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June 16, 2025

VIA ELECTRONIC MAIL

TDHCA Governing Board
Attention: Ysella Kaseman
221 East 11th Street
Austin, Texas 78701

RE: Additional Information to the Notice Regarding Debarment Appeal Determination
for Melissa Fisher

Our Firm represents Melissa Fisher, and we have been requested by Melissa to respond to the Texas Department of Housing and Community Affairs' ("TDHCA") Notice Regarding Debarment Appeal Determination letter decision to debar Melissa.

We are submitting this letter in response to your letter of June 9, 2025, which provided your interpretation of 10 TAC §1.7(f)(3), and gave our client an additional seven calendar days to submit "additional information [received] after the Executive Director has denied the Appeal." We appreciate the opportunity to formally and fully respond to your request regarding the quarterly reporting for quarters one and two of 2024, for the Board to consider at the meeting now scheduled for July 10, 2025.

BACKGROUND

On February 14, 2025, Melissa received a notice of a Debarment Referral to the TDHCA's Enforcement Committee relating to Riverside Heights Senior Living AKA Legacy Riverside Senior Living Community (HTC #20613 / Bond #20613B) ("Riverside"). This was the first indication from TDHCA to our client that the Department had responded to a rectified clerical error at Rise Residential Construction Riverside, LLC ("Rise") as the basis for Melissa's potential debarment.

The clerical error at issue when the debarment claim was initially asserted was the uploading of a third-party inspection report used by construction site personnel to respond to the report findings within the body of the report made by the inspector. Most edits that were made to the submitted report (without Melissa's knowledge or consent) were made in red font and therefore, were clearly not intended to deceive anyone reading the report. The report in question was due on October 10, 2024, to be filed with the Department. On the due date for the filing of the report, Rise's consultant (and Melissa's stepfather), Bill Fisher (who knew of the filing

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deadline) attempted to file it with the Department timely, knowing that our client was away from Rise's office that day. Mr. Fisher did not read the report before he submitted it by email to the Department. TDHCA staff had resisted giving Melissa a one-day extension to file the report when she was attending a TDHCA Board meeting that day out of town and, not in a position to file the quarterly report on time. Mr. Fisher had not filed a quarterly report prior to that, so he emailed the report he found on the computer network in the file, not knowing the content had been altered which was evident. Late on that same evening Melissa uploaded the same report Mr. Fisher had emailed to TDHCA staff to CMTS. She had no reason to know or suspect the inspection report Mr. Fisher sent in had been altered.

Email correspondence from the Department to Rise first occurred on December 5, 2024, when Rosalio Banuelos emailed Mr. Fisher, a consultant, with a copy to Melissa, asking the following questions about the construction inspection report submitted October 10, 2024: (1) Was it the original version prepared by CA Partners, Inc. (the third-party inspector), (2) Was it edited by the third-party inspector or someone else, and (3) Requesting the original report. Mr. Fisher confirmed for the Department in his response that he emailed the incorrect document used for internal comments to the status report and promptly emailed the correct report.

On April 11, 2025, Melissa received written notice of debarment from TDHCA. She filed her appeal of the debarment on April 25, 2025, (after being granted a seven-day extension due to the seriousness of the matter).

On May 30, 2025, Melissa received notification from TDHCA that it was performing more investigations of Rise's inspection report submissions to use as rebuttal evidence of Melissa's appeal. On June 9, 2025, Melissa received notification from TDHCA that Rise's quarterly reports filed for Q1 and Q2 of 2024 also have inconsistencies from the original CA Partners inspection reports. TDHCA granted seven days in which to respond to these new findings.

DISCUSSION OF APPLICABLE LAW

Statutory Basis for Possible Debarment

10 TAC §2.401(a) gives a list of actions and consequences of actions that may result in referral to the Committee for Debarment. The list involves:

- Refusal to comply with TDHCA rules and conditions,
- Refusal to comply with LURA terms and conditions,
- Unauthorized transfer of affordable housing properties,
- Failure to correct Events of Noncompliance or pay administrative penalties,
- Failure to comply such that TDHCA must repay federal funds,
- Misrepresentation that non-compliance has been corrected,
- Substandard construction,

- Loss of LURA of multifamily development,
- Repeated material financial system deficiencies,
- Repeated violations of audit reporting requirements, and
- Misapplication of funds or commingling of funds

All of these specified behaviors show either intentional or negligent disregard for TDHCA's mission and purpose. These behaviors cause health and safety risks to the intended beneficiaries of affordable housing who do not have a voice, and typically result in loss of affordable housing units and loss of taxpayer money.

Included in 10 TAC §2.401(a) is item (5) "Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department..." When this provision is properly considered within the context of 10 TAC §2.401(a), the reader recognizes that it is a tool given to TDHCA staff to step in and prevent a current or future project from getting to the point of endangering residents, losing affordable housing units, or losing federal funds. It lets TDHCA keep people and entities out of the affordable housing industry who do not share TDHCA Board's and staff's passion for helping people by offering affordable housing.

The purpose of keeping out bad actors through these provisions is evident because people and entities that meet the ineligibility criteria of 10 TAC §11.202 may be debarred pursuant to 10 TAC §2.401(a)(4). The ineligibility criteria are based on bad behavior that has caused or may cause losses to government entities and agencies, including:

- Committing state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses,
- Materially breaching a contract with a public agency,
- Being, at the time of the Application, subject to an order in connection with an enforcement or disciplinary action under state or federal securities law or by the Financial Industry Regulatory Authority ("FINRA"); subject to a federal tax lien; or the subject of a proceeding in which a Governmental Entity has issued an order to impose penalties, suspend funding, or take adverse action based on an allegation of financial misconduct or uncured violation of material laws, rules, or other legal requirements governing activities considered relevant by the Governmental Entity,
- Misrepresenting to a subcontractor the extent to which the Developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the

scope of the Developer's participation in contracts with the agency, and the amount of financial assistance awarded to the Developer by the agency,

- Being delinquent in any loan, fee, or escrow payments to the Department in accordance with the terms of the loan, as amended, or is otherwise in default with any provisions of such loans, and for which no repayment plan has been approved by the Department,
- Failing to cure any past due fees owed to the Department within the time frame provided by notice from the Department and at least 10 days prior to the Board meeting at which the decision for an award is to be made,
- Providing false or misleading documentation or made other intentional or negligent material misrepresentations or omissions in or in connection with an Application (and certifications contained therein), Commitment or Determination Notice, or Direct Loan Contract for a Development,
- Owning (direct or indirectly) a Department assisted rental Development for which the federal affordability requirements were prematurely terminated and the affordability requirements have not been re-affirmed or Department funds repaid,
- Failing to disclose, in the Application, any Principal or any entity or Person in the Development ownership structure who was or is involved as a Principal in any other affordable housing transaction, that has terminated voluntarily or involuntarily within the past 10 years, or plans to or is negotiating to terminate, their relationship with any other affordable housing development,
- Failing to disclose in the Application any voluntary compliance agreement or similar agreement with any governmental agency that is the result of negotiation regarding noncompliance of any affordable housing Development with any requirements, and
- Having been or being barred, suspended, or terminated from participation in a state or Federal program, including those listed in the U.S. government's System for Award Management (SAM).

Despite identifying these behaviors as those indicating a greater likelihood of losses, foreclosure resulting in loss of units and funding does not create mandatory debarment. According to TDHCA staff discussing a foreclosure-related debarment, one purpose of debarment “is to give the responsible parties time to regroup and fix their internal policies and mechanisms to show that they can responsibly administer TDHCA properties and funding.”¹

¹ TDHCA Governing Board Meeting Transcript from December 12, 2024, lines 168-171

(emphasis added) “This is kind of a new direction that purposely we changed the rules ... to give you a stick ...if people allow foreclosure. It is discretionary.”²

The debarment discussed (in the foregoing quote) was that of Cliff McDaniel, the general partner (“GP”) of a project through the nonprofit OnTrack Ministries. In that case, the Board decided against debaring Mr. McDaniel and instead used the threat of his potential debarment at that Board meeting to send the message that “I do want to be clear for GPs that ... the GP is responsible in the operations. They are and I expect them to be careful with who they're in bed with.”³

The change in rules noted by Mr. Wilkinson in his consideration of Mr. McDaniel reflect that previously “we've mostly taken you to [debarment] about compliance, health and safety, et cetera.”⁴ The statutes, prior debarments, and Board discussions about debarment have focused on non-compliance in property management, health and safety risks to residents, and, recently, foreclosures resulting in loss of affordable housing units and funding.

There is no possible rationale for believing that an error that may arise in a quarterly report filing should cause the erroneous filer to be on the receiving end of a potential debarment absent the existence of other more potentially harmful factors likely to cause serious harm to people, loss of property, or refusal to comply with the affordable housing statutes, rules, and regulations.

Basis for Mandatory Debarment

Debarment is a mandatory punishment for someone who repeatedly scores 50% or less on UPCS inspections and NSPIRE inspections; refuses to allow a monitoring visit despite receiving proper notice; refuses to reduce rents to less than the highest allowed under the LURA; refuses to correct a UPCS, NSPIRE, or final construction inspection deficiency; fails to meet minimum set aside by the end of the first year of the credit period; or excludes an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. § 1-437), or other federal, state, or local government rental assistance program. 10 TAC §2.401(c) through (e).

Debarment is also mandatory for a Responsible Party, Consultant, or Vendor who is debarred from participation in any program administered by the United States Government. 10 TAC §2.401(b).

² Id. Lines 1733-1737.

³ Id. Holland Harper (01:34:48), lines 2025-2029

⁴ Id. Bobby Wilkinson (01:22:23), line 1733-1735

SERIOUSNESS AND PERMANENCE OF DEBARMENT

In its prior rulings in this case, TDHCA acknowledges that debarment is to prevent loss of affordable housing property and funding in addition to protecting health and safety of residents. Debarment for loss of property and funding is consistent with the statutes that focus on behaviors that lead to, or have led to, loss of affordable housing property and funding.

The serious punishment of debarment is found in the statute, and it constitutes far more of a damaging result in the careers of the alleged wrongdoer than a mere pause in participating in some capacity in affordable housing development so that a person can be more organized in their back office. The serious danger to a person debarred includes the following:

- The Department shall debar any Responsible Party, Consultant, or Vendor who is debarred from participation in any program administered by the United States Government. 10 TAC §2.401(b).
- A party is ineligible under 10 TAC §2.401(a)(4) and subject to debarment if they have been or are currently barred, suspended, or terminated from participation in a state or Federal program, including those listed in the U.S. government's System for Award Management (SAM); 10 TAC §11.202(1)(A). (emphasis added)

Most, if not all, states besides Texas have a similar provision regarding the severe consequences of debarment, thereby making debarment in Texas a permanent ban on doing affordable housing projects (and any government-related work) in other jurisdictions.

Debarment is effectively a taking because it must be disclosed on ongoing projects with HUD which can deprive a debarred person of a current property interest in existing contracts.

TDHCA staff have frequently asserted that debarment is not punishment, yet the TDHCA Board and staff discussed the permanent ramifications on the record of someone debarred in the March 2025 Board meeting (TDHCA Governing Board Meeting Transcript, March 6, 2025), which reads as follows:

Sascha Stremmler (1:36:18):

So once ... the period that's outlined in the order ends, they're effectively able to move forward with applying for funding or...getting additional program funding through the Department. There's no...review period after that, although...all applications...go through prior participation review. So that information is, will be included, but they are no longer debarred.”

Cindy Conroy (1:36:42):

Does that disclose that they were debarred previously?

Sascha Stremmer (1:36:46):

That ... should be in... their information that's reviewed.

Leo Vasquez III (1:36:51):

How's the...prior participation review...impact the scoring?

Bobby Wilkinson (1:37:05):

No, it's like, go, no go. It's...not scoring. Like, if you fail your previous participation review, you don't get awarded whatever we're awarding. (emphasis added)

At this March 2025 meeting, the Board discussed the potential of a “letter of reprimand” or “middle ground” that “would not be posted on the on the website.” “It is a letter that would ostensibly be available through an open records request. But it is just a letter from the executive director.”⁵

In the present case involving Melissa, the penalty of debarment is discretionary and imposing such a penalty is not required in the event of a finding that a quarterly report filed in good faith, without knowledge, intent or negligence, and with no possibility of causing loss of affordable housing units, loss of funding, financial reporting errors, compliance reporting errors, or any other targeted bad behavior referenced in the statutes.

BASIS FOR DEBARMENT RECOMMENDATION

Q3 2024 Quarterly Report Upload Clerical Error

As previously communicated to TDHCA, there was no intent to include an obviously altered inspection report in Q3 2024 reporting on Legacy Riverside. Bill Fisher does not typically submit construction status reports (CSR), so he added the first inspection report he found to the draft CSR in Rise’s project folder and emailed it to TDHCA asset management in order to meet the filing deadline.

Mr. Fisher immediately found and sent the original report without markings and edits to TDHCA staff as soon as they inquired about the obvious edits in the report. Upon being notified of the edited reports having been filed, Melissa immediately implemented tighter control procedures at Rise to limit access to files containing original inspection reports that are filed with TDHCA to prevent this type of improper filing from occurring again and, she has continued to evaluate how this happened and implement controls to prevent future occurrences.

TDHCA staff clearly did not rely on the edited report submitted in error because the Department’s staff contacted Mr. Fisher to ask about obvious changes to the report before any action was taken in reliance on the report.

⁵ TDHCA Governing Board Meeting Transcript, March 6, 2025, discussion in lines 2021-2097

There is no financial incentive to Melissa or Mr. Fisher to file an edited report because the quarterly third-party inspector reports received from the lender do not impact the construction projects.

There were no losses of financing or affordable housing units to TDHCA. There was no failure to manage the property to benefit the intended residents.

Therefore, this filing error is not the type of error for which debarment is an appropriate response or a statutory response. Taking 10 TAC §2.401(a)(5) out of its proper context and applying it to an obvious filing error that caused no losses or harm is highly inappropriate and harsh, suggesting TDHCA staff holds personal biases that are intruding into what should be a neutral assessment and response.

TDHCA will always see various filing errors from developers due to the unavoidable volume of required filings and paperwork. TDHCA staff and Board have previously accepted that filing errors happen and have not debarred the filers.

Q1 2024 and Q2 2024 Inspection Report Changes Previously Unknown to Melissa

TDHCA staff members have thus far rejected Melissa's response to the debarment recommendation, and it appears they have pursued making additional filings in order to impeach her character and representation. At the time of filing the Q1 and Q2 2024 quarterly reports, Melissa did not know the Q1 and Q2 2024 inspection reports had been edited by an employee at in a nonobvious way, therefore, she could not possibly have knowingly or intentionally filed the misleading or false reports.

She also was not negligent in the processes and procedures established by Rise. Based on the processes, procedures, and non-reliance on the inspection report below discussed, she could not foresee that an employee would make nonobvious changes to an inspection report at some unknown time. Yes, Melissa had a duty to protect against *foreseeable* actions that would result in conduct that violates a statute or regulation and, in that instance, a failure to do so would be negligent. If an event involving wrongful conduct is not foreseeable, however, there can be no negligence. Further, quarterly reports to TDHCA include up to date construction progress percentages, the methodology for which differs from the third-party site inspection percentages, and, therefore, it is not foreseeable that an inspection report would be edited in a nonobvious manner by an unauthorized employee.

No Incentive to Edit Inspection Reports

Melissa had no reason to suspect she had uploaded reports for Q1 and Q2 of 2024 that were secretly and purposely edited when such a known instance of misconduct had never taken place before, to her knowledge. Inspection reports are ordered by lenders, not by Melissa or Rise.

The reports are delivered to the lenders by the inspectors, so there is no incentive for a developer like Rise to edit a report that the lender has already seen. If there are errors in the reports that appear problematic from the lender's perspective, Melissa must discuss the questioned reports with the lender who hires the inspection company. The lender is keenly interested in seeing projects advancing properly and would be the most interested in the inspection report which they receive directly from the inspector they hired, and the lender for the subject property has no problem in accepting Melissa's and Rise's explanations for why the filing of the wrongly edited reports has not harmed it in any way, and the filing under the undisputed factual circumstances was neither intentional nor negligent.

The developer reports the current construction progress in the quarterly report on the cover page. The percentage reflected on the cover page is the percentage billed against the contract amount in the most recent G703 detail. Certain line items included in that amount such as General Conditions, Insurance, Software, will not be identifiable on site, thus the percentage will not match the inspector's percentage completion, and will most likely be lower. The G702 draw-based percentage is almost always different from an inspection report. By the time the quarterly reports are submitted to TDHCA, the inspection report is frequently out of date which makes the quantifiable data contained in the inspection report not relevant in the reporting process.

This lack of incentive to change the inspection report findings means it is not foreseeable that a Rise employee would be motivated to change it. In fact, supervisors and project managers are incentivized on what they can control on a project, meaning that they are not penalized if factors beyond their control affect the project timing and cost. Based on this, Melissa could not know that an employee with access to the report would make nonobvious edits to make himself look better. She investigated and found that a former employee acknowledged making the edits because he disagreed with the report and believed it could hurt his compensation potential.

Melissa had no reason to foresee that a Rise employee would change a report in a nonobvious way. She does not rely on the third-party inspection report because she sees the total and the actual progress on a multifamily project based on all of the invoices and what she learned from the many personnel who go to the site on an ongoing basis. Melissa speaks with the Project Managers in their monthly meeting on the third Thursday of each month. The report is discussed with the bank if necessary to clarify any questions or inaccuracies.

Thus, many experienced development and construction professionals review the inspection report, and the internal progress reports, and discuss their findings. Given all the key ongoing documentation that is reported and relied upon by all interested parties in a multifamily project being built, there should be no incentive to hide or misrepresent something going on with a project by editing a few lines in a third-party inspection report commissioned by a lender. Additionally, Rise has internal controls over the invoice payment and draw processes, so progress at a site cannot be hidden or misrepresented by editing a third-party inspection report prepared for and sent to a lender.

Additionally, the CA Partners reports are informational reports only when provided to TDHCA. TDHCA did not hire CA Partners to perform inspections on its behalf, so TDHCA must send its own inspectors to a job site if it has any concerns or internal obligations it must meet. TDHCA is not in a contractual relationship with CA Partners because the lender retained CA Partners for its lender-specific purposes, not to meet TDHCA's unique and separate needs and uses. This negates the idea that TDHCA must be relying on the CA Partners inspection report and therefore was harmed by receiving the edited report.

Internal Control Processes and Procedures Affecting Quarterly Reporting

Internal controls include separation of duties for preparing draw requests. Superintendents, Project Managers, and Project Coordinators generate the draws. Invoices come in from subcontractors, the Superintendent and Project Manager both approve them as appropriate, and the Project Coordinator responsible for draws includes those in the draw at the end of the month. The Project Coordinator prepares the G702/G703 at the corporate office based upon approved invoices. The Project Manager approves Forms G702/G703 then the Project Coordinator sends that document to Melissa via DocuSign. The G702 then goes to the architect via DocuSign to review and sign. This thorough process ensures that only accurate information is used and relied upon by all parties with an interest in the project moving forward to a successful conclusion.

For the quarterly report, the most recent G702/G703, the most recent third-party inspection report, the minority owned business report, and sometimes current site photos (if the inspection report is outdated) are all combined into one PDF file which Melissa uploads to TDHCA.

This process means multiple people from the project site and the corporate office review the actual progress of the project. The inspection report is generated independently, and does not impact the processes to construct the property, pay invoices, or prepare the G702 draw-based percentage. Importantly, third-party inspection reports have no impact on Rise's accounting procedures, and they are not relied upon for the compliance audits of completed construction jobs, therefore, the altered reports could not interfere with or distort financial reporting and completed construction audits.

Upon the discovery of Q1 and Q2 2024 reports being altered, Melissa inspected all reports dating back to Q1 2023 for Riverside, and found no edits. She also inspected a sampling of another project's inspection reports and found the same. This supports that nonobvious report changes are not pervasive and are not foreseeable. Because the edits were not foreseeable, Melissa was not negligent when she uploaded them with the current completion percentage cover sheet in the quarterly report to TDHCA.

Debarment Should be Limited to TDHCA Financial Losses, Affordable Housing Unit Losses Through Foreclosure, Failure to Manage Operating Properties in Compliance with Affordable Housing Requirements, and Health and Safety Risks

The stated goal of the initial debarment letter is to give Melissa’s organization time to “allow Responsible Parties to focus on their current responsibilities and maintaining [sic] them in a compliant manner before taking on further obligations.”

This recommended debarment is completely disconnected from the development of affordable housing units.

The issues with the submitted edited reports have NOTHING to do with the construction of affordable housing units. The percentage of completion and the inspector’s commentary about Rise in the uploaded edited reports do NOT change the timing of work being done at the project site or the cost to get the work done. They do not change which subcontractors are used or how materials are sourced. They do not change the weather that may slow the project. They do not change the COVID delays. They do not change the financing gaps that accompany inflation and substantially higher interest rates.

To the extent CA Partners commented about project delays, it was not a value-adding observation. As anyone familiar with the development and construction industry can attest, most large projects fall behind schedule. In fact, the National Multifamily Housing Council’s published statistics for March 2022 through December 2024 show significant construction delays in response to their question, “In jurisdictions where you operate, are you experiencing construction delays?”⁶

	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024
Yes	89%	97%	90%	84%	79%	90%	88%	84%	81%	70%	52%	78%
No	8%	3%	7%	13%	16%	10%	9%	16%	15%	30%	45%	19%
N/A	3%	0%	3%	2%	5%	0%	3%	0%	4%	0%	3%	4%

Developers are still reporting significant delays into 2025.⁷

	Jun 2024	Sep 2024	Dec 2024	Mar 2025
Yes	70%	52%	78%	58%
No	30%	45%	19%	36%
N/A	0%	3%	4%	5%

These statistics further support the fact that it was not foreseeable that an employee would change an inspection report when the entire industry is experiencing similar challenges.

⁶<https://www.nmhc.org/research-insight/nmhc-construction-survey/2024/quarterly-survey-of-apartment-construction-development-activity-december-2024/>

⁷<https://www.nmhc.org/research-insight/nmhc-construction-survey/2025/quarterly-survey-of-apartment-construction-development-activity-march-2025/>

Combining these multifamily development industry delay statistics, the fact that performance incentive measures exclude factors beyond an employee's control, the regular and frequent internal meetings about the project progress with experienced industry personnel, and the internal controls around invoice payment and draws, soundly demonstrates that Melissa could not possibly have foreseen that an employee would made nonobvious edits to an inspection report.

CONSEQUENCES OF DEBARMENT

Debarment for this Matter is a Draconian Measure

Debarment is an extremely serious punishment for submitting an edited inspection report along with the actual current project progress statistics and supporting draw requests.

The ramifications are broad and sweeping and effectively destroy a person's career in any kind of government-related work. The ramifications can harm an individual's ability to qualify for certain professional licenses, jobs, or even personal loans. Right or wrong, a debarment communicates to the world that a person has committed a crime against the state. That is a draconian punishment for this limited instance of unknowing, unintentional, immaterial, nonnegligent quarterly filing on one project.

Disclosure is required in government applications at all levels, and the disclosure is not limited to the period of debarment. There is no end date to disclosure.

Debarment is effectively a taking because it must be disclosed in ongoing projects with HUD which can deprive Melissa of her current property interest in existing contracts.

Debarment for this Matter Sets a Bad Precedent that Conflicts with TDHCA's Mission and Purpose

Many multifamily housing developers, general partners, consultants, and others necessary to deliver affordable housing may choose to stay out of projects involving TDHCA for fear a minor, incorrect filing will permanently destroy their careers if the Board sets this precedent with Melissa.

Another serious consequence is the loss of a capable proven professional who delivers affordable housing to the people who need help. A debarment for this quarterly reporting unknown, unintentional, immaterial, nonnegligent error is contrary to TDHCA's mission and purpose of delivering affordable housing. Melissa and her affiliates have delivered quality multifamily affordable housing for almost two decades as the following table shows.

Property	Location	Affordable Status	Opening Date	Affordable Units	Total units
Jackson Road Apartments	McAllen, TX	Yes – 51% ≤ 60% AMFI	Forecast Q1 2026	18	36
BCC Village SF BTR	Brownsville, TX	Yes – 51% ≤ 60% AMFI	Jan 2025	16	32
Sherwood Oaks Apartments	Baton Rouge, LA	Yes – Income restricted	Forecast Dec 2025	280	280
Villas at Lake Jackson	Lake Jackson, TX	Yes – 51% ≤ 60% AMFI	Forecast Nov 2025	118	232
Sienna Villas Apartments	Freeport, TX	Yes – 51% ≤ 60% AMFI	Completed Nov 2022	79	156
Villas at Cardinal Hills	Lakeway, TX	Yes – 100% ≤ 60% AMFI	Forecast Dec 2025	180	180
Austin Manor Apartments	Austin, TX (ETJ)	Yes – LMI	Forecast July 2025	280	280
The Curve Apartments	Moore, OK	Yes – Mixed-income	Completed Summer 2023	121	242
Austin Boyce Apartments	Austin, TX (ETJ)	Yes – LMI	Completed June 2023	280	280
Creekview Austin Apartments	Austin, TX	Yes – 100% ≤ 60% MFI	Completed March 2020	264	264
City Square Artist's Lofts *	Garland, TX	Yes – Mixed-income (9% HTC)	Completed Sept 2019	92	132
Villas at Indian Lake	Los Fresnos, TX	Yes – Mixed-income (9% HTC)	Completed March 2019	56	80
Austin Colorado Creek Apartments	Austin, TX	Yes – 100% ≤ 60% MFI	Completed Jan 2020	240	240
Bellfort Park Apartments	Houston, TX	Yes – 100% ≤ 60% MFI	Sold after 2017	66	66
Villas at Plano Gateway	Plano, TX	Yes – 80% ≤ 60% AMFI	Completed Feb 2017	234	292
Major Place Apartments	Greenville, TX	Yes – 20% Affordable (HOME)	Completed May 2018	35	176
Champion Homes on the Lake	Lake Dallas, TX	Yes – 20% Affordable (HOME)	Completed May 2015	28	140
Champion Homes at Tahoe Lakes	Midland, TX	Yes – 20% Affordable (HOME)	Completed May 2015	31	156
Grand Manor Apartments	Tyler, TX	Yes – HUD HAP Rehab	Completed Nov 2014	120	120
Mayorca Villas Family Housing	Brownsville, TX	9% HTC mixed-income	Aug 2014	48	120
Champion Homes at Canyon Creek	Brownsville, TX	9% HTC + BHA subsidy	Apr 2007	100	100
Marina Landing Apartments **	Galveston, TX	CDBG/Hurricane rehab	Post-2010	18	256
Seaport Village Apartments	Galveston, TX	CDBG/Hurricane rehab	Aug 2011	14	192
Brittany Place SF Homes	Port Arthur, TX	CDBG (expired)	Dec 2010	100	100
Brittany Place Townhomes	Port Arthur, TX	CDBG (expired)	Feb 2010	96	96
Candlewick Apartments	Brownsville, TX	9% HTC rehab	Apr 2010	132	132
Alta Vista Senior Towers	Weslaco, TX	9% HTC senior rehab	Dec 2008	100	100
Centerpointe Home Ownership	Weslaco, TX	Rental to ownership	Jun 2008	36	36
Tropical Gardens at Boca Chica	Brownsville, TX	9% HTC + PH	Apr 2007	158	158
Edinburg Senior Towers	Edinburg, TX	9% HTC senior rehab	Apr 2007	100	100
Quail Creek Family Housing	Denton, TX	Tax-exempt bond	Jun 2005	264	264
Rose Court at Thorntree	Dallas, TX	Tax-exempt bond	Jun 2005	280	280
Champion at Rush Creek	Arlington, TX	Tax-exempt bond	Oct 2005	248	248
Champion Town Homes on the Green	Houston, TX	Tax-exempt bond	Apr 2005	238	238
Champion at Marshall Meadows	San Antonio, TX	Mixed-income	Sep 2007	150	250
Champion at Port Royal	San Antonio, TX	Mixed-income	Apr 2006	150	250
Champion at Mission Del Rio	San Antonio, TX	Mixed-income	Jun 2009	144	240
Villas at Winkler Senior Housing	Houston, TX	Senior housing	Dec 2008	234	234
Champion Town Homes at Pecan Grove	Dallas, TX	Tax-exempt bond	Dec 2006	250	250
Total				5,398	7,028

* The development won the Texas Affiliation of Local Housing Finance Corporation development of the year in 2019

** Sold to a nonprofit housing foundation which completed the development as financed.

Debarring Melissa for the few and limited quarterly reporting issues discussed above reduces the number of capable people who work with TDHCA to deliver affordable housing. The only losses to TDHCA if Melissa is debarred will be losing a strong committed professional who is passionate about providing affordable housing for the last two decades.

CONCLUSION AND RECOMMENDATIONS

The Board has discretion over this appeal and should skeptically scrutinize the staff's basis and motives for this debarment recommendation. It is inconsistent with past and present practices, inconsistent with the intent of the statutes regarding debarment, extraordinarily severe, and singles out this developer for an extremely limited instance of quarterly construction

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progress reporting that did not cause or relate to any losses, health and safety risks, or reliance by TDHCA that helped Melissa in any way.

We recommend that the Board considers how TDHCA staff uses the quarterly reports and whether receiving the unedited inspection reports with the Q1 and Q2 2024 actual current construction percentages and draw progress would have changed anything at the job site.

This potential debarment being elevated to the Board for public airing is sufficient discipline for Melissa because there are no losses to TDHCA and no risk of harm to people. The Board's discussion of the staff's recommendation of debarment for a quarterly filing sends a message to all developers, similar to the message the Board sent to GPs via Cliff McDaniel's potential debarment. Melissa is now on notice, as will be all developers who watch, read, or hear about this meeting, to be alert to and implement controls to prevent this type of problem in the future.

Melissa has implemented a Corrective Action Plan and welcomes the Board's review and comments on the plan. This plan strengthens existing internal control, provides more checks and balances, and demonstrates Melissa's and Rise's full commitment to regulatory compliance and transparency with TDHCA.

1. Compliance Dept Submission: Rise's VP of compliance will submit the compliant package via CMTS.
2. Direct Submission: The third-party inspector will email the inspection report directly to the asset manager before the submission deadline.
3. Data File Access: Changed the policy for which employees are granted access to the "draw" folder where the original copies of inspection reports are saved.

Lastly, Melissa appreciates your granting an opportunity to fully and properly respond to the previously unknown quarterly filing irregularities and placing this matter on the agenda for the July 10, 2025, Board meeting.

Very truly yours,



John C. Shackelford

cc: Melissa Fisher (*via email*)
Bobby Wilkinson (*via email*)
Beau Eccles (*via email*)

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