're then also given an opportunity to develop  
10 exceptional items. And we're going to discuss those in  
11 detail later on, but I'm going to kind of stick with the  
12 baseline. But those are -- when the Legislature considers  
13 all agencies' baseline budgets as one thing, and they set  
14 aside all of these exceptional items to be considered  
15 later, but they'll go through everyone's base, make their  
16 decisions, and then they sort of tally and see what the  
17 funds are left. And then everyone's -- not only ours, but  
18 every agencies' exceptional items will then be considered  
19 with the funds that remain, the priorities that the state  
20 wants to take on.

21 Our biennial each year is about \$200 million  
22 for each year. We will be making -- I am going to make  
23 about three proposed changes that have occurred since  
24 our -- since this was submitted a couple weeks ago. But  
25 I'll come back to that.

1           It lays out all of our -- the monies for the  
2 various goals and strategies, and then on page 7, you'll  
3 see the method of finance. And our sources are general  
4 revenue, and then our federal funds, the appropriated  
5 receipts, which are the tax-credit fees and bond fees and  
6 various fees that we collect as part of our housing  
7 programs.

8           We have interagency contracts. Those have  
9 typically been the oil-overcharge monies, and you will  
10 notice in 2001 we have a rather large number that's just  
11 in that one year. That's because we have a FEMA grant to  
12 handle some emergencies, and we're handling -- we're  
13 administering that for the Department of Emergency  
14 Management.

15           And then we have earned federal funds in the --  
16 the Homeowners Recovery Fund is a fund that was not -- the  
17 State, each session, will set aside certain dedicated  
18 funds; that was a dedicated fund many years back. It lost  
19 its dedication. And it had been used as a method of  
20 finance for the Manufactured Housing Division. That has  
21 been spent down, and it is no longer part of it. And so  
22 to supplement that, we've been -- we increased the general  
23 revenue in the last biennium, and that will carry forward  
24 in the current year.

25           The next pages are some reconciliations of

1 funds. If you get to page 11, I would point out at the  
2 bottom, you'll see our FTE numbers. And to explain,  
3 you'll notice in '99 we had 329 FTEs; in 2000 we had 344.

4 Those -- what's happened there is, even though we had an  
5 approved budget of 370, we are actually putting in the  
6 numbers that we had in the last of the fourth quarters.  
7 And to some extent, that explains why -- I know I've gone  
8 over this before. We always will build our numbers in our  
9 budgets as though we're going to have full staffing for a  
10 full 12 months. Well, that doesn't actually occur, and so  
11 when you actually look at our actual numbers and  
12 expenditures, they will be less than the budgeted numbers  
13 we have.

14 Page 12 and 13 are details of some of the  
15 measures. The State, I guess, in the last ten years has  
16 been on a performance-based measures, and so with the  
17 resources that they allocate to us, the LBB and Governor's  
18 Office set certain goals. The one thing I would say about  
19 these measures is is you try to get one measure or one  
20 snapshot and associate it with a certain goal or  
21 resources.

22 It's not a perfect thing, because oftentimes,  
23 you know, I'll take HOME, for an example; you have various  
24 programs and they have one measure, and within that, it  
25 may depend on whether you do down payment assistance or

1 tenant-based rental assistance or you do owner-occupied,  
2 as to how much, in the way of resources, each one of those  
3 kind of programs take.

4 But then you have to kind of condense that down  
5 into one measure, and so it takes a little extra  
6 explanation. And that's a lot of what we are responding  
7 to is to explain some of the -- you know, you dig down  
8 below that number a little bit, and you'll see that  
9 there's a sort of a product mix. And depending on how  
10 that comes out, it affects the measures from year to year.

11 Then on page 14, you'll see our summary of  
12 exceptional items. And this is the over and above our  
13 baseline request. And we're asked to put priorities on  
14 these various ones. And Ruth Cedillo will go over in some  
15 detail on those items.

16 This is a very bold number of dollars, but I  
17 would tell you this. You lay out a menu of these items,  
18 and like I say, the Legislature will consider everybody's  
19 baseline, and then they will look over at everyone's  
20 exceptional items, and they can sort of pick and choose  
21 and make adjustments to our numbers. So this is simply  
22 our request. And typically what will happen between now  
23 and the beginning of the session is the LBB will then,  
24 after their analysis, submit -- take our numbers and, if  
25 they do what they did last year, they kind of give it a

1 little haircut, and it's slightly less. And that's what  
2 goes forward.

3 And then the discussion in the hearings will  
4 then be between what we proposed and their suggested  
5 numbers. But they're taking it from the viewpoint of  
6 they've got to look at everybody's requests and  
7 everybody's resources.

8 You'll then see on page --

9 MR. JONES: Would now be a good time to turn to  
10 Ruth and let her comment on the exceptional items?

11 MR. DALLY: Sure.

12 MR. JONES: And I don't mean to interrupt, but  
13 isn't that kind of where the rubber meets the road?

14 MS. STINER: It certainly meets the road there,  
15 yes, sir.

16 MS. CEDILLO: My name is Ruth Cedillo, and I'm  
17 deputy executive director. As Bill said, on page 14, we  
18 have the exceptional items, and they're prioritized.

19 And number 1 is the Regional Needs Assessment  
20 Plan, and we've requested \$769,500 and seven FTEs. And I  
21 did give a brief explanation this morning: Six of those  
22 FTEs will be out in the field, and we will have a regional  
23 development coordinator in each one of the state service  
24 regions.

25 We currently have six offices now out in



1 various regions, and this would assist us in serving each  
2 one of the eleven service regions. And then it would also  
3 give us one staff member for the office here in Austin.

4 Priority number 2, the Housing --

5 MS. STINER: Excuse me, Ruth. I'm going to  
6 interrupt you. Excuse me for interrupting you. As you go  
7 through, you kind of explain to the board what our  
8 justification and reasoning was -- this is tied to issue  
9 so and so from the Sunset --

10 MS. CEDILLO: It's tied to Senate Bill 1112,  
11 and we are required to do a regional needs assessment.

12 MS. BINGHAM: Is that an unfunded mandate?

13 MS. CEDILLO: It is -- currently we're trying  
14 to get some funding right now to cover the cost for the  
15 regional needs assessment. And in addition to that --

16 I've been corrected. The regional needs  
17 assessment is a Sunset issue. And again, it's something  
18 that is not currently funded.

19 And number 2 is the Housing Trust Fund. As  
20 Bill said, we're making some bold requests here. We're  
21 requesting \$15 million for each year of the biennium and  
22 six FTEs. We would set aside \$5 million each year of the  
23 biennium for Colonia projects. And out of that 5 million,  
24 the department could fund the self-help centers along the  
25 border area, because currently they're funded with CDBG

1 dollars.

2           Number 3 is -- would enable the department to  
3 create an office of housing portfolio preservation with  
4 nearly \$200 million over the biennium. We've asked for  
5 eight additional FTEs in FY 2002 and one additional FTE in  
6 2003. While this appears to be a large amount, in reality  
7 these funds would be aimed toward rehabilitating a little  
8 more than 3 percent of the existing targeted portfolio.  
9 They would preserve an additional 12,262 units, provide  
10 temporary acquisition financing for 20 100-unit  
11 properties, and they would provide predevelopment funds  
12 for 197 transactions.

13           The rehabilitation funds would provide a  
14 financial incentive to current and potential owners to  
15 keep properties supportable and maximize continuance of  
16 federal subsidies. The program would operate as a grant  
17 program; however, funds should be loaned at below-market  
18 rates where feasible.

19           The acquisition financing package would allow  
20 purchasers, particularly nonprofit purchasers, an  
21 opportunity to compete in the marketplace for quality at-  
22 risk property. They would be given interim financing with  
23 sufficient time to put together resources for permanent  
24 financing. It is possible that this package could provide  
25 about \$40 million in revolving funds per year.

1           The predevelopment revolving loan fund would  
2 provide up to \$10,000 to qualified nonprofit entities for  
3 each preservation transaction under contract. The funds  
4 could then be repaid when the property was actually  
5 purchased by the nonprofit, allowing their reuse in future  
6 periods.

7           We have two exceptional items that deal with  
8 the State Energy Assistance programs. Item number 4  
9 involves funding of \$2 million over the biennium, and will  
10 support a new federal matching requirement. Congress is  
11 prohibiting the expenditure of Federal Weatherization  
12 Assistance Funds unless states contribute a 25 percent  
13 cost share.

14           This item would cover the match and could be  
15 supported through general revenue and System Benefit  
16 Funds. The match will enable us to obtain \$3 for every \$1  
17 that we match. Without the match, we would lose \$3.3  
18 million in program funds affecting some 2,900 low-income  
19 households.

20           Item number 5, funding the System Benefit Fund  
21 requires support of \$34 million and three FTEs for the  
22 biennium. This is an amount necessary to achieve an  
23 effective impact on the number of low-income households  
24 and to continue the department's existing low-income  
25 energy efficiency program.

1           Beginning January 1, 2002, the program will be  
2 funded through a portion of the System Benefit Fund, which  
3 is administered -- or will be administered by the Public  
4 Utility Commission. The portion of the fund to be  
5 distributed by the department will fund low-income utility  
6 programs to be determined by the PUC.

7           The newly revised IRS compliance regulations  
8 and subsequent Low Income Housing Tax Credits program --  
9 and that is your number 6 -- tax credit program  
10 requirements would mean that the department needs more  
11 monitoring and compliance fundings. We're asking for  
12 about \$650,000 and four FTEs over the biennium that would  
13 enable to the department to meet minimum federal tax  
14 credit monitoring regulations.

15           The new regulations require annual reporting of  
16 activity to the IRS. These funds would also enable the  
17 department to perform monitoring and on-site inspections  
18 to ensure HOME-assisted rental units meet property  
19 standards as required by HUD.

20           These resources will also allow the department  
21 to print and distribute a HOME compliance manual and  
22 comprehensive training guide.

23           Finally, item number 7 deals with the Emergency  
24 Nutrition Temporary Relief Program. \$6 million over the  
25 biennium would cover the funding support previously

1 provided by the oil-overcharge funds. No oil-overcharge  
2 funds were appropriated for fiscal year 2000 and 2001, and  
3 no funds like this will be available in the following  
4 fiscal year; therefore, these funds will allow us to  
5 remain status quo and continue assisting some 50,000  
6 individuals and families, particularly in rural areas of  
7 the state and who are below the poverty level.

8 In addition to that, we had had a request by  
9 our oversight committee to propose a change to Rider  
10 Number 3. And hopefully, you have a copy of that  
11 proposal. It looks like this.

12 MS. STINER: Are they passed out?

13 MS. CEDILLO: You do have it?

14 MR. DAROSS: Excuse me, Ms. Cedillo, for a  
15 second. Mr. Jones asked me to take over his chair while  
16 he stepped out. I believe the record should reflect that  
17 Dr. Griffin has left the room.

18 MS. CEDILLO: And the change that we have has  
19 been underlined. The rider would now read, "The Housing  
20 Finance Division shall adopt an annual goal to apply \$30  
21 million of the division's total housing funds toward  
22 housing assistance for individuals and families earning  
23 less than 30 percent of median family income and elderly  
24 and individuals with disabilities earning no more than 60  
25 percent of the median family income.

1           Now this is a major change, and we have been  
2 asked by Urban Affairs to do a further review regarding  
3 the impact that this change would have related to elderly  
4 and families and individuals with disabilities. And  
5 approval of this would be contingent upon the decision  
6 made by Urban Affairs.

7           MR. BETHEL: May I ask a question?

8           MS. CEDILLO: Yes, sir.

9           MR. BETHEL: What is the average state median  
10 income? Do we -- do you have -- does anyone know that?

11          MS. CEDILLO: I don't have it with me, but I  
12 think it's about --

13          MS. STINER: Twenty-eight --

14          MS. CEDILLO: -- 30 --

15          MS. STINER: It's changed. Anybody?

16          MR. BETHEL: It was saying over here, you  
17 know --

18          MS. STINER: The statewide median income --

19          MR. BETHEL: -- in counties that the --

20          MS. STINER: -- I think it was --

21          MR. BETHEL: -- average median income --

22          MS. STINER: It's been changed. It was 28-.  
23 It just went up. Thirty -- I think it's about 30-.

24          MR. BETHEL: Okay.

25          MS. STINER: Okay.

1 MR. BETHEL: That's not determined by --

2 MS. BINGHAM: Mr. Henneberger could maybe  
3 answer that.

4 MR. BETHEL: That's not HUD's -- that's not  
5 HUD -- the HUD -- that would be just the state's average.

6 MS. STINER: The statewide average.

7 MR. BETHEL: Okay.

8 MS. STINER: Yes, sir. The statewide average  
9 median income. We can get that. Somebody --

10 MR. BETHEL: Well, I'll --

11 MS. STINER: It's about 30-.

12 MR. BETHEL: That's fine.

13 MS. STINER: John, you got your books today.

14 MR. BETHEL: That's fine. It's 30-something-  
15 thousand, then.

16 MS. STINER: Yes.

17 MS. CEDILLO: And the other exceptional item  
18 would be to fund two positions in our Local Government  
19 Assistance Division. And the two positions would be for  
20 trainers for the establishment of rural fire prevention  
21 districts across the state. Currently we have one FTE  
22 that is conducting the training.

23 Now, their training consists of the  
24 establishment of these rural fire prevention districts.  
25 They do not do the rural fire prevention training itself.

1                   And the amount is \$108,200 for 2002 and  
2 \$102,000 for 2003.

3                   And that concludes the exceptional items in the  
4 LAR.

5                   MR. JONES: Thank you. Why don't we do this at  
6 this point, with your permission, Mr. Dally. Why don't we  
7 let Mr. Henneberger make his comments now. Would that be  
8 all right?

9                   MR. HENNEBERGER: Mr. Chairman, I defer my  
10 comments.

11                   MR. JONES: Oh, you do?

12                   MR. HENNEBERGER: Yes, sir.

13                   MR. JONES: Golly. And the board needs to know  
14 and really appreciated the way Mr. Henneberger introduced  
15 himself at the meeting recently as our longtime supporter  
16 and occasional critic. Appreciate that, we really do,  
17 seriously. I very much appreciated that.

18                   Okay. Anything else?

19                   MR. DALLY: Yes. There are a couple more  
20 details I wanted to go over with you.

21                   MR. JONES: Great. Thank you.

22                   MR. DALLY: If you'll look on page 21 and 22,  
23 there's what's called a priority allocation table that  
24 essentially looks at the priority of our strategies so far  
25 as GR funds. And this has held consistent with what we've



1 had in prior years, Housing Trust Fund being the top, and  
2 then the GR match for Community Development Block Grants  
3 and so forth.

4 Then moving on, the detail of each strategies'  
5 expenses and costs are in this next section of about 40  
6 pages.

7 Then next we have a section on our riders.  
8 This is where we lay out our capital budget. As long  
9 as -- and any proposed changes in language to riders that  
10 we currently have. So if we don't have a rider included  
11 here, we're not proposing, necessarily, a change to what  
12 we have in place now.

13 Typically, as this goes, that won't be the  
14 whole population of riders. Riders can be added  
15 throughout the session and stuff, and so we may have, we  
16 probably have, additional ones that come up through the  
17 session.

18 I did want to bring your attention -- in the  
19 analysis, since this was submitted a couple weeks ago,  
20 we've gotten better information that the likelihood -- we  
21 had proposed a contingent rider for the Homeless Block  
22 Grant, which we asked for \$1,250,000 in each of the two  
23 years. The likelihood of that is very remote, and we're  
24 going to go ahead and pull that off of our request. And  
25 that will have an impact upon page 7 and page 8, to the

1 bottom line. It will essentially reduce those totals from  
2 \$213,449,191 to -- the adjusted number now, bottom line,  
3 for 2002 would be \$212,199,191. The same adjustment in  
4 2003 would reduce it to \$211,798,147.

5 That's essentially coming out of the line where  
6 it -- at the top of page 7, where you see "Rider  
7 Appropriations Requests." Instead of that being  
8 1,550,000, that would be reduced by 300,000 in each year  
9 to take out the 1,250,000 for that Homeless Block Grant.

10 And then just so you know, one of the -- we  
11 were not going to change the language to Rider 3 except  
12 with Chairman Carter [phonetic] and their inclusion to see  
13 that the -- some priorities for the elderly in the rural  
14 areas and individuals with disabilities be added to meet  
15 that goal of 30 million.

16 And then, in addition, we would have one more  
17 exceptional item. We would have a number 8 on the rural  
18 firefighters, which Ruth just went over.

19 With that, I guess I'll entertain questions.

20 MR. JONES: All right. Any further questions?

21 MR. DAROSS: I move we approve the legislative  
22 appropriations request as presented by staff.

23 MR. JONES: We have a motion; do we have a  
24 second?

25 MS. SAENZ: Second.

1 MR. JONES: Motion's been made and seconded.  
2 Any further -- it was, I think, Ms. Saenz --

3 MS. SAENZ: With the amendment.

4 MR. JONES: Yes. With the amendment. Right.  
5 Ms Saenz -- yes.

6 MS. BINGHAM: I have a question.

7 MR. JONES: Yes.

8 MS. BINGHAM: What we are approving is to go to  
9 the -- we are requesting funds over and above what we  
10 would normally get in order to carry out the amendments  
11 pursuant to some legislation. The meeting that you went  
12 to -- what was the reaction? What was the --

13 MR. JONES: I don't know that we can say there  
14 was a reaction. There were many questions raised. We  
15 went over a process much similar to this except much more  
16 detailed to this, Ms. Bingham. And there was public  
17 comment again.

18 And the public comment, I would say, would be,  
19 I believe, all favorable. I think universally it was  
20 favorable.

21 MS. STINER: I would characterize it like that.

22 MR. JONES: Yes. I mean, and maybe I shouldn't  
23 characterize public comment. I've -- I would not  
24 characterize the public comment.

25 MS. BINGHAM: Was the governor's budget folks

1 there?

2 MR. JONES: They were.

3 MS. BINGHAM: How did they react?

4 MR. JONES: I would not say there was a  
5 reaction. Again, I would not comment on that. I don't  
6 have an answer to that.

7 MS. BINGHAM: Okay. Thank you.

8 MR. DALLY: Just to repeat, when they look at  
9 this, they're going to consider it in two parts. They're  
10 going to consider that baseline with everyone else's  
11 baseline, which is business as usual, no more GR, no more  
12 resources than we have now. And then they'll consider all  
13 of those exceptional items. And we prioritized them, but  
14 they will then be considered with every other agency's  
15 exceptional items in --

16 MS. BINGHAM: How many agencies or whatever --  
17 we were -- around the same time?

18 MR. DALLY: Well, we'll go by article through  
19 the thing, but they're going to make tallies --

20 MS. STINER: No. She meant -- excuse me.

21 It was just us.

22 MS. BINGHAM: Oh, okay. Okay. Thank you.

23 MS. STINER: It was just the Texas Department  
24 of Housing and Community Affairs at that particular  
25 hearing.

1 MR. DALLY: Right. And this was with the  
2 staff, not necessarily the legislators.

3 MS. BINGHAM: Oh, okay.

4 MR. JONES: Yes.

5 MS. BINGHAM: Okay. Thank you.

6 MR. JONES: It was just staff. I think -- and  
7 everybody was invited to it, but --

8 MS. BINGHAM: Yes. I got a notice.

9 MR. JONES: We have a motion on the floor. Any  
10 further discussion?

11 (No response.)

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

15 (Chorus of ayes.)

16 MR. JONES: All opposed to the motion, nay.

17 (No response.)

18 MR. JONES: The ayes have it.

19 MR. DALLY: Thank you.

20 MS. STINER: Thank you.

21 MR. JONES: Then we'll move to the executive  
22 director's report.

23 MS. STINER: Thank you, Mr. Chair. Some  
24 mention today has been made of the deobligation policy  
25 that a committee within the department has been working on

1 for some time. You were provided, I understand, at the  
2 last board meeting, a handout for that deobligation  
3 policy. There have been a couple adjustments to it that  
4 you now have, or will have in a few short minutes.

5 But I think it's important to note that after  
6 deliberations by staff, there are some recommendations in  
7 terms of how we use deobligated funds once they come back  
8 into the department. Right now, the way those funds are  
9 handled, they're handled differently in each program area,  
10 vis-à-vis, in the Trust Fund, when the funds come back in,  
11 they are placed in a pool and announced with a NOFA for  
12 the next application cycle.

13 HOME Program, pursuant to what has been  
14 proposed historically in our consolidated plan, those  
15 funds are used more as Demonstration or discretionary  
16 funds; that is, if there are special projects that have  
17 merit, the --

18 MS. BINGHAM: Don't use the word  
19 "discretionary" too liberally now.

20 MS. STINER: Point well taken.

21 MS. BINGHAM: It'll turn out to be called  
22 "slush."

23 MS. STINER: They are -- they were funds that  
24 we could consider out-of-cycle applications that were  
25 brought back to this board for our approval. However,

1 they were exempt from our application process, comparative  
2 process.

3 And other programs in the department, of  
4 course, utilize deobligated funds in a different way. And  
5 in an effort to create a policy where there is some  
6 centralization, some consolidation, of how those funds are  
7 used when they come back into the department, regardless  
8 of different program areas, the task force has come up  
9 with some recommendations.

10 And we would like to have an opportunity just  
11 to present that to the board today. We are asking you,  
12 since it's not an approval item, that you consider this an  
13 instructing the department to move forward with a policy  
14 that would reflect the prioritization that you're going to  
15 hear today.

16 Do we need -- Sandy, would you like to come and  
17 review --

18 MR. JONES: Could I just make a comment? I  
19 think we'd certainly love to consider, you know, what  
20 y'all have decided as far as a report item. I don't think  
21 we could move forward with any instructions.

22 MS. STINER: Wonderful. Then we'll make a  
23 presentation, and depending on -- we have some time; we  
24 could put it as an approval item next month for you to  
25 instruct us. But we thought it was important that you

1 hear what the priorities are.

2 Ms. Mauro has headed up that task force with  
3 the input of a bunch of folk on staff, and they've worked  
4 at this diligently for some months now. So I'll ask her  
5 if she'd give a brief --

6 MS. MAURO: Brief.

7 MS. STINER: -- overview of the policy. Thank  
8 you, Sandy.

9 MS. MAURO: Thank you, Ms. Stiner, Mr.  
10 Chairman, and other members of the board.

11 The staff actually started meeting on this  
12 issue prior to the Sunset Commission's recommendation  
13 that -- or their criticism of us not having a deobligation  
14 policy. And through that process -- I know that we gave  
15 you -- July 28, as I recall, this was forwarded to you  
16 all, so you may have had a chance to review.

17 And as you notice, all the programs have  
18 different policies and different procedures, and some of  
19 it's been federally mandated or state rules or whatever.  
20 So at that point, we looked at what we could come up with  
21 which would be an overarching policy for the agency to  
22 look at.

23 What we determined, after a lot of discussion  
24 and lots of meetings, was that we have some flaws in our  
25 policies at this point. We need to create -- we needed to



1 create and maintain a written policy at the program level  
2 for the deobligation of awards, loans or grants. The  
3 policy must address the reobligation of deobligated or  
4 otherwise unexpended funds in any program income.

5 So there needs to be a policy, and with that,  
6 we're going -- each program will have to look at their  
7 rules and their regulations to come up with specifics for  
8 each program area with the different federal regulations,  
9 and some of the program areas never had any deobligated  
10 money.

11 The second thing that we found that we were not  
12 really consistent on is there needs to be better tracking  
13 and monitoring of any deobligated funds and their balances  
14 as part of any normal process, normal accounting of the  
15 program funds at both the program and departmental area.

16 We think that with the systems that have been  
17 funded and awarded, the data-tracking systems, that this  
18 will help, but all the managers and directors agreed that  
19 this should be a priority, that there should be a better  
20 accounting. And these reports should be given to  
21 executive on either a weekly or a monthly basis, whatever  
22 y'all think is appropriate, so that at all times there  
23 will be a balance of deobligated funds available for  
24 y'all's review, the executive director's review.

25 The third is also to track program income,

1 including the fees earned, loan repayments, et cetera, and  
2 have that easily available to everybody.

3 The fourth is to prioritize the following areas  
4 for funding with deobligated funds as allowable under the  
5 program rules and regulations. Now, keep in mind, when we  
6 say this is the priority, you know, the first priority  
7 would be disaster. If there are no disasters pending and  
8 you have an application for the next priority, which would  
9 be special needs, then we would fund the special needs.

10 Then if there are no special needs and a  
11 Colonia project comes in that this will benefit to the  
12 public, then it would be considered in the third priority.

13 And then the last priority, if there are no pending  
14 projects in the top three areas, would be any other  
15 special projects as determined by the executive director  
16 or the board.

17 Those are the priority levels that we are  
18 proposing to y'all. And then the fifth would be to  
19 provide the information regarding the use of any of the  
20 deobligated funds through the State Low Income Housing  
21 Plan and the annual report. And, of course, it would be  
22 available for public review at any point in time.

23 And that's what we're proposing that y'all  
24 direct the executive director to institute a policy  
25 including these major points.

1 MS. STINER: And we'll do that formally when we  
2 get back to on an agenda item.

3 MR. JONES: I think Mr. Bethel has a question.

4 MR. BETHEL: I've got one question. If we  
5 prioritize these, like disaster relief, special needs,  
6 Colonias, and things, and then would that be -- when we  
7 set this policy, I know the way -- like, a disaster relief  
8 now, we just get a letter. The board gets a letter saying  
9 that you're pleased to announce that such-and-such got  
10 money for disaster relief. So would that -- would the  
11 board have any input in this, or would we just be getting  
12 letters saying that -- on this deobligated funds, that we  
13 got -- that we used it for special needs or Colonias or  
14 whatever.

15 MS. STINER: The procedure, of course, for this  
16 could be worked out. But right now, the way we handle  
17 disaster relief is like you just said. I mean, we have  
18 activities that's been included in the consolidated plan,  
19 and if a disaster comes up, we get a letter from the  
20 governor or get a letter from the president. And what we  
21 traditionally do is look at various program areas and  
22 decide if we have funds available.

23 All this would do is make that a priority. If  
24 there are any deobligated funds on hand, we'll go to those  
25 funds first. But, you know, it depends on what procedure

1 we work through as to how those funds get allocated,  
2 whether there would be an approval by this board or  
3 whether it continues to be an activity that's handled at  
4 the program or administrative level -- it's something that  
5 would be decided.

6 MR. BETHEL: Okay.

7 MS. BINGHAM: Mr. Chairman, may I comment on  
8 that?

9 MR. JONES: Yes, you may.

10 MS. BINGHAM: As you may be aware, in the -- in  
11 our legislation, there are only two programs that the  
12 legislation require that the board vote on, really. The  
13 legislation requires that the board vote on the Tax Credit  
14 Program, and the other one is the Bond Program. That's in  
15 the legislation. The rest of it, in the legislation, is  
16 given to the executive director.

17 Now, the board can evolve and do anything it  
18 desires to do. No problem. But I think Mr. Bethel would  
19 remember that when there's a natural disaster -- hurricane  
20 hits some town, Del Rio -- the governor, regardless of who  
21 that governor is, calls in a team. He normally calls in  
22 this department and other departments. And I don't think  
23 they have ever contemplated that you got to post and get a  
24 board meeting. It was never contemplated.

25 When I became chair of the board in 1995 or

1 whenever it was, I requested certain changes and received  
2 consideration for those changes. Mr. Bethel made --  
3 talked to me about making some changes in some areas.  
4 However, I intentionally thought that disaster relief  
5 should not get bogged down into petty bureaucracy. But  
6 that's what it is: It is natural disaster money.

7 So the governor of the state or whoever makes  
8 those decisions when a hurricane hit, they shouldn't have  
9 to be trying to track down a board and get a quorum and do  
10 all that. So there's a history for why we do those  
11 things.

12 Now, at the highway commission and other  
13 boards, I think even at the prison board, the prison board  
14 members decided that they didn't want to see a contract  
15 unless it was \$5 million. They didn't want to spend their  
16 time on anything else. So I think it's a matter of the  
17 board agreeing, a policy evolving, as to what the board  
18 wants to see and what they do not want to see.

19 But it has been historic that CDBG got this  
20 regional allocation that -- Mr. Bethel, I think you used  
21 to serve on or had something to do with that from your  
22 area of the state. So I don't think it should surprise  
23 anybody. You can do what you want to do, but the fact of  
24 the matter is putting disaster relief as something you  
25 want to be bothered with -- I think it's bogging it down

1 in petty bureaucracy.

2 MR. BETHEL: Can I make a clarification on that  
3 statement? The disaster relief is -- the only way they  
4 can do disaster relief, if I'm not mistaken, is by order  
5 of the governor. And I had no problem with disaster  
6 relief being -- but there's some of the --

7 MS. BINGHAM: That's my point, that --

8 MR. BETHEL: -- some of the urgent -- then they  
9 had urgent needs when you were chair. There was some  
10 urgent needs and some of the other things. And when I was  
11 on the regional review committee, there was one thing that  
12 came through, and that's why I had some interest in it.  
13 It's not the disaster relief, because that comes from  
14 straight from the -- the governor has to declare that, and  
15 I don't --

16 MS. BINGHAM: Well, that's what I'm saying. So  
17 if you got a presidential disaster, a governor declared a  
18 disaster, why do you want to be sitting around --

19 MR. BETHEL: Oh, I've got -- I wasn't -- I  
20 mean --

21 MS. BINGHAM: I'm just --

22 MR. DAROSS: It's not the intent of this  
23 suggestion that the disaster relief has to come to the  
24 board, is it?

25 MR. BETHEL: No.

1 MR. DAROSS: This is just saying that's a  
2 number one priority.

3 MS. BINGHAM: We just -- I understand, Mr.  
4 Daross, what's going on. But I'm just saying that I think  
5 a lot of people -- there's a reason that you have  
6 staggered terms. There's a reason for that.

7 Board members serve a six-year term. New board  
8 members come on; they get oriented; they learn the  
9 process. But I'm just saying I was wanting to offer that  
10 in the legislation. There are two programs that the  
11 board -- that the legislators gave the board the authority  
12 to approve: Tax Credits, because of the QAP and the  
13 legislation; also the Bond Program, because of the  
14 covenants. Other than that, the legislation that's been  
15 written and approved by our governor does not give the  
16 board -- it could be a report item. That's just the  
17 history.

18 Mr. Bethel, when I served as chair, you wanted  
19 to see more items, and I acquiesced, but I knew, and this  
20 governor said, I don't know why a board wants to be nit-  
21 picking at all those little bitty items that -- he  
22 encouraged the prison board after the scandals, Why are  
23 you sitting over there not looking at anything unless it's  
24 \$5 million? That's a matter of public record.

25 So I just wanted to offer that little bit of

1 history.

2 MR. JONES: Thank you.

3 Thank you for your report, Ms. Stiner.

4 MS. STINER: Thank you, Mr. Chair.

5 One last item -- I think, Sandy.

6 I want you to meet a couple of people if they  
7 still stuck around, new additions to the department.  
8 Sidney Struss -- is Sidney still here? -- has joined the  
9 department as director of Information Services. Thank  
10 you, Sid.

11 Sarah Dale, who is the manager of the Office of  
12 Strategic Planning and Housing Resource -- y'all know her.

13 She's going to take over the Office of Strategic Planning  
14 and Housing Resource Center for us.

15 And Willie Heard is here this morning from the  
16 Section 8 Program. We have new management in Section 8.  
17 She's been promoted to supervisor. Barbara Howard is not  
18 here this morning, who's acted in the capacity of the  
19 manager.

20 But those are three -- four new staff persons.

21 Have I overlooked anybody? Y'all never met -- Michael  
22 has been around for so long, I thought everybody knew him.

23 Michael Lyttle has joined the department as director of  
24 Communications and Government Relations.

25 So I just wanted to introduce those folk to you



1 this morning, and you'll be seeing lots of them. And I  
2 wanted them to know who you are and to know who they are.

3 MR. JONES: Thank you.

4 MS. STINER: And that concludes my report.

5 MR. JONES: Thank you.

6 MS. BINGHAM: Mr. Chairman, I have one  
7 little -- I have a comment on another item, Ms. Stiner,  
8 that you reported on.

9 MS. STINER: Yes, ma'am.

10 MS. BINGHAM: If I may, Mr. Chair?

11 MR. JONES: Yes, ma'am.

12 MS. BINGHAM: That is on the board member  
13 training. Let me say, I read a letter on board member  
14 training that I think was a good idea. However, I would  
15 like to point out that when we go on training conferences,  
16 especially with the National Council of State Housing  
17 Agencies -- and there have been a couple of our board  
18 members who have served on the board of that agency --  
19 when the state pay our way of travel to go for those  
20 conferences, it is intended that we're educated and  
21 trained.

22 I think if you look at the schedules of those  
23 training conferences where we have had some high-level  
24 training, you will find that we have had considerable  
25 training if we attended the conferences. I have attended

1 several of them, and I can tell you they are very  
2 extensive; they go through the Tax Credit Program, they go  
3 through other programs. They also talk about the HUD  
4 programs. They talk about conflict of interest; they talk  
5 about a number of other things.

6 We also have at those conferences well-trained  
7 lawyers who have been former employees of HUD. And if you  
8 pulled the National Council of State Housing Agencies'  
9 previous records of where we -- our board members --  
10 attended some of those training conferences, you will find  
11 that there was an adequate schedule.

12 And it talked -- it covered all kind of  
13 programs: HOME, CDBG, Tax Credit, HOPE VI, how you  
14 combined them. It talked about different state  
15 regulations concerning board member conduct, what is  
16 appropriate, what is inappropriate; HUD, HOME, all kind of  
17 conflict of interest issues.

18 So I would just -- I just wanted to make that a  
19 note, since I will be -- I have traveled just as some  
20 other people. I try to attend those that I think I need  
21 to be informed about. But I think they are pretty  
22 helpful.

23 I don't play golf; I don't know how. I do try  
24 to get to most of those conferences and those training  
25 sessions. And I think the Governor's Office also has a

1 number of training sessions for folk to attend. So that's  
2 all I have to say on that issue.

3 MR. JONES: Thank you, ma'am.

4 Thank you for your report.

5 MS. STINER: Thank you, sir.

6 MR. JONES: And with that, I think that  
7 completes our agenda. Is there a motion to adjourn?

8 MR. DAROSS: So move.

9 MR. JONES: I heard a motion to adjourn; is  
10 there a second?

11 MS. SAENZ: Second.

12 MR. JONES: All in favor, say aye.

13 (A chorus of ayes.)

14 MR. JONES: We're adjourned.

15 (Whereupon, at 1:20 p.m., the meeting was  
16 concluded.)

C E R T I F I C A T E

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

MEETING OF: The Board of the Texas Department of  
Housing and Community Affairs

LOCATION: Austin, Texas

DATE: September 15, 2000

I do hereby certify that the foregoing pages,  
numbers 1 through 76, 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.

09/19/00  
\_\_\_\_\_  
(Transcriber) (Date)

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