



# **TDHCA Governing Board Meeting Transcript\***

***10:00 a.m.  
April 9, 2026***

***Dewitt C. Greer State Highway Building,  
Williamson Board Room***

***125 E. 11th Street, Austin, TX 78701***

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BOARD MEMBERS:

LEO VASQUEZ III, CHAIR

KENNY MARCHANT, VICE CHAIR

ANNA MARIA FARIAS

AJAY THOMAS

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Bobby Wilkinson

Michael Lyttle

Beau Eccles

Brooke Boston

Jeanna Adams

Sarah Anderson

Robbye Meyer

Lora Myrick

Scott Fletcher

Teresa Morales

Rosalio Banuelos

Donna Rickenbacker

Megan Sylvester

Kenny Baugh

Jeremy Stremmler

Gavin Reid

Wendy Quackenbush

Cody Campbell

David Fournier

Alma Cobb

Rick Deyoe

Joshua Goldberger

1 **Leo Vasquez III (0:00:08):**

2 Good morning. I call to order the meeting of the  
3 Governing Board of the Texas Department of Housing and  
4 Community Affairs. It is 10:03 a.m. on April 9, 2026.  
5 We will start with the roll call. Mr. Marchant.

6

7 **Kenny Marchant (0:00:23):**

8 I am here. Down here on the end.

9

10 **Leo Vasquez III (0:00:25):**

11 Ms. Farias.

12

13 **Anna Maria Farias (0:00:26):**

14 Here.

15

16 **Leo Vasquez III (0:00:26):**

17 Mr. Thomas.

18

19 **Ajay Thomas (0:00:27):**

20 Here.

21

22 **Leo Vasquez III (0:00:27):**

23 Mr. Harper.

24

25

26 **Holland Harper (0:00:28):**

27 Here.

28

29 **Leo Vasquez III (0:00:29):**

30 Ms. Conroy.

31

32 **Cindy Conroy (0:00:29):**

33 I am here.

34

35 **Leo Vasquez III (0:00:30):**

36 And myself. We have a quorum. As usual, when we start  
37 out the meeting, we will have Mr. Wilkinson lead us in  
38 the pledges.

39

40 **Bobby Wilkinson (0:00:42):**

41 I pledge allegiance to the flag of the United States of  
42 America, and to the republic for which it stands, one  
43 nation under God, indivisible, with liberty and justice  
44 for all. Honor the Texas flag; I pledge allegiance to  
45 thee, Texas, one state under God, one and indivisible.

46

47

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50

51 **Leo Vasquez III (0:01:08):**

52 Great. Thank you. Mr. Lyttle, do we have some  
53 resolutions to be read into the record? I believe we  
54 are marking April as Fair Housing Month and May as  
55 Community Action Month.

56

57 **Michael Lyttle (0:01:20):**

58 That is correct. Good morning, Mr. Chairman. We have  
59 two resolutions, as you mentioned, that are in the board  
60 book. I will just go chronologically and read April's  
61 Fair Housing. Is that all right, Beau, even though the  
62 agenda lists May first?

63

64 **Leo Vasquez III (0:01:35):**

65 We're going to be mixing up the agenda today a little  
66 bit, so go ahead.

67

68 **Beau Eccles (0:01:36):**

69 I'll fix that up. But let's take a chance.

70

71

72

73

74

75

76 **Michael Lyttle (0:01:39):**

77 Got it. Thank you. I'm running with scissors. Okay.

78 Resolution recognizing April as Fair Housing Month.

79 Whereas April 2026 is Fair Housing Month and marks 58

80 years since the passage of the Federal Fair Housing Act

81 signed into law by U.S. President Lyndon Johnson on

82 April 11th, 1968. Whereas the Fair Housing Act provides

83 that no person...

84

85 **Leo Vasquez III (0:02:17):**

86 Maybe you should have started with the other one.

87

88 **Michael Lyttle (0:02:19):**

89 I know.

90

91 **Bobby Wilkinson (0:02:19):**

92 It was a shorter act than I remember.

93

94 **Michael Lyttle (0:02:21):**

95 I'm having computer issues. This is why I probably

96 should have printed it out. Okay. Just give me a

97 second. I'm sorry about this.

98

99

100

101 **Leo Vasquez III (0:03:25):**

102 Brooke, if you're late for your appointment this  
103 afternoon, it's because of Mike.

104

105 **Michael Lyttle (0:03:28):**

106 Okay. It's on me. Yeah. Whereas, the Fair Housing Act  
107 provides that no person shall be subjected to  
108 discrimination because of race, color, national origin,  
109 religion, sex, disability, or familial status in the  
110 sale, rental, financing, or advertising of housing.

111 Whereas, the Department of Housing and Community Affairs  
112 administers HUD and other housing programs to promote  
113 the development and supply of safe, decent, affordable  
114 housing for qualifying Texans. Whereas, it is the policy  
115 of the Department to support equal housing opportunity  
116 and the administration of all its programs and services.

117 Whereas, the Department, through its programs,  
118 workshops, trainings, and materials, seeks to educate  
119 property managers, consultants, program administrators,  
120 architects, contractors, developers, engineers, and  
121 others about the importance of their adherence to the  
122 requirements of the Fair Housing Act.

123

124

125

126 And, whereas; the Department and the State of Texas  
127 support equal housing opportunity and housing choice in  
128 accordance with the Fair Housing Act, not only during  
129 Fair Housing Month in April but throughout the entire  
130 year. Now, therefore; it is hereby resolved that the  
131 Texas Department of Housing and Community Affairs  
132 recognizes the significance of Fair Housing Month as an  
133 important time to acknowledge, better understand, and  
134 support equal housing opportunity and encourages the  
135 continued commitment to fair housing in the State of  
136 Texas. And; recognizes that in pursuit of the goal and  
137 responsibility of providing affordable housing and equal  
138 housing opportunities for all, the Governing Board of  
139 the Texas Department of Housing and Community Affairs  
140 does hereby celebrate April 2026 as Fair Housing Month  
141 in Texas and encourages all Texas individuals and  
142 organizations, public and private, to join in the  
143 observance of the impact and importance of affordable  
144 housing and equal housing opportunity to the success of  
145 all Texans. Signed this 9th day of April 2026.  
146 We also did receive a proclamation from the Governor  
147 recognizing April as Fair Housing Month in Texas. So I  
148 don't know if you want to take any action on that  
149 resolution or do them both at the same time.  
150

151 **Leo Vasquez III (0:05:40):**

152 Let's go ahead and do, we'll do them together.

153

154 **Michael Lyttle (0:05:45):**

155 Okay. The second one is resolution recognizing May as

156 Community Action Month. Whereas; community action

157 agencies are nonprofit and units of local government

158 organizations designed under the Economic Opportunity

159 Act of 1964 to serve to ameliorate the effects of

160 poverty and help persons experiencing poverty to

161 transition to self-sufficiency. Whereas; community

162 action builds and promotes economic stability and

163 enhances stronger communities and the opportunity to

164 live in dignity. Whereas; nationally community action

165 has enhanced the lives of millions by providing

166 essential life-changing services and opportunities.

167 Whereas; community action serves 99 percent of America's

168 counties in rural, suburban, and urban communities and

169 works toward the goal of ending poverty in our lifetime.

170 Whereas; Texas has a strong and vibrant network of

171 community action agencies to deliver community action to

172 Texans in need.

173

174

175

176 Whereas; community action will continue to implement  
177 innovative and cost-effective programs to improve the  
178 lives and living conditions of the impoverished and  
179 continue to provide support and opportunities for all  
180 eligible households in need of assistance.

181 And, whereas; the Texas Department of Housing and  
182 Community Affairs and the State of Texas support  
183 Community Action Network in Texas in working to improve  
184 communities and make Texas a better place to live not  
185 only during Community Action Month in May but throughout  
186 the entire year. Now, therefore; it is hereby resolved  
187 the Governing Board of the Texas Department of Housing  
188 and Community Affairs does hereby celebrate May 2026 as  
189 Community Action Month in Texas and encourages all Texas  
190 individuals and organizations, public and private, to  
191 join and work together in observance of the hard work  
192 and dedication of Texas Community Action agencies.

193 Signed this 9th day of April 2026.

194

195 **Leo Vasquez III (0:07:30):**

196 Excellent. Thank you. I'll take a motion to adopt the  
197 resolutions as read.

198

199 **Anna Maria Farias (0:07:36):**

200 I so move, Mr. Chairman.

201 **Holland Harper (0:07:37):**

202 Second.

203

204 **Leo Vasquez III (0:07:38):**

205 Motion made by Ms. Farias. Seconded by Mr. Holland.

206 All those in favor say aye.

207

208 **All Board Members (0:07:43):**

209 Aye.

210

211 **Leo Vasquez III (0:07:44):**

212 Any opposed? Hearing none, motion carries. And I did

213 all that with my mic off. You can hear that, right?

214 Okay. We are going to do things a little bit out of

215 order, although, well, first let's address the consent

216 agenda, recognizing there are a whole bunch of different

217 items on the consent agenda this time.

218

219 However, most of them, if you look through them, they're

220 just very yes, yes, yes, yes. It's ministerial. But

221 are there any items, I believe I've been told that item

222 10 has been requested to be moved to action. Did I get

223 a nod of yes on that?

224

225

226 **Bobby Wilkinson (0:08:39):**

227 Yes.

228

229 **Leo Vasquez III (0:08:41):**

230 Okay. Are there any other items on the consent agenda  
231 that any board member or member of the public wishes to  
232 move to action?

233

234 **Ajay Thomas (0:08:48):**

235 Mr. Chairman, if I might. Item number 11, which is the  
236 Department's request to approve its investment policy,  
237 which is the normal action that we do annually. In  
238 Attachment E of that agenda item, there is a list of  
239 approved broker dealers that the Department can execute  
240 securities transactions with. One of the firms listed  
241 and on that approved list is FHN Financial Securities  
242 Corp., which is an entity that is part of FHN Financial,  
243 which is the firm that I am currently employed with and  
244 have oversight for parts of its business nationally.  
245 And so as an officer of FHN Financial, I am abstaining  
246 from voting on that item out of abundance of  
247 transparency and caution.

248

249 **Leo Vasquez III (0:09:33):**

250 Great. Thank you.

251 **Ajay Thomas (0:09:35):**

252 And in addition, given I don't want to disrupt the  
253 entire consent agenda, I'd like to not pull that item  
254 separately. I'm just going to abstain from voting on  
255 the consent agenda this month.

256

257 **Leo Vasquez III (0:09:46):**

258 That'll work as long as we're not tied on the consent  
259 agenda. Okay. Noted. Are there any other changes? If  
260 so, I'd like to entertain a motion on the consent agenda  
261 except for item 10.

262

263 **Anna Maria Farias (0:10:01):**

264 Mr. Chairman, I move the Board approve items 1 through  
265 30 with the exception of item 10, which will be part of  
266 an action item, as described and presented in the  
267 respective board action requests.

268

269 **Holland Harper (0:10:15):**

270 Second.

271

272 **Leo Vasquez III (0:10:16):**

273 Motion made by Ms. Farias. Seconded by Mr. Holland.

274 All those in favor say aye.

275

276 **Board Members (0:10:20):**

277 Aye.

278

279 **Leo Vasquez III (0:10:21):**

280 Any opposed? Hearing none, motion carries. And note  
281 for the record that Mr. Thomas abstained from that  
282 particular vote. I'll do first the Executive Director's  
283 report. And then for any members of the audience who  
284 chair a legislative committee that has oversight on us,  
285 we'll be happy to move your item up to the beginning of  
286 the agenda. Is there anyone? I know there's one. So  
287 we're going to move item 38...

288

289 **Bobby Wilkinson (0:10:54):**

290 38, yeah.

291

292 **Leo Vasquez III (0:10:55):** up right after the Executive  
293 Director's report. Then we'll go back in order. Okay.  
294 Mr. Wilkinson.

295

296 **Bobby Wilkinson (0:11:03):**

297 Good morning, Chairman and Board. From Single Family  
298 and Homeless programs area over the past month, Rosy  
299 Falcon traveled to Washington, D.C., to participate in  
300 the Council of State Community Development Agencies,

301 or COSCDA, program managers' conference.

302 While there, she presented on two panels highlighting

303 how TDHCA leverages data to inform funding decisions and

304 emphasizing the Agency's collaborative efforts with

305 partner organizations addressing homelessness.

306 Additionally, this month, Ms. Falcon and Tahmoor Chadury

307 participated in the Texas Council on Family Violence

308 finance conference. They provided an overview of

309 upcoming funding opportunities and discussed common

310 challenges organizations face when administering ESG

311 funding along with strategies to help mitigate those

312 issues. Across the street, Lieutenant Governor and

313 Speaker announced a number of interim charges for

314 committees to explore between now and January when the

315 next regular session begins. There are some charges

316 which may involve TDHCA appearing and testifying in a

317 few hearings. A committee in the Senate, the Local

318 Government Committee, will be studying barriers to

319 housing affordability. Mostly that will involve bigger

320 picture items such as local zoning, local review of

321 building permits, strengthening property rights, et

322 cetera. But we'll be ready to talk about our programs

323 and their successes if Chairman Bettencourt calls on us.

324

325

326 Also, the Senate Health and Human Services Committee  
327 will be looking at strengthening crisis-related mental  
328 health and homelessness services. They plan to focus on  
329 the State's authority and procedures for providing  
330 public mental health services and the intersection of  
331 those services with homelessness and addiction. Over in  
332 the House, our Oversight Committee, Intergovernmental  
333 Affairs, will be looking at preventing homelessness of  
334 foster youth and mental health impacts, homelessness,  
335 and system recidivism. We look forward to taking part in  
336 those hearings so that we can report on the Texas Foster  
337 Youth to Independence program, which our successful  
338 partnership with the Department of Family and Protective  
339 Services is helping foster youth transition into quality  
340 affordable housing. Also, the committee that  
341 Representative Gary Gates chairs, the House Committee on  
342 Land and Resource Management, will be studying elements  
343 of improving housing affordability. That wraps up my  
344 report today, but I'm happy to answer any questions.

345

346 **Leo Vasquez III (0:13:22):**

347 Great. Thank you, Bobby. Are there any questions for  
348 Mr. Wilkinson? Hearing none, thank you for that report.  
349 Okay. We will, as I said, go out of order. We are  
350 going to take item 38 of the agenda first.

351 38 is presentation, discussion, and possible action on  
352 an order adopting an emergency amendment to 10 TAC  
353 Chapter 10, Uniform Multifamily Rules, Subchapter J,  
354 Housing Finance Corporation Compliance Monitoring,  
355 Section 10.1204, Audit Requirements, and an order  
356 proposing an amendment to 10 TAC Chapter 10, Uniform  
357 Multifamily Rules, Subchapter J, Housing Finance  
358 Corporation Compliance Monitoring, Section 10.1204,  
359 Audit Requirements, to be released for public comment;  
360 and an order directing both actions to be published in  
361 the Texas Register. Who wrote that title? Was that you,  
362 Brooke? Was that you, Brooke? Okay. Brooke, please  
363 tell us what this is about and how we arrived here at  
364 this juncture.

365

366 **Brooke Boston (0:14:44):**

367 Definitely. Chairman Vasquez, board members, you'll  
368 recall that at the March board meeting, you adopted a  
369 final version of the Department's rules that relate to  
370 the compliance monitoring oversight of housing finance  
371 corporations, or HFCs. The HFC rule is a new rule that  
372 implemented HB 21, which directed the Department to  
373 undertake that oversight of HFCs, and among other  
374 things, includes HFCs submitting annual audit reports to  
375 the Department.

376 After the Board had adopted the rule at the March  
377 meeting, stakeholders and legislative members let us  
378 know that one portion of the rule was inconsistent with  
379 HB 21 and therefore warranted immediate correction. The  
380 issue relates to the calculation of the rent reduction  
381 test on units occupied by households that have rental  
382 assistance vouchers. The newly adopted rule requires  
383 that a rent reduction calculation be performed that  
384 identifies the difference between the annual rent  
385 charged for each restricted unit and the estimated  
386 annual maximum market rent that could be charged for a  
387 unit, if that unit was not restricted. The rule  
388 specified that in making this calculation, restricted  
389 units occupied by households with housing choice  
390 vouchers or rental assistance would utilize the tenant-  
391 paid portion of the rent. However, statutory language  
392 specifies that the rent in the rent reduction  
393 calculation should be the rent charged for an income-  
394 restricted unit and does not refer to only a tenant-paid  
395 portion of that rent. So if applied as drafted in the  
396 March adopted rule, the HFC development is attributed a  
397 rent reduction for the voucher holding household that is  
398 not in fact being provided by the HFC, but rather the  
399 Public Housing Authority subsidizing the voucher.  
400

401 If you would like me to take you through an example, I'd  
402 be happy to do so. There's also an example in your  
403 materials. The rule revision needed to address this  
404 issue strikes one sentence from the rule. That one  
405 sentence says, "Restricted units occupied by households  
406 with housing choice vouchers or rental assistance will  
407 utilize the tenant-paid portion of the rent." By  
408 striking that, it's get back to conformity with HB 21.  
409 Because the audit reports that are required to be  
410 submitted by HFCs are due June 1, 2026, the rule is in  
411 need of emergency revision to ensure immediate  
412 consistency between the rule and statute and that the  
413 revisions are applicable for the audit reports due this  
414 June 2026. Such an emergency rulemaking is authorized by  
415 Texas Government Code Section 2001.034, which provides  
416 that the Department may adopt an emergency rule with  
417 abbreviated notice or hearing if it finds that imminent  
418 peril to the public welfare or a requirement of state or  
419 federal law requires adoption on fewer than 30 days'  
420 notice. Therefore, the emergency rule approved today is  
421 adopted for 120 days from the date of the rule's  
422 publication in the Texas Register.

423

424

425

426 Additionally, we're simultaneously having you approve  
427 the same amendment on a non-emergency basis to be  
428 published in the register and released for public  
429 comment, which will be open from April 24th to May 24th,  
430 and then we will return to the Board for final adoption.  
431 That should precede the end of the 120 days emergency  
432 rule's test. And with that, I'm happy to answer any  
433 question.

434

435 **Leo Vasquez III (0:17:50):**

436 Okay. So to summarize, we're basically just, as we  
437 always throughout the normal course of business, we end  
438 up doing cleanups to rules and things that we encounter.  
439 This time, we're just doing it at the very beginning,  
440 rather than a year from now or two years from now.

441

442 **Brooke Boston (0:18:07):**

443 Correct.

444

445 **Leo Vasquez III (0:18:09):**

446 Okay. Do any other board members, Mr. Wilkinson.

447

448 **Bobby Wilkinson (0:18:13):**

449 We got this presented to us in public comment, and in  
450 our recent response, we had our math flipped, and then

451 we were told again by a couple sources no, no, it's  
452 really this other way. But that was like the night  
453 before y'all voted for final adoption. We thought it  
454 was too late under the Administrative Procedures Act.  
455 And then we figured out we could use this emergency  
456 rulemaking to make it happen now. This is all in a rush  
457 because these audits are due this summer. So we're  
458 fixing it now.

459

460 **Leo Vasquez III (0:18:40):**

461 Yeah. Okay. Great. Ms. Conroy, do you...

462

463 **Cindy Conroy (0:18:48):**

464 No.

465

466 **Leo Vasquez III (0:18:48):**

467 Okay. All right. Would any members of the public wish  
468 to chime in on this? And just also for future, for  
469 everyone or others who haven't been here, if you're  
470 going to speak on an upcoming agenda item, I ask you to  
471 come up to the front couple rows just so I, I'll ask  
472 every time if someone wants to speak, but that'll help  
473 me know that you're getting ready to speak.

474

475

476 **Kenny Marchant (0:19:14):**

477 Mr. Chairman, I make a motion that we receive public  
478 input.

479

480 **Anna Maria Farias (0:19:19):**

481 Second.

482

483 **Leo Vasquez III (0:19:19):**

484 You're getting ahead of me. Okay. So also following  
485 the Eccles Rule, Mr. Marchant has made a motion to  
486 receive public comment at this meeting, and Ms. Farias  
487 seconds it.

488

489 **Anna Maria Farias (0:19:29):**

490 Second.

491

492 **Leo Vasquez III (0:19:30):**

493 All those in favor say aye.

494

495 **All Board Members (0:19:31):**

496 Aye.

497

498 **Leo Vasquez III (0:19:31):**

499 Okay. We can hear public comment.

500

501 So again, right now, the staff's recommendation is to  
502 just approve the emergency rulemaking. Is there any  
503 other...

504

505 **Brooke Boston (0:19:42):**

506 Yes. To clarify, you're approving the emergency  
507 rulemaking and the release of the non-emergency version  
508 of the rulemaking.

509

510 **Leo Vasquez III (0:19:49):**

511 Okay. So we're doing...

512

513 **Brooke Boston (0:19:50):**

514 Right.

515

516 **Leo Vasquez III (0:19:50):**

517 It's together. One quick and one permanent.

518

519 **Brooke Boston (0:19:52):**

520 One vote, two actions.

521

522 **Leo Vasquez III (0:19:54):**

523 Okay. Great. Thank you.

524

525

526 **Brooke Boston (0:19:54):**

527 Yes. Thank you.

528

529 **Leo Vasquez III (0:19:57):**

530 Okay. Any comment? Hearing none, seeing none, I'd

531 entertain a motion on item 38 of the agenda.

532

533 **Holland Harper (0:20:08):**

534 I move the Board adopt the emergency amendment to 10 TAC

535 Section 10.1204 by finding the need for the amendment is

536 in response to a requirement of State law and to address

537 an imminent threat to the public welfare. I further move

538 the Board approve the same amendment for publication for

539 public comment to return to the Board for final adoption

540 prior to the expiration of the emergency amendment, all

541 as described, authorized in the Board action request and

542 associated documents on this item.

543

544 **Anna Maria Farias (0:20:35):**

545 Second.

546

547 **Leo Vasquez III (0:20:36):**

548 Motion made by Mr. Harper. Seconded by Ms. Farias. Any

549 further discussion? All those in favor say aye.

550

551 **All Board Members (0:20:43):**

552 Aye.

553

554 **Leo Vasquez III (0:20:43):**

555 Any opposed? Hearing none, motion carries. Also just  
556 like to again more formally recognize Chairman Gates is  
557 in attendance here today and has put in a lot of hard  
558 work on this subject and many others affecting housing  
559 and affordability in the State of Texas. So thank you  
560 for your service. Okay. Moving kind of back to regular  
561 order, the consent item number what, 10?

562

563 **Beau Eccles (0:21:19):**

564 Yes.

565

566 **Leo Vasquez III (0:21:20):**

567 Okay. We're moving that to action. Presentation,  
568 discussion, and possible action regarding a material  
569 change to the Multifamily Management System contract.

570

571 **Jeanna Adams (0:21:31):**

572 Good morning, Chair and board members. My name is  
573 Jeanna Adams, Director of Real Estate Analysis, and I'll  
574 be presenting item number 10 for board action.

575

576 This item requests the approval of a material change to  
577 the Multifamily Management System contract as required  
578 under Texas Government Code 2155.088. This approval is  
579 required because the total contract has increased over  
580 10 percent. The Multifamily Management System, or the  
581 MMS project, was initiated through the 2024 to 2025  
582 legislative appropriations request or the LAR. It was  
583 initiated to develop a custom system to administer our  
584 multifamily application, underwriting, and award  
585 processes. The goal of the project was to develop a  
586 centralized online system that supports single document  
587 repository, improved data management, and robust  
588 reporting capabilities, while reducing reliance on  
589 manual and outdated workflows. As development  
590 progressed, we experienced both scope refinement and  
591 timing impacts that contributed to the contract  
592 increase. For context, the original contract amount was  
593 3.53 million. The original budget approved by the  
594 Legislature was 3.825 million, and the estimated final  
595 contract amount is 4.1 million. From a scope  
596 perspective, the project evolved to incorporate a more  
597 robust underwriting framework, including transitioning  
598 key functions to Power Apps and Power BI.  
599  
600

601 In addition, refinements were made to align with QAP  
602 requirements, federal regulation, and user feedback,  
603 particularly related to the application intake and  
604 functionality. From a timing perspective, the project  
605 experienced delays related to coordination with the  
606 Texas Department of Information Resources to establish  
607 cloud and virtual server environments. Additional time  
608 impacts were driven by the complexity of the build,  
609 staff resource availability, and the adjustments made in  
610 response to user feedback during testing. These factors  
611 resulted in two contract adjustments: a \$315,000  
612 increase associated with those project delays and  
613 timeline extensions, and a \$300,000 increase for the  
614 expansion of the underwriting module. This represents a  
615 17 percent increase to the original contract amount and  
616 a 7 percent increase over the LAR budget. Approval of  
617 this item will allow the Department to finalize the  
618 contract amount, reconcile vendor payments, and formally  
619 close out phase 1 of the project. Staff is evaluating  
620 future system options to support long-term departmental  
621 needs across all Multifamily divisions, including Asset  
622 Management and Compliance. With that, staff requests  
623 approval of the material change to the MMS contract.  
624 And I'm happy to answer any questions.

625

626 **Leo Vasquez III (0:24:20):**

627 Great, thank you. Does anyone have questions for Ms.  
628 Adams?

629

630 **Ajay Thomas (0:24:26):**

631 Mr. Chairman. Ms. Adams, so on this, just so I  
632 understand it. We're a good amount over budget on it,  
633 but we expanded the scope and there were other factors  
634 that led to that. In looking at the revised budget, I'm  
635 assuming that we explored opportunities that make sure  
636 that it was a competitive pricing adjustment that the  
637 current vendor is asking for, right, for the increase?

638

639 **Jeanna Adams (0:24:51):**

640 Yeah. That increase for underwriting was negotiated  
641 down well over 50 percent.

642

643 **Ajay Thomas (0:24:56):**

644 Great. Thank you.

645

646 **Leo Vasquez III (0:24:58):**

647 And just to piggyback on that. When I first saw this, I  
648 said what the heck? But it's a change order basically  
649 that we're funding, so it wasn't part of the original  
650 contract.

651 **Jeanna Adams (0:25:07) :**

652 Correct. We expanded scope and then the timeline went  
653 longer than it could, it cost more money.

654

655 **Leo Vasquez III (0:25:10) :**

656 Okay. All right, great. Any other questions from the  
657 Board or any public comment? Yes or no? Okay, yes.

658 Okay. Don't be shy if you're going to come up.

659

660 **Sarah Anderson (0:25:24) :**

661 I'm never shy.

662

663 **Leo Vasquez III (0:25:26) :**

664 And everyone please sign in, introduce yourself and who  
665 you're speaking on behalf of. And we'll give three  
666 minutes per speaker. You got a little timer in front of  
667 you, and you do not have to use all three minutes.

668

669

670

671

672

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674

675

676 **Sarah Anderson (0:25:40) :**

677 Thank you. My name is Sarah Anderson and I'm here to  
678 speak on the funding increase request and to give a  
679 conditional support on this request, and would like to  
680 discuss why it's conditional and just put some things  
681 forward so that the Board understands a little bit more  
682 of the industry's experience with the product so far and  
683 how we would like to continue to work with the  
684 Department as they move forward. The staff was kind  
685 enough to let us run testing after they had produced the  
686 first product in the fall. You're going to hear from  
687 some other consultants. A handful of us, maybe 10 of  
688 us, participated, went through with applications, and  
689 ran through and had a lot of comments. And part of the  
690 reason why you have an increase in cost is because we  
691 found what was done to be sufficiently deficient that we  
692 didn't feel that it was a workable product. So in some  
693 cases, it's our fault that you're here with a change  
694 order. What was initially produced just wasn't usable  
695 from our perspective. That being said, it sounds like  
696 there's been a new look at it. Functionality on the  
697 front end hadn't really been a part of the equation, but  
698 that seems to be much more upfront. And I think what we  
699 would like to ask as we go forward, that usability and  
700 functionality,

701 this is going to be your primary liaison or interface  
702 with most of your multifamily customers, and so it's  
703 very important that it be usable. And that doesn't mean  
704 just being able to input data. It means that be able to  
705 be used as the current application, which is we use for  
706 determining financing and everything else. It is a  
707 repository for information. We can run 15 of them at  
708 one time. What we have right now in the Excel is very  
709 usable and while it's outdated, we need the  
710 functionality that is going to come in to be as  
711 functional as what we have now. And we want to make  
712 sure that we're on the record discussing that. Also,  
713 what we would like to make sure is to take the  
714 opportunity as we're going through this application to  
715 maybe trim some of the things off in it that are being  
716 requested that don't seem to be used and seem to be  
717 antiquated things. I'll give you an example. We do a  
718 previous participation form for everybody. We turn it  
719 in, you guys come back and tell us we filled it out  
720 wrong and here are the things that it should have in it.  
721 We fill it out right and then you tell us that we've  
722 done it correctly. Perhaps we don't need to fill out  
723 that form, and if you already have the information on  
724 previous participation for everybody, you could just run  
725 the report rather than have us do this back and forth.

726 **Leo Vasquez III (0:28:45):**

727 Sarah, now you guys are...

728

729 **Sarah Anderson (0:28:48):**

730 Yes.

731

732 **Leo Vasquez III (0:28:51):**

733 I was going to say, I was looking at the team here and  
734 we didn't have the clock start. But let me just also  
735 kind of interrupt you either way. I appreciate all the  
736 feedback and input you're giving, but I know staff is  
737 continually looking at what systems we're using and are  
738 these the best systems, how can we improve them, how can  
739 we add on the pieces that we need. So I encourage you,  
740 because the weeds that you're talking about right now, I  
741 can bet I speak for everyone up here, just glossing over  
742 us. We understand, great to hear, but if you could get  
743 with staff on talking about those types of things,  
744 that'd be much better.

745

746 **Sarah Anderson (0:29:32):**

747 Yes. And I have. I think mostly what we want to make  
748 sure of is that you guys know that we are working with  
749 staff,

750

751 but what has been produced so far has been a problem and  
752 we want to make sure that you guys know that we're  
753 watching, that we're participating, but that an increase  
754 in the budget should also, part of it should be  
755 predicated on an understanding that what is produced is  
756 better and useful and not just because we spend the  
757 money that we're going to be stuck with something that  
758 doesn't work.

759

760 **Leo Vasquez III (0:30:06):**

761 Yeah. Exactly. And if you're in a hole, quit digging,  
762 right, that's...

763

764 **Sarah Anderson (0:30:10):**

765 Yeah. We just want to be on the record saying that.  
766 That's all.

767

768 **Leo Vasquez III (0:30:12):**

769 Okay. I appreciate it. Thank you.

770

771 **Sarah Anderson (0:30:14):**

772 Thank you.

773

774 **Leo Vasquez III (0:30:18):**

775 Robbye.

776 **Robbye Meyer (0:30:35) :**

777 Good morning. My name is Robbye Meyer, I'm with Arx  
778 Advantage Consulting. I echo Sarah Anderson's comments  
779 along with all of the other consultants that were in the  
780 testing group. I don't have any opposition to raising  
781 the money and if we have to raise the amount, I'll vote  
782 for raising more as long as we get the right product out  
783 there. What I ask is that we make a requirement not only  
784 on the back-end use, but also on the front end. As  
785 Sarah said, right now what we've seen so far is not  
786 usable on the front end. And to your statement,  
787 Chairman Vasquez, it's over your head. I get that.  
788 When we did the testing, it seemed to be over staff's  
789 head as well. As to what we do is a major process that  
790 consultants and applicants go through to put an  
791 application together. And when you're dealing with 400  
792 to 600 pages of information, you can't just all of a  
793 sudden stick it into an application. That's a huge  
794 amount of information. And we're just asking, make a  
795 requirement that it's got to be usable on the front end  
796 and efficient and better than what we already have, just  
797 as much as you're trying to make it better and efficient  
798 on the back end. That's what we're asking. Thank you.  
799  
800

801 **Leo Vasquez III (0:32:06):**

802 Great. Thanks, Robbye. Any others?

803

804 **Lora Myrick (0:32:24):**

805 Good morning. My name is Lora Myrick and I'm with BETCO  
806 Consulting, and I would also echo the comments that were  
807 previously made. I think one of the things that we are  
808 very appreciative that staff called us in and had us  
809 test the system that they were working on, and we want  
810 to continue to work with them and we want this to be  
811 successful for all of us. So thank you for that  
812 opportunity to do that. And it sounds like there's some  
813 change orders that are being requested, if you will, the  
814 change order term there, because of our comments and our  
815 feedback. I think one of the things that struck me early  
816 on was we had something that we were working on and  
817 testing, but yet no one talked to us before this system  
818 was built. How should we go about building it? How  
819 should we do this to get some of our feedback from the  
820 beginning so that we could have structured something  
821 that maybe would have looked a little more to what we're  
822 used to. So I think that the more that we're involved,  
823 the more that we are able to comment as early as  
824 possible, that's going to also be very beneficial for  
825 all of us, the staff, the provider who's doing the work,

826 and for us so that we can all be on the same page from  
827 the beginning. I think that was one of the things that  
828 I saw right away. I would also echo what Sarah said  
829 about the things that don't seem so necessary, and there  
830 are some things that are still left in the application  
831 from previous administrations or previous administrators  
832 of the program that maybe we should do an audit to kind  
833 of take out some of those things that, there's a few  
834 facts that we kind of look at each other, why are we  
835 still filling this out? Nobody really uses this  
836 information. Again, we are very appreciative of staff's  
837 time and of them giving us the opportunity to test the  
838 system and we wish to continue to work with them. Thank  
839 you.

840

841 **Leo Vasquez III (0:34:31):**

842 Great. Thanks, Lora. Any final comments, thoughts,  
843 additions?

844

845 **Jeanna Adams (0:34:41):**

846 Just a thing, when we put out user testing both for  
847 staff and then for external users, you have to have a  
848 product to put out for people to work on. There has to  
849 be something to test and work on to get feedback on.

850

851 And we took the feedback from the consultants. I think  
852 the biggest, there's little things too, but one of the  
853 biggest things was doing an online form requires a lot  
854 more data entry than just copying and pasting Excels  
855 from the different Excels that they use for the  
856 different folks that they have to turn stuff into and  
857 not just TDHCA. And so we did go back and we did work  
858 with the vendor to change a lot of the heavy data entry  
859 which would be screens online to putting them back into  
860 Excel so that they can then transfer what they already  
861 had into Excel into this Excel and upload it into the  
862 system. And so I think, and they haven't been able to  
863 retest that part. They haven't seen that part just  
864 because it's been being worked on. But we do, having  
865 user feedback on the front end, the application intake  
866 is just as important as all the work that we do on the  
867 back end. That's why we have user testing, and we  
868 certainly try to be responsive to it and we want to  
869 build the best system to make the process better from  
870 beginning to end. That's the whole point of it. And to  
871 have it in one system so we all have access to the same  
872 information. So it's definitely stuff that we'll still  
873 work on and we'll still work with the external users  
874 because it's an important part of it.  
875

876 **Leo Vasquez III (0:36:13):**

877 Great, great. Thank you. Scott, do you have anything?

878

879 **Scott Fletcher (0:36:20):**

880 I do. Scott Fletcher, Deputy Executive Director,  
881 Housing Finance. I actually just wanted to take a  
882 really quick moment to say thank you to all of our  
883 development partners. I would say I came late to this  
884 party coming over from the multifamily side just about  
885 six months ago. But I appreciate all the work that has  
886 been done, the complexity of what was undertaken, and I  
887 will take personal responsibility for where we land on  
888 this. We are going to get to the right place for the  
889 development community because we know how important it  
890 is that this stuff happens. The easier that we can make  
891 our processes, the cleaner we can make our processes.  
892 We are taking a lot of steps from, we're in the middle  
893 of a QAP, rather of a RFP on the QAP revision to clean  
894 that up, provide clarity. We will be looking at the  
895 applications, we will be looking at redundancies, we  
896 will be looking at underwriting sheets. We are looking  
897 at everything to create efficiencies and be as clean as  
898 we can be, as easy as we can be to work with to make  
899 sure things happen.

900

901 So I guess my point here is every day is a learning,  
902 you're on a learning curve. We have discovered how  
903 difficult this is and we're going to get to the right  
904 place within the confines of what the LAR has provided  
905 to us. And we truly, truly appreciate the work that not  
906 only our development markers but also our staff because  
907 I think they've done a tremendous job through this  
908 process. And that's what I have to say and welcome any  
909 comments.

910

911 **Leo Vasquez III (0:37:59):**

912 Great. Thanks, Scott. Okay. So we have item 10 on the  
913 table. Would anyone care to make a motion regarding  
914 staff's recommendation to...

915

916 **Holland Harper (0:38:18):**

917 I make a motion to approve a material change to the  
918 Multifamily Management System contract in the amount of  
919 \$315,000 for continuing operations and \$300,000 for  
920 scope of change to the original contract to 3.53.

921

922 **Leo Vasquez III (0:38:34):**

923 Thank you. Motion made by Mr. Harper. Is there a  
924 second?

925

926 **Ajay Thomas (0:38:37):**

927 Second.

928

929 **Leo Vasquez III (0:38:38):**

930 Seconded by Mr. Thomas. All those in favor say aye.

931

932 **All Board Members (0:38:40):**

933 Aye.

934

935 **Leo Vasquez III (0:38:41):**

936 Any opposed? Hearing none, motion carries. Let me  
937 actually take this moment to say, there's one thing, I  
938 don't know if it was Lora or Sarah made the statement.  
939 Like, why are we still putting in this information? Is  
940 it being used? One of the, I'll share with you all,  
941 everyone, one of the tasks I've given our Executive  
942 Director is to start now putting together a list of  
943 legislative statutory cleanup language that we need  
944 taken care of in the next legislative session. And if we  
945 don't start putting together the list now and present it  
946 before session starts, we're never going, we're not  
947 going to get it passed, and we started too late last  
948 session. So if you all have ideas that, and not just  
949 because it's something you don't like,

950

951 that is a pain to do because there may actually be some  
952 reason why it's in there, because one of your colleagues  
953 15 years ago did some screwy thing that we had to patch  
954 it up in the rule or in statute. But if there are  
955 changes that we need to take care of together as the  
956 Department and the industry, let, and I'm sure Bobby  
957 will designate someone like Lyttle or someone to put  
958 together the list. And let's try to go into the session  
959 proactively to say here are these out-of-date parts,  
960 here's things that conflict with each other. Let's get  
961 all the language cleaned up so that makes it easier here  
962 when we do this. So that's one thing. And then the  
963 other part, and I know I've said this before, I truly  
964 hope that before I rotate off this Board, if ever, I may  
965 be able to be, president, no kings, though, right? I  
966 can't be the king of the... To have the application  
967 systems and the monitoring, everything just be an  
968 online, you got to check every box before you can hit  
969 send so you can't miss anything. that will make it, I  
970 think, better in the long run for industry and  
971 definitely better in the long run for staff. So let's  
972 all keep working on that, keep giving us input.  
973 I think staff has been, my perception is that industry  
974 feels staff has been cooperative and communicative and I  
975 think soliciting your input.

976 So let's keep that communication going. Okay. So end  
977 of my point of privilege here. Where are we, item 32?  
978

979 **Beau Eccles (0:41:17):**

980 32.

981

982 **Leo Vasquez III (0:41:18):**

983 Okay. All right. Going on with item 32 of the agenda.  
984 Presentation, discussion, and possible action regarding  
985 the issuance of Multifamily Housing Revenue Bonds,  
986 Series 2026, Resolution No. 26-012, and a determination  
987 notice of housing tax credits. Ms. Morales.

988

989 **Teresa Morales (0:41:38):**

990 Good morning. Teresa Morales, Director of Multifamily  
991 Bonds. Item 32 involves the bond issuance for the new  
992 construction of 300 units in Wilmer, which is just south  
993 of Dallas, that will serve the general population. All  
994 of the units will be restricted at 60 percent of the  
995 area median income. The Dallas County Housing Finance  
996 Corporation is serving as the general partner to  
997 facilitate a property tax exemption, and they have  
998 already approved their participation in the transaction.

999

1000

1001 In addition, we have received the required resolution  
1002 from the City of Dallas stating that they do not object  
1003 to the application. As with all of our bond issuances,  
1004 we held a public hearing and there was no public comment  
1005 made and there have been no letters of support or  
1006 opposition received. This transaction is a private  
1007 placement, meaning that the bonds will be unrated and  
1008 placed with Cedar Rapids Bank & Trust, who will be  
1009 serving as the construction and perm lender. CREA is  
1010 serving as the equity investor. I have stood before you  
1011 a number of times previously explaining the very  
1012 outdated provision in our statute that requires the  
1013 Board to set the terms on unrated debt. This Board does  
1014 not have delegation authority in that regard. Mr.  
1015 Chairman, your comments regarding cleanup in statute  
1016 couldn't be more fitting. This particular requirement  
1017 was included in the Department's cleanup bill last  
1018 session, but unfortunately that didn't go anywhere. So  
1019 I'm hopeful that going into the next session, we can  
1020 again get this provision fixed. An exact bond amount  
1021 cannot be determined when the rate lock has not occurred  
1022 and asking the borrower to rate lock before Board  
1023 approval is very risky to say the least. Your materials  
1024 therefore reflect a bond amount to be issued of 45  
1025 million.

1026 However, since posting the board book last week and  
1027 additional due diligence by the lender to try to firm up  
1028 exactly what that number's going to be, that amount has  
1029 since been scaled back to 43,210,000. Those bonds will  
1030 be structured with a 15-year term, a 40-year  
1031 amortization, and an interest rate that is based on the  
1032 30-day average SOFR plus 1.25 percent. For purposes of  
1033 the Department's underwriting, we utilized a 5.9 percent  
1034 interest rate. Staff recommends approval of Bond  
1035 Resolution No. 26-012 as amended for 43,210,000 and a  
1036 determination notice of 4 percent housing tax credits in  
1037 the amount of 4,166,508.

1038

1039 **Leo Vasquez III (0:44:28):**

1040 Okay. Thank you, Teresa. So is there going to be a  
1041 bridge loan in this?

1042

1043 **Teresa Morales (0:44:33):**

1044 There will be a bridge loan, correct.

1045

1046 **Leo Vasquez III (0:44:35):**

1047 Who's providing that?

1048

1049 **Teresa Morales (0:44:35):**

1050 Cedar Rapids is providing the bridge loan.

1051 **Leo Vasquez III (0:44:36):**

1052 Okay. So that's...

1053

1054 **Teresa Morales (0:44:38):**

1055 Yes.

1056

1057 **Leo Vasquez III (0:44:41):**

1058 And then the final financing stack is going to end up

1059 how? So we have some tax credits...

1060

1061 **Teresa Morales (0:44:48):**

1062 Tax credits, bonds, and then the bridge loan, which will

1063 be during construction only, and presumably equity will

1064 be used to pay that off at conversion.

1065

1066 **Leo Vasquez III (0:44:58):**

1067 Okay. And then just to clarify, the bonds are being

1068 issued by the Department or by Dallas County.

1069

1070 **All Board Members (0:45:05):**

1071 By the Department.

1072

1073

1074

1075

1076 **Leo Vasquez III (0:45:06):**

1077 Okay. Okay. Any other questions for Ms. Morales or any  
1078 public comment?

1079 If not, I'll entertain a motion on item 32 of the  
1080 agenda.

1081

1082 **Cindy Conroy (0:45:24):**

1083 I move the Board approve the Multifamily Housing Revenue  
1084 Bonds, Series 2026 via Resolution No. 26-012 and issue a  
1085 determination notice for 4 percent housing tax credits  
1086 to Torrington Wilmer, all as described, conditioned, and  
1087 authorized in the board action request, resolution, and  
1088 associated documents on this item.

1089

1090 **Holland Harper (0:45:44):**

1091 Second.

1092

1093 **Leo Vasquez III (0:45:45):**

1094 Motion made by Ms. Conroy. Seconded by Mr. Harper. All  
1095 those in favor say aye.

1096

1097 **All Board Members (0:45:49):**

1098 Aye.

1099

1100

1101 **Leo Vasquez III (0:45:50):**

1102 Any opposed? Hearing none, motion carries. Thanks,  
1103 Teresa.

1104

1105 Item 33, presentation, discussion, and possible action  
1106 regarding a material amendment to the housing tax credit  
1107 application and a request for an extension of the  
1108 previously approved deadline to place in service for New  
1109 Faith Senior Village Apartments. Mr. Banuelos.

1110

1111 **Rosalio Banuelos (0:46:15):**

1112 Good morning. Rosalio Banuelos, Director of Asset  
1113 Management. This development received a 9 percent  
1114 housing tax credit award in 2024 and a reallocation of  
1115 tax credits under force majeure in 2025 to construct 128  
1116 units, of which 98 are designated as low-income units  
1117 for the elderly population in Houston. The applicant is  
1118 now requesting approval for changes to the site plan and  
1119 architectural design, which, among other changes will  
1120 result in a decrease to the number of units from 128 to  
1121 105 by decreasing the number of market rate units by 23.  
1122 The applicant indicated that in preparation for closing,  
1123 the title company notified them that a lis pendens  
1124 notice had been filed against the development site. The  
1125 notice reflected the initiation of an eminent domain

1126 proceeding by the Harris County Flood Control District.

1127

1128

1129

1130 On September 2, 2025, the Harris County Flood Control

1131 District filed a petition seeking a judgment in eminent

1132 domain to acquire 3.554 acres out of the 5.882-acre

1133 development site.

1134 Following discussions with the City of Houston and the

1135 Harris County Flood Control District, the applicant

1136 agreed to expand the width and depth of the

1137 development's detention basin to help address the

1138 detention needs that could not otherwise be accommodated

1139 on land owned by the Harris County Flood Control

1140 District located south of and adjacent to the

1141 development site. As a result of this agreement, the

1142 Flood Control District did not proceed with the eminent

1143 domain action and rescinded the recorded lis pendens

1144 notice on December 9, 2025. The total acreage of the

1145 development site did not change, but in order to

1146 accommodate the expanded detention basin, the applicant

1147 is now proposing 105 units instead of the 128 units

1148 originally proposed. At application, 30 of the 128 units

1149 were market rate, and with this amendment, the number of

1150 market rate units will decrease to 7. There will be no

1151 change to the number of low-income units, and the income  
1152 and rent restrictions for the low-income units will  
1153 remain as originally approved.

1154

1155 The decrease in the number of units results in a 17.97  
1156 percent decrease in the residential density, going from  
1157 21.761 units per acre to 17.851 units per acre. Also as  
1158 a result of this amendment, the revised unit mix will  
1159 consist of 72 one-bedroom units and 33 two-bedroom units  
1160 instead of the originally proposed 86 one-bedroom and 42  
1161 two-bedroom units. This change in the number of units  
1162 and changes in the size of the units will result in a  
1163 decrease in the net rentable area, going from 102,117  
1164 square feet at application to 80,046 square feet, which  
1165 is a decrease of 21.61 percent or 22,071 square feet.  
1166 Common area will decrease 25.8 percent, or 8,103 square  
1167 feet, going from 31,402 square feet to 23,299 square  
1168 feet. In addition, parking will be reduced from 138  
1169 spaces to 112 spaces. The development was re-  
1170 underwritten with post-amendment information, and the  
1171 analysis supports no change to the housing tax credit  
1172 amount and demonstrates that the development remains  
1173 feasible. Additionally, staff reviewed the original  
1174 application and scoring and concluded that none of the  
1175 changes would have resulted in selection or threshold

1176 criteria changes that would have affected the selection  
1177 of the application in the competitive round. However,  
1178 the events leading to this amendment have jeopardized  
1179 the development's placed-in-service timeline.

1180 The development was approved for force majeure  
1181 treatment in July 2025 and was assigned a placed-in-  
1182 service deadline of June 30, 2027, which is earlier than  
1183 the maximum allowable under federal guidelines.

1184 The applicant now projects a revised construction start  
1185 date of April 15, 2026, with an 18-month construction  
1186 period and a projected completion date of October 10,  
1187 2027. This completion date exceeds the six-month placed-  
1188 in-service extension previously granted by the Board.  
1189 Accordingly, the applicant has requested an additional  
1190 six-month extension through December 31, 2027, to ensure  
1191 completion. Staff recommends approval of the amendment  
1192 request and also recommends approval of the request to  
1193 extend the placed-in-service deadline by six months to  
1194 December 31, 2027.

1195

1196 **Leo Vasquez III (0:50:35):**

1197 Okay. So they reduced total units, but they didn't  
1198 reduce the affordable units.

1199

1200

1201 **Rosalio Banuelos (0:50:42):**

1202 Correct.

1203

1204 **Leo Vasquez III (0:50:43):**

1205 Okay. And they didn't know that a big chunk of the  
1206 property was going to be attempted to be taken by the  
1207 Flood Control District.

1208

1209 **Rosalio Banuelos (0:50:55):**

1210 That came in after the application, so it's my  
1211 understanding as they did not.

1212

1213 **Leo Vasquez III (0:51:02):**

1214 Okay. And they're ready to start.

1215

1216 **Rosalio Banuelos (0:51:06):**

1217 That's my understanding.

1218

1219 **Leo Vasquez III (0:51:12):**

1220 Okay. Well, I'm just, I know it looks obviously like  
1221 there's been a whole lot of work done to try to get this  
1222 to the starting line. I just don't want to be kind of  
1223 hearing this same report in October of '27 saying, oh,  
1224 we're not going to make it again.

1225

1226 **Cindy Conroy (0:51:32):**

1227 I second that.

1228

1229 **Leo Vasquez III (0:51:37):**

1230 Well, do we have a representative here of the developer

1231 that might want to give us some reassurance it's about

1232 to take off really fast? Donna.

1233

1234 **Donna Rickenbacker (0:51:59):**

1235 Good morning, Board. This is Donna Rickenbacker, and I

1236 can be responsive to any questions that you may have.

1237 Quite frankly, you can't make this stuff up. This has

1238 just been an amazing journey, if you will, with respect

1239 to this development. With respect to your question on

1240 why didn't you know this, I didn't know it until we did

1241 a title update, obviously, in connection with trying to

1242 get this deal across the finish line and closed, only to

1243 find out that a lis pendens had been filed against the

1244 property. In communicating with the church, again, this

1245 site is located on the New Faith Church, if you will,

1246 campus, and we are purchasing, if you will, a portion of

1247 that property on their campus. And in communicating

1248 with the church leaders, they did not know anything

1249 about this condemnation. I have to trust that that's in

1250 fact what, they did not know. So once it was, and that

1251 we were made aware of it, obviously, I started working  
1252 to do whatever I could with the Flood Control District,  
1253 with the City of Houston, with our elected leaders to  
1254 see what we could do to either accommodate what their  
1255 needs were and/or the ultimate objective of getting the  
1256 lis pendens removed so that we could proceed forward  
1257 with the development.

1258

1259 So can this happen again? Good Lord, I hope not. And  
1260 we are ready to close. We've got our permits in place,  
1261 and we are ready to close this transaction. Hopefully  
1262 get Board approval on it.

1263

1264 **Leo Vasquez III (0:53:35):**

1265 So do you have any timeline on when closing's going to  
1266 happen, when is the shovel going to hit the ground?

1267

1268 **Donna Rickenbacker (0:53:38):**

1269 Yes, sir. As articulated in here, we're hoping to close  
1270 this on April the 15th.

1271

1272 **Leo Vasquez III (0:53:43):**

1273 Okay. All right. So it's truly imminent.

1274

1275

1276 **Donna Rickenbacker (0:53:45):**

1277 Yes. And our debt and equity providers have been  
1278 superstars. They've stayed with us. My equity pricing  
1279 did not go down any further, if you will, that, and with  
1280 all the changes on the construction side, we've been  
1281 trying our best to manipulate those costs as we move it  
1282 forward. So no, we are definitely trying to get this  
1283 closed. There is no incentive for me not to close this  
1284 transaction in any way, shape, or form. My piggy bank  
1285 is dry, and we need to get it moved forward.

1286

1287 **Leo Vasquez III (0:54:24):**

1288 Okay. Any other questions for Ms. Rickenbacker? Okay.  
1289 Thanks, Donna.

1290

1291 **Donna Rickenbacker (0:54:31):**

1292 Yes, sir.

1293

1294 **Leo Vasquez III (0:54:35):**

1295 So if there's nothing else on item 33, the  
1296 recommendation is to approve the extension to the end of  
1297 2027.

1298

1299 **Rosalio Banuelos (0:54:44):**

1300 Yes.

1301

1302 **Leo Vasquez III (0:54:45):**

1303 Okay. I'll entertain a motion on item 33 of the agenda.

1304

1305 **Holland Harper (0:54:50):**

1306 I move the Board approve the requested material

1307 amendment to decrease the number of market rate units

1308 and square footage and extend the previous approved

1309 deadline in place in service for New Faith Senior

1310 Village Apartments, all as described and authorized in

1311 the board action request and associated documents as

1312 itemized.

1313

1314 **Anna Maria Farias (0:55:06):**

1315 Second.

1316

1317 **Leo Vasquez III (0:55:08):**

1318 Motion made by Mr. Harper. Seconded by Mr. Farias. All

1319 those in favor, say aye.

1320

1321 **All Board Members (0:55:12):**

1322 Aye.

1323

1324

1325

1326 **Leo Vasquez III (0:55:13):**

1327 Any opposed? Hearing none, motion carries. Moving on  
1328 to item 34. Presentation, discussion, and possible  
1329 action...

1330

1331 **Donna Rickenbacker (0:55:19):**

1332 Can I make one final comment on this matter? I want to  
1333 compliment your asset management team. They worked  
1334 very, very hard on this transaction to make sure that we  
1335 were doing everything and lining it back up to make the  
1336 recommendation that they did. They're very detail  
1337 oriented. You all should be very, very proud of your  
1338 asset management team. They do a great job for TDHCA.  
1339 Thank you.

1340

1341 **Leo Vasquez III (0:55:43):**

1342 Thanks, Donna. Item 34. Presentation, discussion, and  
1343 possible action regarding a request for a Multifamily  
1344 Direct Loan assumption, modification, and  
1345 resubordination for Timbers Edge Apartments. Mr.  
1346 Banuelos.

1347

1348 **Rosalio Banuelos (0:56:01):**

1349 Timbers Edge Apartments originally received an award of  
1350 4 percent housing tax credits in 2008 and Tax Credit

1351 Assistance Program, or TCAP, funds in 2010 for the  
1352 acquisition and rehabilitation of 100 units in Beaumont,  
1353 Jefferson County.

1354

1355 The TCAP funds were awarded in the form of two loans  
1356 under the Tax Credit Replacement Initiative in the  
1357 amounts of \$3,409,016 and 618,990 for a total loan  
1358 amount of 4,028,006, structured as special loans with a  
1359 0 percent interest rate and originally forgivable upon  
1360 maturity on September 1, 2026. In May of 2023, the Board  
1361 approved a request from the current owner to assume,  
1362 resubordinate, and modify the TCAP loans. The  
1363 modification included converting the loans from  
1364 forgivable to fully repayable and adjustment of payment  
1365 schedule from semi-annual to a balloon payment due at  
1366 maturity, still on September 1, 2026. The intention was  
1367 to rehabilitate the property using 4 percent housing tax  
1368 credits, tax-exempt bonds, and other resources. It was  
1369 anticipated at that time that when the property was  
1370 resyndicated, the TCAP loans would be paid in full.  
1371 An application for 4 percent housing tax credits has now  
1372 been submitted by an affiliate of the current owner as  
1373 the applicant, and the applicant has requested approval  
1374 for the TCAP loans to be assumed, modified, and  
1375 resubordinated. The requested modification of the TCAP

1376 loans is to extend the maturity date to no later than  
1377 February 16, 2052, which is 40 years from when the  
1378 permanent period started for these loans,  
1379  
1380 and changing to annual cash flow payments and a balloon  
1381 payment for the balance due at maturity. The applicant  
1382 has proposed a \$50,000 paydown of the TCAP debt at  
1383 closing, which will result in a total TCAP loan balance  
1384 of \$3,690,698. The applicant states that current market  
1385 conditions are different than anticipated in 2023 when  
1386 they initially purchased the property. The adjusted  
1387 financing plan is largely due to a lower tax credit  
1388 pricing and uncertainty in the market going forward.  
1389 The scope of work and the cost for the rehabilitation  
1390 are also higher than originally anticipated. To support  
1391 the cost of the rehabilitation, the capital stack now  
1392 includes a HUD 221(d)(4) loan, tax credit equity,  
1393 deferred developer fee, NOI during construction, and a  
1394 seller note. The development was re-underwritten based  
1395 on the proposed modification and revised financial  
1396 information submitted with the new 4 percent tax credit  
1397 application. The financial analysis indicates that the  
1398 development is feasible with the proposed modification,  
1399 but also indicates that if the TCAP loan assumption is  
1400 not granted, the proposed syndication transaction

1401 would not meet feasibility requirements. Staff  
1402 recommends approval of the requested assumption and  
1403 resubordination of the TCAP loans and written agreement,  
1404  
1405 and the modification of the TCAP loans to extend the  
1406 maturity date to no later than February 16, 2052, and  
1407 revise the payment terms to annual cash flow loan  
1408 payments out of 75 percent of annual cash flow as  
1409 defined by HUD, with the balance of the loans due at  
1410 maturity. With the condition; the proposed paydown of  
1411 the debt is made at closing and the TCAP land use  
1412 restriction agreement and written agreement be amended  
1413 to reflect the longer term to match up with that of the  
1414 TCAP loans and to state that the TCAP LURA will survive  
1415 foreclosure or deed in lieu of foreclosure. That  
1416 concludes my presentation. I'm available for questions.

1417

1418 **Leo Vasquez III (0:59:34):**

1419 So what happens if we don't do anything on this?

1420

1421 **Rosalio Banuelos (0:59:37):**

1422 The loans would be due September 1, 2026, and the  
1423 applicant or owner, borrower would have to pay them at  
1424 that time. In terms of the 4 percent application, it  
1425 would not meet feasibility requirements, so there would

1426 have to be new funding sources or adjustments made to  
1427 make that transaction work.

1428

1429

1430 **Leo Vasquez III (0:59:58):**

1431 And when does the LURA that's in place run out?

1432

1433 **Rosalio Banuelos (1:00:04):**

1434 Well, that's a good question. I'd have to look back  
1435 and, because I am not sure if it goes for a 30-year  
1436 period or if it goes longer for the TCAP. So this  
1437 property has a tax credit LURA and the TCAP LURA, both  
1438 on it. So this action is specific to the TCAP LURA, but  
1439 I do not recall when it ends.

1440

1441 **Leo Vasquez III (1:00:26):**

1442 It probably continues on beyond September of this year.

1443

1444 **Rosalio Banuelos (1:00:30):**

1445 Yes. That's correct. It goes beyond September of this  
1446 year.

1447

1448 **Leo Vasquez III (1:00:39):**

1449 Okay. And it's a 4 percent deal. Who's issuing the  
1450 bonds?

1451

1452 **Rosalio Banuelos (1:00:43):**

1453 Jefferson County HFC.

1454

1455 **Leo Vasquez III (1:00:52):**

1456 Do any other board members have questions on this item?

1457 Mr. Marchant.

1458

1459 **Kenny Marchant (1:00:58):**

1460 So is the owner going to be the same as the current

1461 owner?

1462

1463 **Rosalio Banuelos (1:01:02):**

1464 An affiliate. They are putting in a new partnership as

1465 the owner, but the ownership structure includes an

1466 affiliate of the current owner.

1467

1468 **Kenny Marchant (1:01:11):**

1469 So all these people listed here are going to be the new

1470 owners.

1471

1472

1473

1474

1475

1476 **Rosalio Banuelos (1:01:17):**

1477 Yes. I believe we're looking at, whoever is listed  
1478 there in the application currently. I don't recall if  
1479 they have a nonprofit in there, but they're introducing  
1480 one now as part of this new award.

1481

1482 **Kenny Marchant (1:01:31):**

1483 Is there any kind of a cash out happening?

1484

1485 **Rosalio Banuelos (1:01:36):**

1486 They are transferring the property, but they are putting  
1487 in a seller loan on the deal. So and there's that  
1488 staying in it as far as cash out goes. They're getting  
1489 developer fees as well as part of the resyndication.

1490

1491 **Kenny Marchant (1:01:55):**

1492 But there's going to be new improvements, right?

1493

1494 **Rosalio Banuelos (1:01:57):**

1495 Yes. Definitely rehabilitation to be done as part of  
1496 this new application.

1497

1498

1499

1500

1501 **Kenny Marchant (1:02:03):**

1502 Yeah. But I'm just asking in this transfer and  
1503 everything, is there a bunch of cash being distributed  
1504 to the previous owners? Is there a cash out taking  
1505 place?

1506

1507 **Leo Vasquez III (1:02:16):**

1508 Are we going to give a \$3.6 million loan and the people  
1509 in the transaction take cash out of the 3.6 million?

1510

1511 **Rosalio Banuelos (1:02:26):**

1512 No. That is not my understanding and that is not  
1513 happening.

1514

1515 **Kenny Marchant (1:02:29):**

1516 Well, because we're, is this normal? I don't know that  
1517 I ever remember this being...

1518

1519 **Rosalio Banuelos (1:02:36):**

1520 We've had a couple transactions come up asking to assume  
1521 this debt. So our TCAP funding has been in place since  
1522 2008, 2009, and some of these loans were initially  
1523 structured to mature right around this time. But the  
1524 properties are being resyndicated, so at the time of  
1525 resyndication, we are being asked to keep the loans in

1526 place rather than be paid in full. Or in the case of  
1527 this property, the loans were initially structured to be  
1528 forgivable in 2026, but when the current owner purchased  
1529 it in 2023, at that time they proposed and we approved  
1530 the loans being converted to payable. So that is the  
1531 structure that we have currently. Without that  
1532 modification, then we would have forgiven the loans if  
1533 the borrower had not been in default as of September 1,  
1534 2026.

1535

1536 **Leo Vasquez III (1:03:38):**

1537 I'm sorry. Could you say that last part again?

1538

1539 **Rosalio Banuelos (1:03:41):**

1540 When these loans were initially structured, they were  
1541 done as tax credit replacement. So this is under the  
1542 prior housing crisis. Because they were replacing tax  
1543 credits, they were structured as cash flow loans. They  
1544 had a small percentage of cash flow due during that  
1545 period. The maturity date of September, at maturity in  
1546 September of 2026, the loans were initially structured  
1547 to be forgiven if the borrower was not in default  
1548 because of the fact that they were replacing tax  
1549 credits, but with the change in ownership in 2023, the  
1550 loans were then made payable, still keeping the maturity

1551 in 2026. And now with this new 4 percent application,  
1552 the borrower is indicating that they need to keep the  
1553 funding in the deal to keep the sources and uses  
1554 balanced. So in this case, they're extending that loan  
1555 or the two loans to be maturing up to 2052, and whatever  
1556 balance is due at that time would have to be paid if it  
1557 hadn't been paid out of cash flow.

1558

1559 **Leo Vasquez III (1:04:45):**

1560 So at this moment, there are payments being made...

1561

1562 **Rosalio Banuelos (1:04:50):**

1563 At this moment...

1564

1565 **Leo Vasquez III (1:04:50):**

1566 When they took it over in '23 up until September of this  
1567 year.

1568

1569 **Rosalio Banuelos (1:04:56):**

1570 It was structured to be due at maturity, so there was no  
1571 cash flow requirement during that period from 2023 to  
1572 2026. Prior to 2023, the loans were payable out of cash  
1573 flow.

1574

1575

1576 **Leo Vasquez III (1:05:10):**

1577 Okay. And as it stands now, they're payable in 2026.

1578

1579 **Rosalio Banuelos (1:05:14):**

1580 Yes. That maturity...

1581

1582 **Leo Vasquez III (1:05:15):**

1583 Or at September of 2026.

1584

1585 **Rosalio Banuelos (1:05:17):**

1586 September of this year, yes. They are due in full.

1587

1588 **Kenny Marchant (1:05:22):**

1589 So they won't be payable now. They've converted them to

1590 payable, not forgivable, but they will mature and we're

1591 going to renew that to fit...

1592

1593 **Rosalio Banuelos (1:05:32):**

1594 Yes. Their request now is to renew that from 2026 up

1595 to...

1596

1597 **Kenny Marchant (1:05:37):**

1598 And had they been, had those loans come due in 2026,

1599 what would the amount be?

1600

1601 **Rosalio Banuelos (1:05:44):**

1602 \$3 million, so it would be going to, 740,698, is the...

1603

1604 **Kenny Marchant (1:05:54):**

1605 Okay. So de facto they're not having to come up their

1606 cash...

1607

1608 **Cindy Conroy (1:05:59):**

1609 In September.

1610

1611 **Kenny Marchant (1:06:00):**

1612 In September. So we're rolling that obligation over

1613 over to '52.

1614

1615 **Rosalio Banuelos (1:06:07):**

1616 Yes.

1617

1618 **Kenny Marchant (1:06:09):**

1619 Is that the main reason for the transaction?

1620

1621 **Rosalio Banuelos (1:06:11):**

1622 I'm sorry.

1623

1624

1625

1626 **Kenny Marchant (1:06:13):**

1627 Is that the main reason for the transaction? This  
1628 rollover, this...

1629

1630 **Rosalio Banuelos (1:06:18):**

1631 The request that you have right now is, yes, keep the  
1632 loan extended. We're modifying the terms. So without  
1633 modifying, the payment would be due in September. This  
1634 is part of a larger proposed plan to renovate the  
1635 property, so they're keeping this debt as part of that  
1636 capital stack.

1637

1638 **Cindy Conroy (1:06:36):**

1639 But weren't they, but in '23, weren't they going to  
1640 renovate the property back then? Did I read that wrong?

1641

1642 **Rosalio Banuelos (1:06:42):**

1643 They bought it with the intention of renovating, but  
1644 there was no...

1645

1646 **Cindy Conroy (1:06:45):**

1647 In '23, right?

1648

1649

1650

1651 **Rosalio Banuelos (1:06:46):**

1652 There was no application at that time. Initially, we  
1653 were just approving them to kind of be the owner with  
1654 the plan that they would later come back and renovate  
1655 the property. So they have been working on this plan to  
1656 renovate the development since 2023.

1657

1658 **Kenny Marchant (1:07:01):**

1659 But they're resyndicating it now, so it'll be the new  
1660 owners that are going to do all that.

1661

1662 **Rosalio Banuelos (1:07:06):**

1663 It's a new borrower with the same principles that we  
1664 have currently.

1665 **Kenny Marchant (1:07:12):**

1666 Okay.

1667

1668 **Ajay Thomas (1:07:13):**

1669 So if I'm understanding this correct, in '23, when the  
1670 new ownership bought it, the consideration we gave them  
1671 for just changing the terms and becoming the new  
1672 ownership, was we were going to convert the loan from a  
1673 forgivable loan to a non-forgivable loan.

1674

1675

1676 **Rosalio Banuelos (1:07:29):**

1677 At that time, we approved the ownership transfer, so we  
1678 had to review them as the buyer, and they proposed  
1679 making that change from...

1680

1681 **Ajay Thomas (1:07:39):**

1682 Which made it attractive to us to convert it, right?

1683

1684 **Rosalio Banuelos (1:07:40):**

1685 Correct, to us. Yes.

1686

1687 **Ajay Thomas (1:07:42):**

1688 And then, but that was structured as a balloon payment.

1689

1690 **Rosalio Banuelos (1:07:45):**

1691 Yes.

1692

1693 **Ajay Thomas (1:07:45):**

1694 Which is going to be due September 1 of this year,  
1695 right?

1696

1697 **Rosalio Banuelos (1:07:48):**

1698 Yes.

1699

1700

1701 **Ajay Thomas (1:07:49):**

1702 It looks like now, because they're resyndicating it, new  
1703 ownership, they don't have the cash to repay us  
1704 September 1. So presumably, we could have a default  
1705 then on our loan if we don't agree to this, right?

1706

1707 **Rosalio Banuelos (1:08:02):**

1708 Yes. They would have to come up with it kind of out of  
1709 pocket, yeah.

1710

1711 **Ajay Thomas (1:08:04):**

1712 Or they would have to come up with it. Okay. And their  
1713 ask is that we are going to extend this loan out to  
1714 2052, to February 16th of 2052, as a balloon payment  
1715 then, so we're not going to get any amortization of  
1716 this.

1717

1718 **Rosalio Banuelos (1:08:19):**

1719 No. It would be structured as cash flow because of the  
1720 HUD financing that they're proposing, we would have to  
1721 follow HUD's definition of cash flow, and it's payable  
1722 at 75 percent of that. So up to 75 percent of the cash  
1723 flow as calculated in accordance with HUD  
1724 requirements...

1725

1726 **Ajay Thomas (1:08:35):**

1727 And then the 25 percent would be a balloon payment.

1728

1729 **Rosalio Banuelos (1:08:37):**

1730 Well, if the 75 percent covers the annual payment, then

1731 that would pay for that year. But whatever can't be

1732 paid out of cash flow would then become the balloon

1733 payment in 2052 maturity.

1734

1735 **Ajay Thomas (1:08:49):**

1736 In 2052. So my question is though, we're being asked to

1737 do this, isn't this just really, we're trying to protect

1738 the loan out there because we're afraid, do we think

1739 they're going to come up with it, or are we afraid that

1740 they're going to default on this?

1741

1742

1743

1744 **Rosalio Banuelos (1:09:05):**

1745 No. I think overall the reason why we're doing this is

1746 just to allow for this renovation of the property. So

1747 with the resyndication, they need this loan to make the

1748 capital stack work. Again, kind of without that, they

1749 would have to come up with the money out of some other

1750 source. So we are recommending approval for this because

1751 we're getting a renovated property, and they're agreeing  
1752 to extend the TCAP LURA as long as the debt is  
1753 upstanding. So that's the benefit to us.

1754

1755 **Ajay Thomas (1:09:38):**

1756 And we're comfortable, we feel that the new terms that  
1757 we're agreeing to guarantees that they're going to rehab  
1758 this.

1759

1760 **Rosalio Banuelos (1:09:46):**

1761 Yes. All of this would be done subject to them closing  
1762 on the new 4 percent award. So it wouldn't be done  
1763 prior to closing. It would happen at closing.

1764

1765 **Ajay Thomas (1:09:55):**

1766 I don't want to go at risk on the balance of whatever  
1767 the loan is now and risk not getting repaid at all, but  
1768 in some measure, this seems like it's just throwing good  
1769 money after bad. This is just a bad business deal,  
1770 right? And we're being asked to finance it in hopes that  
1771 we don't have to suffer a lack of repayment on this  
1772 loan. So we're just going to hope that we get this  
1773 through cash flow or through the balloon payment.

1774

1775

1776 **Rosalio Banuelos (1:10:24):**

1777 I suppose it is a risk. Right now the terms that we  
1778 have require repayment in September. So without that  
1779 being modified, the borrower would have no choice, but  
1780 to...

1781

1782 **Ajay Thomas (1:10:35):**

1783 But to repay us.

1784

1785 **Rosalio Banuelos (1:10:36):**

1786 Repay us. Exactly.

1787

1788 **Kenny Marchant (1:10:40):**

1789 Sorry.

1790

1791 **Ajay Thomas (1:10:41):**

1792 No, go ahead.

1793

1794 **Kenny Marchant (1:10:41):**

1795 And he's saying as of the 3rd, you had the original  
1796 owner, sold '23. Now you have a new owner, or is this  
1797 owner in '23 still the same, but he's wanting to  
1798 resyndicate?

1799

1800

1801 **Rosalio Banuelos (1:10:55):**

1802 It's still the same principals. It's a different  
1803 partnership. They have to change title to a different  
1804 partnership, but the members are going to be related  
1805 parties.

1806

1807 **Kenny Marchant (1:11:03):**

1808 Okay. And in addition to the 3.7 million that we're  
1809 mitigating, postponing, putting them, is there other  
1810 cash being drawn out other than the development fee?

1811

1812 **Rosalio Banuelos (1:11:19):**

1813 They are bringing in HUD financing as the first lien  
1814 debt on this transaction. So to recapitalize it,  
1815 they're bringing in the HUD financing. There will be  
1816 the TCAP loans. They have a seller note as well and  
1817 there would be definitely a developer fee on top of  
1818 that.

1819

1820 **Kenny Marchant (1:11:40):**

1821 Okay. I think I understand the answer. The answer is  
1822 no, they're not cashing out previous partners.

1823

1824 **Rosalio Banuelos (1:11:49):**

1825 No. No.

1826

1827 **Kenny Marchant (1:11:50):**

1828 And they're walking off with checks.

1829

1830 **Rosalio Banuelos (1:11:53):**

1831 Correct.

1832

1833 **Kenny Marchant (1:11:53):**

1834 Okay.

1835

1836 **Leo Vasquez III (1:11:54):**

1837 And we're not writing a check, another check now. I

1838 think that's the key...

1839

1840 **Kenny Marchant (1:11:58):**

1841 We're not. No. We're not getting this 3.7 million.

1842

1843 **Leo Vasquez III (1:12:00):**

1844 Yep. Yeah.

1845

1846 **Holland Harper (1:12:02):**

1847 We're getting \$50,000.

1848

1849 **Cindy Conroy (1:12:03):**

1850 We're getting 50,000.

1851

1852 **Rosalio Banuelos (1:12:03):**

1853 We're getting 50,000, correct. That would be paid back.

1854

1855 **Leo Vasquez III (1:12:06):**

1856 And then the last, I'm sorry, Megan. So what happens if

1857 the whole 4 percent deal falls through? So is our

1858 extension contingent on the 4 percent bonds and

1859 everything being done?

1860

1861 **Megan Sylvester (1:12:24):**

1862 Yes. Megan Sylvester, Deputy General Counsel. Yes.

1863 And so we're going to make all of these modifications to

1864 the loan and any necessary amendments to the LURA and

1865 the written agreement at the same time that the HUD

1866 closing happens. So if the HUD closing doesn't happen,

1867 we won't go forward with these modifications. Just one

1868 quick thing. The LURA extension is not tied to whether

1869 the loan is outstanding or not. Once we extend that

1870 LURA, that LURA is extended even if they pay us off

1871 earlier than 2052.

1872

1873 **Bobby Wilkinson (1:13:19):**

1874 So we think that the rehab is infeasible without us,

1875 maybe just...

1876

1877 **Rosalio Banuelos (1:13:24):**

1878 It would require other sources because the analysis  
1879 indicates there would not be sufficient cash flow in 15  
1880 years to pay the deferred developer fee. So without  
1881 this 3.7 million in the capital stack, that would mean  
1882 that they would have to increase their sources to make  
1883 up that difference.

1884

1885 **Bobby Wilkinson (1:13:43):**

1886 Okay. And they're going to write us check for 50,000  
1887 and then we get cash flow payments, and then whatever's  
1888 left at the end.

1889

1890 **Rosalio Banuelos (1:13:49):**

1891 Yes.

1892

1893 **Bobby Wilkinson (1:13:49):**

1894 And it was forgivable before.

1895

1896 **Rosalio Banuelos (1:13:51):**

1897 It was forgivable when it closed back in 2010.

1898

1899 **Bobby Wilkinson (1:13:53):**

1900 Okay.

1901

1902 **Leo Vasquez III (1:13:55):**

1903 But we reset that in '23.

1904

1905 **Bobby Wilkinson (1:13:58):**

1906 Right. In good faith.

1907

1908 **Leo Vasquez III (1:14:05):**

1909 And in '23, the September 1, '26, date, maturity date,

1910 was clear and obvious to everybody, right?

1911

1912 **Rosalio Banuelos (1:14:14):**

1913 Yes. It was clear that had been the maturity date. It

1914 wasn't changing. That is what the applicant proposed at

1915 that time. They said we'll make this loan repayable,

1916 keep the maturity date as it was.

1917

1918 **Ajay Thomas (1:14:28):**

1919 Rosalio, when the original award was granted in 2008 and

1920 we structured it as a forgivable loan, was the entire

1921 amount, both amounts, listed in the briefing book,

1922 forgivable loans, or was there any part that was not

1923 forgivable?

1924

1925

1926 **Rosalio Banuelos (1:14:42):**

1927 The loans were, both loans were structured as repayable  
1928 out of cash flow, so whatever was paid up to September  
1929 of 2026 out of cash flow wouldn't be forgiven, but the  
1930 balance at maturity, if the borrower was not in default,  
1931 could be forgiven. And that was for both loans.

1932

1933 **Ajay Thomas (1:15:01):**

1934 And what have we received so far from cash flow?

1935

1936 **Rosalio Banuelos (1:15:05):**

1937 Not much. The loans started out as a total of  
1938 \$4,028,000 approximately, and they have a balance of 3.7  
1939 million, so 300,000.

1940

1941 **Kenny Marchant (1:15:16):**

1942 What is new HUD loan going to be?

1943

1944 **Rosalio Banuelos (1:15:20):**

1945 The amount of the HUD loan.

1946

1947 **Kenny Marchant (1:15:21):**

1948 Yeah. Because the developer fee that they will have the  
1949 cash flow to pay if they don't repay these September 1  
1950 loans, as I understand it, will be used, or they'd have

1951 to come up with that money elsewhere and there would not  
1952 be money to pay the developer fee on what amount from  
1953 HUD?

1954

1955 **Rosalio Banuelos (1:15:44):**

1956 So they have a \$16 million HUD loan.

1957

1958 **Kenny Marchant (1:15:47):**

1959 So 100,000 a unit.

1960

1961 **Rosalio Banuelos (1:15:50):**

1962 The development has 150 units, so yeah, I guess a little  
1963 bit more.

1964

1965 **Kenny Marchant (1:15:57):**

1966 Okay.

1967

1968 **Cindy Conroy (1:15:58):**

1969 So technically, they never had a real incentive to pay a  
1970 lot, right? Because whatever hadn't been paid would  
1971 have been forgivable.

1972

1973 **Rosalio Banuelos (1:16:05):**

1974 Correct.

1975

1976 **Cindy Conroy (1:16:06):**

1977 Okay. And they've paid 300,000 since 2008, from four  
1978 million...

1979

1980 **Rosalio Banuelos (1:16:10):**

1981 Yes. And, again, the loans were structured as a subsidy  
1982 really, because of the tax credits not being in the  
1983 deal. There was a minimal amount of tax credits left  
1984 after these loans were put into there, so it was  
1985 substituting equity.

1986

1987 **Kenny Marchant (1:16:31):**

1988 Well, it's my opinion, I don't think we've seen one like  
1989 this before, but we may have, but...

1990

1991 **Rosalio Banuelos (1:16:39):**

1992 We had one not too long ago where the loan was  
1993 structured this way and the applicant said we want to  
1994 keep it that way. I can't remember what board meeting,  
1995 but it was the sister property to this development.  
1996 Different applicant.

1997

1998 **Kenny Marchant (1:16:53):**

1999 Yeah. It doesn't appear to me there's going to be any  
2000 cash for somebody to walk away with. The fact that we

2001 have made these forgivable loans now payable, and the  
2002 fact that we're going to preserve these units if they  
2003 get the HUD loan, then I'm persuaded to go ahead and do  
2004 the deal. So I'd make a motion that we approve.

2005

2006 **Leo Vasquez III (1:17:21):**

2007 Yeah. Does anyone else want to make public comment on  
2008 this item? Right now the recommendation is to do it.

2009 It sounds like we have a motion to do it.

2010

2011 **Kenny Marchant (1:17:29):**

2012 Yeah. If you'd like to speak before I make a motion to  
2013 approve it, then that would...

2014

2015 **Leo Vasquez III (1:17:36):**

2016 Remember, introduce yourself, sign in.

2017

2018 **Kenny Baugh (1:17:48):**

2019 Good morning, Chair, board members. Kenny Bough with  
2020 ITEX Group. We're representing the developer. Just  
2021 wanted to make myself available for any questions, but  
2022 just to clarify on this transaction. When we purchased,  
2023 the transaction was in 2023, so the previous owner had  
2024 the original TCAP loan from '09 up until '23. So when  
2025 we got into the project, we also were managing the

2026 project. So from that point realizing the deferred  
2027 maintenance what the project would entail, we weren't  
2028 really able to make additional cash flow payments at  
2029 that point. The project was pretty cash drought.  
2030  
2031 And we've, since digging in, have realized what the  
2032 scope of work is and how much additional construction is  
2033 going to be a part of this rehab. So when we went back  
2034 in with our financing plan, we had to add additional  
2035 scope because construction costs did increase. And as  
2036 you know, from the period of '23 up until now tax credit  
2037 pricing has changed quite a bit. I think we did a  
2038 similar transaction in 2023 in Beaumont where we had 90  
2039 cents on that particular project. Right now we're at 81  
2040 cents. That's a big swing in tax credit pricing. That  
2041 amounts to about 1.2 million or so in credit pricing.  
2042 So with that, with the construction pricing and the  
2043 scope increasing, we've had to pretty much put  
2044 everything back into the project. We are pushing in a  
2045 seller note now that we are the owner from '23 forward.  
2046 We're pushing in seller note, we're pushing in the TCAP  
2047 funds, but we're also bringing in a lot of construction  
2048 to help the capital stack. So that really balances  
2049 everything out. To your point, Mr. Marchant, we're not  
2050 taking any cash out of the deal. It all is going back

2051 in. The other point I did want to make is we do have a  
2052 higher appraisal on this project. We could increase the  
2053 purchase and sale agreement; however, the deal still  
2054 doesn't support that.

2055

2056 So that would have been the other opportunity to pay  
2057 this loan off if we were able to increase that  
2058 acquisition price. We might be able to pay a  
2059 significant amount or at least half of it, but  
2060 unfortunately the economics of the deal don't support  
2061 that either. So we're left with a scenario where we do  
2062 have to put everything back in and hopefully, we can  
2063 deliver a product that, or we will deliver a product  
2064 that will last and be a quality project for the tenants  
2065 going forward. So I just wanted to add that.

2066

2067 **Leo Vasquez III (1:20:38):**

2068 Okay. Well, thank you, Kenny. Well, I think I'm along  
2069 the lines of Mr. Marchant, it just feels uncomfortable  
2070 in general, but we're preserving and extending the  
2071 affordability. And for me, we're not writing another  
2072 check, which makes me uncomfortable. It's already kind  
2073 of sunk cost. Any other comments, thoughts? If not,  
2074 Mr. Marchant, you want to restate your motion.

2075

2076 **Kenny Marchant (1:21:12):**

2077 I make a motion that we approve item 34 which would,  
2078 let's see, that would. And I'm sorry. I'm trying to  
2079 make my own motion up.

2080

2081 I move the Board approve the requested assumption,  
2082 modification, and resubordination of the TCAP loan  
2083 written agreement and LURA for the Timbers Edge  
2084 Apartments, all as described, conditioned, and  
2085 authorized in the board action request and associated  
2086 documents in this item. Thanks.

2087

2088 **Leo Vasquez III (1:21:53):**

2089 Motion made by Mr. Marchant to approve. All those, I  
2090 need a second. Anyone second?

2091

2092 **Holland Harper (1:21:58):**

2093 Second.

2094

2095 **Leo Vasquez III (1:21:58):**

2096 Seconded by Mr. Harper. All those in favor say aye.

2097

2098 **All Board Members (1:22:02):**

2099 Aye.

2100

2101

2102 **Leo Vasquez III (1:22:03):**

2103 Any opposed? Hearing none, motion carries. All right.

2104 Moving along. 35. Presentation and discussion and

2105 possible action on the draft 2026 State of Texas

2106 Consolidated Plan, the One-Year Action Plan, otherwise

2107 known as OYAP. OYAP.

2108

2109 **Jeremy Stremmler (1:22:24):**

2110 Yes. Good morning, Chairman, Board. My name is Jeremy

2111 Stremmler, Director of the Housing Resource Center.

2112 Before you this morning, is item 35, presentation,

2113 discussion, and possible action on the draft 2026 State

2114 of Texas Consolidated Plan, One-Year Action Plan.

2115 TDHCA prepares this draft 2026 Consolidated Plan, One-

2116 Year Action Plan, sometimes called the OYAP, along with

2117 the Department of Agriculture, the Department of State

2118 Health Services, and the Department of State Health

2119 Services. As with most documents of this nature, TDHCA

2120 is the lead and coordinates the preparation of the

2121 document. The plan covers the State's administration of

2122 the Community Development Block Grant program, CDBG, by

2123 TDA, the Housing Opportunities for Persons with AIDS

2124 program, HOPWA, by DSHS, the Emergency Solutions Grant,

2125 ESG, program, the HOME Investment Partnerships program,

2126 or HOME program, and the National Housing Trust Fund,  
2127 NHTF, program by TDHCA.

2128 This one-year action plan reflects the intended uses of  
2129 funds received by the State of Texas from HUD for  
2130 program year 2026. This particular HUD program year  
2131 will begin on September 1, 2026, and end on August 31,  
2132 2027. The plan also illustrates the State's strategies  
2133 in addressing the priority needs and specific goals and  
2134 objectives identified in the already in place 2025 to  
2135 2029 State of Texas five-year consolidated plan that was  
2136 approved last summer in 2025. One minor change of note  
2137 that we feel the Board would take interest in is the  
2138 addition of language that TDHCA may initiate a set-aside  
2139 of funds for direct administration of TBRA by the  
2140 Department for persons transitioning out of jail or  
2141 incarceration to help with rental assistance for  
2142 formerly incarcerated individuals. I will add that while  
2143 the Department did receive the program year 2026  
2144 allocation amounts for all programs except NHTF, which  
2145 will be released at a later date, they were released  
2146 last Friday, so those amounts will be in the final  
2147 version and are not in this draft version for public  
2148 comment. The amounts for the program year 2026 are not  
2149 substantially different from program year 2025, and per  
2150 guidance from HUD, an estimate may be used in the draft

2151 plan, so the Department based funding levels off  
2152 previous year appropriations, which, as I said, are  
2153 nearly identical to previous years at this time. Upon  
2154 approval today, the draft plan will then become  
2155 available for viewing off of TDHCA's public comment  
2156 center webpage, and be open for public comment from  
2157 Friday, April 17, 2026, through Sunday, May 17, 2026. A  
2158 public hearing will be held on Wednesday, May 6th, at 2  
2159 p.m. Information on the hearing location will be posted  
2160 on the TDHCA public comment page, web calendar, and sent  
2161 via a TDHCA listserv prior to the start of the public  
2162 comment period. Following that public comment period,  
2163 staff plans to present the final plan to the Board prior  
2164 to being submitted to HUD by our deadline of July 17,  
2165 2026, which is at least 45 days before the start of our  
2166 program year. That's my presentation for today. I'd be  
2167 happy to answer any questions.

2168

2169 **Leo Vasquez III (1:25:18):**

2170 Great. Thank you, Jeremy. I think this is great. This  
2171 plan talks about how many different facets there are to  
2172 our programs and then the interaction with other  
2173 agencies. So I think it's good that we talk about it a  
2174 little bit out loud every year. So good work in  
2175 coordinating all that with inside and external.

2176 Does anyone have any questions on the OYAP presentation?  
2177 If not, I encourage everyone to download the board book  
2178 and take a look at it. Is there a motion on item 35 of  
2179 the agenda?

2180

2181 **Ajay Thomas (1:26:03):**

2182 Mr. Chairman, I move the Board approve the draft 2026  
2183 State of Texas Consolidated Plan, One-Year Action Plan,  
2184 all as described and authorized in the board action  
2185 request and associated documents on this item.

2186

2187 **Cindy Conroy (1:26:14):**

2188 I second.

2189

2190 **Leo Vasquez III (1:26:15):**

2191 Motion made by Mr. Thomas. Seconded by Ms. Conroy. All  
2192 those in favor say aye.

2193

2194 **All Board Members (1:26:19):**

2195 Aye.

2196

2197

2198

2199

2200

2201 **Leo Vasquez III (1:26:20):**

2202 Any opposed? Hearing none, motion carries. Thanks,  
2203 Jeremy. Item 36 of the agenda. Presentation,  
2204 discussion, and possible action on the 2026 Department  
2205 of Energy Weatherization Assistance Program state plan  
2206 and awards. Mr. Reid.

2207

2208 **Gavin Reid (1:26:38):**

2209 Good morning, Mr. Chairman, board members. Gavin Reid  
2210 of the Community Affairs Division. This is another  
2211 plan. This is a final plan, but similar to the last  
2212 item you just heard. Each year, the Department develops  
2213 and submits a state plan to the U.S. Department of  
2214 Energy to administer the Department of Energy  
2215 Weatherization Assistance Program in the State of Texas.  
2216 We refer to it as WAP, Weatherization Assistance  
2217 Program. In February, the Board approved the release of  
2218 the draft 2026 state plan for public comment. The  
2219 comment period was open from February 20th to March  
2220 17th, and a public hearing was held on March 11th.  
2221 There was no public comment received. As part of the  
2222 plan development process, the Weatherization Assistance  
2223 Program Policy Advisory Council also met to review the  
2224 plan and recommended in favor of the plan with no  
2225 revisions.

2226 For 2026, the Department expects to receive  
2227 approximately \$10 million in total DOE WAP funds. Now  
2228 this is the annual funding for DOE weatherization. I'll  
2229 also remind you we get weatherization from a couple  
2230 other sources, namely LIHEAP and the Infrastructure and  
2231 Investment Jobs Act, otherwise known as BIL. But the DOE  
2232 funding provides for the installation of weatherization  
2233 measures to increase the energy efficiency of eligible  
2234 homes. If you remember a couple months ago, we  
2235 discussed how to seal the envelope of the house, make  
2236 sure there's no leakage, took you through the basic  
2237 process of weatherization. The funds are allocated to  
2238 the 21 subgrantees listed in Attachment A according to  
2239 the allocation formula written in the TAC. Examples,  
2240 again, of weatherization measures are caulking, attic  
2241 and wall insulation, ductwork, appliance replacement,  
2242 such as for an HVAC, a water heater, maybe even a  
2243 refrigerator to make them more energy efficient,  
2244 patching holes in the home and weatherstripping doors.  
2245 Funding also provides for State administration training  
2246 and technical assistance, and a weatherization readiness  
2247 fund. The weatherization readiness funds, they serve to  
2248 make a house weatherization ready, which would otherwise  
2249 not be qualified for weatherization, such as repairing  
2250 some major structural or roof damage,

2251 which is a common one. So approving this action will  
2252 grant authority to staff to submit the state plan to DOE  
2253 for their review. They'll make any changes required by  
2254 them and then upon DOE's approval, issue contracts to  
2255 the 21 subgrantees listed in Attachment A. Contracts are  
2256 to begin July 1, 2026, last a full year, and end June  
2257 30, 2027. That's our program year for DOE annual  
2258 funding. And that concludes my remarks regarding this  
2259 item, and I can answer any questions you may have.

2260

2261 **Leo Vasquez III (1:29:44):**

2262 Great. Thank you, Gavin. Does anyone have questions  
2263 for Mr. Reid? If not, I'll entertain a motion on item  
2264 36 of the agenda.

2265

2266 **Ajay Thomas (1:30:01):**

2267 Mr. Chairman...

2268

2269 **Anna Maria Farias (1:30:01):**

2270 Mr. Chairman...

2271

2272 **Ajay Thomas (1:30:03):**

2273 Oh, go ahead, please.

2274

2275

2276 **Anna Maria Farias (1:30:04):**

2277 No. Go ahead.

2278

2279 **Ajay Thomas (1:30:06):**

2280 Mr. Chairman, I move the Board approve the submission of

2281 the 2026 Department of Energy weatherization state plan

2282 and the contract for the awards presented in the plan,

2283 all as described, conditioned, and authorized in the

2284 board action request and associated documents on this

2285 item.

2286

2287 **Anna Maria Farias (1:30:20):**

2288 Second.

2289

2290 **Leo Vasquez III (1:30:21):**

2291 Motion made by Mr. Thomas. Seconded by Ms. Farias. All

2292 those in favor say aye.

2293

2294 **All Board Members (1:30:24):**

2295 Aye.

2296

2297 **Leo Vasquez III (1:30:25):**

2298 Any opposed? Hearing none, motion carries. Item 37,

2299 presentation, discussion,

2300

2301 and possible action on the reprogramming of program year  
2302 2025 CSBG administrative and discretionary funds. Mr.  
2303 Reid, you're still here.

2304

2305 **Gavin Reid (1:30:41):**

2306 Yes. Each year, the Department receives an award of  
2307 CSBG funds from the U.S. Department of Health and Human  
2308 Services, and for 2025, it was approximately \$37 million  
2309 total. Of that award, the Department reserves 90 percent  
2310 for eligible entities to provide services to low-income  
2311 residents throughout the State, 5 percent for State  
2312 administrative purposes, and 5 percent for discretionary  
2313 projects. And some of those discretionary projects  
2314 you've heard of, of course, is the Reentry Assistance  
2315 Program, Migrant, Seasonal Farmworkers, and Native  
2316 American Education and Employment, Disaster Recovery,  
2317 that's a big one. But those are just some examples.  
2318 Each year, discretionary and administrative funds that  
2319 haven't been earmarked are reallocated by the Department  
2320 to the network so the funds can be used to provide  
2321 assistance to low-income Texans. These funds must be  
2322 expended by September 30th of this year, or the funds  
2323 will expire and have to be returned to the Department of  
2324 Treasury.

2325

2326 For 2025, a total of \$435,000 in administrative funds  
2327 and \$468,000 in discretionary funding, amounting to  
2328 approximately 903,000, remain unutilized up to this  
2329 point. To expend these funds in the best interest of the  
2330 Department and for the low-income population of Texas,  
2331 staff recommends the funds be reallocated to those  
2332 entities which have expended 100 percent of their  
2333 contracted 2025 CSBG funds by the original contract end  
2334 date, which was December 31, 2025. The list of 20  
2335 entities meeting these criteria and their proportional  
2336 share of the funds is provided in Attachment A. I want  
2337 you to note that the recommended awardees have yet to go  
2338 through the previous participation review, so we await a  
2339 positive recommendation through the previous  
2340 participation review and approval process before  
2341 actually awarding the funds. But to ensure the awards  
2342 are distributed as quickly as possible, staff requests  
2343 your, the Board's, approval, authorization of awards  
2344 contingent on a positive previous participation review  
2345 subject to conditions. If by August 31, 2026, a month  
2346 before the funds' expiration, any CSBG funds still  
2347 remain, the Department may choose to redistribute the  
2348 unused funds to any of the other entities on the list to  
2349 ensure full expenditure by September 30, 2026.  
2350

2351 So just put simply, essentially these are unused funds,  
2352 we want to use them to benefit low-income Texans, so we  
2353 need to get it out and distribute those. So that  
2354 concludes this presentation, and I can answer any  
2355 questions you might have.

2356

2357 **Leo Vasquez III (1:33:40):**

2358 So what's the process of completing the previous  
2359 participation review?

2360

2361 **Gavin Reid (1:33:45):**

2362 That goes through the Compliance Division of our  
2363 department.

2364

2365 **Leo Vasquez III (1:33:49):**

2366 What timing is more what I'm talking about.

2367

2368 **Gavin Reid (1:33:52):**

2369 They request 45 days for a full review, but sometimes  
2370 they can get it done in a month, but they typically  
2371 request previous participation review documents  
2372 approximately 45 days before approval of awards. If  
2373 that gives you an idea.

2374

2375

2376 **Leo Vasquez III (1:34:20):**

2377 No. I'm just trying to figure out, make sure we're not  
2378 putting up roadblocks to be able to get the money out  
2379 there quickly.

2380

2381 **Gavin Reid (1:34:24):**

2382 Oh, I see. Yes. Yeah. But I know they're working hard  
2383 enough or hard to get these out. I believe a few weeks  
2384 ago they were given the previous participation review  
2385 documentation that they needed to start the process.  
2386 And typically, like for the WAP, the weatherization  
2387 awards or CSBG awards, we know who the subgrantees are  
2388 and how much they're going to get, our subrecipients, so  
2389 we're able to do that. But for this one, it's run a  
2390 little differently in that it's kind of last minute, but  
2391 it's not as, what would I say? It's not as deliberate,  
2392 I guess, is maybe a good word.

2393

2394 **Leo Vasquez III (1:35:15):**

2395 Okay. And the 21 potential recipients already have  
2396 indicated that they've spent their money successfully,  
2397 right?

2398

2399

2400

2401 **Gavin Reid (1:35:24):**

2402 Yes. Yes. We have records of that. And we want to get  
2403 the funds to them.

2404

2405 **Leo Vasquez III (1:35:27):**

2406 Because they get (indiscernible) 1:35:28.

2407

2408 **Gavin Reid (1:35:28):**

2409 Yes. Because they've already spent their funds and  
2410 they've demonstrated that they can spend the remaining  
2411 funds that we give them.

2412

2413 **Leo Vasquez III (1:35:38):**

2414 Okay. Any other questions for Mr. Reid? All right.

2415 Gavin, thanks. So I'll take a motion on item 37 of the  
2416 agenda.

2417

2418 **Cindy Conroy (1:35:50):**

2419 I move the Board approve reprogramming of remaining 2025  
2420 CSBG discretionary funds, all as described, conditioned,  
2421 and authorized in the board action request, resolutions,  
2422 and associated documents on this item.

2423

2424 **Holland Harper (1:36:04):**

2425 Second.

2426 **Leo Vasquez III (1:36:04):**

2427 Motion made by Ms. Conroy. Seconded by Mr. Harper. All  
2428 those in favor say aye.

2429

2430 **All Board Members (1:36:09):**

2431 Aye.

2432

2433 **Leo Vasquez III (1:36:10):**

2434 Any opposed? Hearing none, motion carries. Thanks,  
2435 Gavin.

2436

2437 **Gavin Reid (1:36:13):**

2438 Thank you.

2439

2440 **Leo Vasquez III (1:36:14):**

2441 Just make sure we're not funding any learning centers  
2442 with that. Okay. We did item 38, correct?

2443

2444 **Bobby Wilkinson (1:36:26)**

2445 Yes.

2446

2447 **Leo Vasquez III (1:36:26):**

2448 Yes. Moving to 39. Presentation, discussion, and  
2449 possible action on an order adopting the amendment of 10  
2450 TAC Chapter 10, Uniform Multifamily Rules,

2451 Subchapter F, Compliance Monitoring, Section 10.612,  
2452 Tenant File Requirements; an order adopting new 10 TAC  
2453 10, Section 10.628, Verification of Occupant Legal  
2454 Status for HOME, HOME-ARP rental and NHTF Developments;  
2455 and directing their publication in the Texas Register.  
2456 Ms. Boston.

2457

2458 **Brooke Boston (1:37:08) :**

2459 Thank you. Chairman Vasquez, board members. This rule  
2460 relates to federal law called the Personal  
2461 Responsibility and Work Opportunity Reconciliation Act  
2462 of 1996, called PRWORA, specifically about how that law  
2463 is applied to HOME, HOME-ARP, and National Housing Trust  
2464 Fund properties in the Department's multifamily  
2465 portfolio. We've discussed this quite a bit recently,  
2466 so I won't give you a long background on it. The rule  
2467 today is one you approved as a draft in January and was  
2468 taken out for public comment and is now before you today  
2469 for final adoption. As a refresher, this action is  
2470 actually two rules. Those rules require that all persons  
2471 signing a lease must have been verified as having legal  
2472 status either as a U.S. citizen, U.S. national, or a  
2473 qualified alien. This requirement is applicable to all  
2474 existing and future properties for the length of the  
2475 state and federal affordability period.

2476 The rule requires that confirmation of legal status will  
2477 occur at initial lease-up of a unit and at the time of  
2478 first unit recertification or lease renewal that occurs  
2479 after the rule becomes effective. A property must  
2480 confirm legal status through verification based on a  
2481 series of acceptable documents or, if still needed,  
2482 through use of a system called the SAVE system.  
2483 During the public comment period, there was significant  
2484 comment as summarized in your board materials. You have  
2485 both our summary, our staff response, as well as copies  
2486 of the comment itself. Comment included a variety of  
2487 things. They included requesting that we delay or  
2488 suspend the rule action entirely, concern for the  
2489 disruption of households' housing stability and risk of  
2490 eviction, note of the administrative and cost burden on  
2491 properties and households, and concern that the SAVE  
2492 system is imperfect and may result in households being  
2493 disqualified that are in fact qualified. Some comment  
2494 related to the fact that the rule requires verification  
2495 of all households applying to a property that has HOME,  
2496 HOME-ARP, or NHTF, even those units that are not  
2497 programs' units. For example, a 100-unit property may  
2498 have 10 HOME units. Legal status verification will have  
2499 to be performed on households applying to any of the 100  
2500 units. While we understand the commenters' concerns,

2501 because of federal regulations relating to the funding  
2502 sources, we are not able to limit verification to only  
2503 the 10 units. While staff made responsive revisions to  
2504 some aspects of the rule, we do not recommend suspension  
2505 of the rule action. Some comment was specific to the  
2506 preambles to the rules, that the preambles have not  
2507 fully represented the cost and impact of the rule  
2508 action. Staff did revise the preambles for final  
2509 adoption of these rules. Some comment requested that the  
2510 rule be more clear on what happens when there is a  
2511 delayed verification in SAVE, whether a property can  
2512 serve the next person on the waiting list if there are  
2513 delays, and provide a process for when a household wants  
2514 to dispute a determination or pursue getting their  
2515 verification documents in order. While not added to this  
2516 rule today, staff is presenting the Board with a  
2517 proposed rule action at the May meeting that will  
2518 address those specific categories of issues. There are  
2519 two changes of significant note made to the draft, or  
2520 since the draft. First, in response to the request that  
2521 the rule be delayed and that a clear effective date be  
2522 provided, the rule now provides that it will not become  
2523 effective until August 1, 2026.

2524

2525

2526 This provides a firm date as requested and provides the  
2527 Department more time to prepare all materials needed to  
2528 have properties sign agreements to give them access to  
2529 SAVE and to set those properties up in the SAVE system  
2530 and get them trained by the Department. Second, there  
2531 had been quite a lot of input relating to a requirement  
2532 that those signing a lease would have to attest that  
2533 they were not harboring persons without legal status in  
2534 the unit. To address some of the concerns with the term  
2535 "harboring," that section has been revised. Other  
2536 changes were made that better organize the rule and  
2537 clarify. With that, I'm happy to answer any questions.

2538

2539 **Leo Vasquez III (1:41:00):**

2540 Out of curiosity, what did we replace harboring with?

2541

2542 **Brooke Boston (1:41:05):**

2543 We replaced it, so there was concern that the word  
2544 "harboring" is ambiguous, that it's not clear how long  
2545 someone would have to have been there if they were,  
2546 could it be someone who's there for half a day? Does it  
2547 have to be 30 days? And so most leases already stipulate  
2548 that you can't have a guest for more than a certain  
2549 amount of time without them being added to the lease,  
2550 and so we refer back to the lease stipulations now.

2551 So the section now reads, "An attestation as provided by  
2552 the Department for use by developments signed by all  
2553 parties signing the lease that, to their knowledge,  
2554 there are no occupants of the unit that would be  
2555 required to be included on the lease under the  
2556 property's lease stipulations that do not have qualified  
2557 legal status under PRWORA." So that gives the property  
2558 something more concrete to be able to assess if a  
2559 household is or isn't harboring.

2560

2561 **Leo Vasquez III (1:42:06):**

2562 Great. Do board members have questions for Ms. Boston?  
2563 And again, we are just conforming with directives coming  
2564 from federal level and state level, Governor Abbott.

2565

2566 **Brooke Boston (1:42:22):**

2567 Correct.

2568

2569 **Leo Vasquez III (1:42:23):**

2570 Yeah. Is there any members of the public that want to  
2571 speak on this item? Seeing none, I will...

2572

2573 **Cindy Conroy (1:42:32):**

2574 Considering how much public comment, I thought for sure  
2575 that there would be people here today.

2576 **Brooke Boston (1:42:37):**

2577 As did I.

2578

2579 **Leo Vasquez III (1:42:38):**

2580 Brooke was going to miss her flight. So I will

2581 entertain a motion on, what are we on, 39?

2582

2583 **Anna Maria Farias (1:42:47):**

2584 Mr. Chairman, I move the Board adopt the amendment of 10

2585 TAC Section 10.612 relating to tenant file requirements

2586 and adopt the new 10 TAC Section 10.628 relating to

2587 verification of occupant legal status for HOME, HOME-ARP

2588 rental and NHTF developments, all as described and

2589 authorized in the Board action request, resolutions, and

2590 associated documents of this item.

2591

2592 **Leo Vasquez III (1:43:23):**

2593 Motion made by Mr. Farias. Is there a second?

2594

2595 **Holland Harper (1:43:24):**

2596 Second.

2597

2598 **Leo Vasquez III (1:43:25):**

2599 Seconded by Mr. Harper. All those in favor say aye.

2600

2601 **All Board Members (1:43:29):**

2602 Aye.

2603

2604 **Leo Vasquez III (1:43:30):**

2605 Any opposed? Hearing none, motion carries. Thanks,  
2606 Brooke. Here's another one of those long ones. Item  
2607 40. Presentation, discussion, and possible action on an  
2608 order adopting amendments to 10 TAC Chapter 10,  
2609 Subchapter F, Section 10.601, Compliance Monitoring  
2610 Objectives and Applicability, Section 10.607, Reporting  
2611 Requirements, Section 10.611, Determination,  
2612 Documentation, and Certification of Annual Income,  
2613 Section 10.613, Lease Requirements, Section 10.614,  
2614 Utility Allowances, Section 10.621, Property Condition  
2615 Standards, Section 10.622, Special Rules Regarding Rents  
2616 and Rent Limit Violations, and Section 10.625, Events of  
2617 Noncompliance, and directing its publication for public  
2618 comment in the Texas Register. Wendy, did you write that  
2619 title? And can we just say the section numbers and  
2620 just, okay. Anyway, let's continue. Ms. Quackenbush.

2621

2622 **Beau Eccles (1:44:40):**

2623 Well, it's just a motion.

2624

2625

2626 **Wendy Quackenbush (1:44:42):**

2627 Good morning, Chairman, board members, Mr. Wilkinson.

2628 Wendy Quackenbush, Director of Multifamily Compliance.

2629 The next item on the agenda is the possible action on

2630 adopting amendments to the compliance monitoring rule,

2631 Chapter 10, Subchapter F. The public comment period was

2632 from January 30th through March 3rd, and 11 entities

2633 commented on the proposed changes. The most significant

2634 updates to the rules are related to the HOME Investment

2635 Partnerships program, referred to as the HOME Final

2636 Rule, published by the Housing and Urban Development

2637 with an implementation date of April 30, 2026.

2638 The changes include revisions to tenant protections,

2639 utility allowances, rent increases, reporting

2640 requirements for multifamily developments that have

2641 contracts executed on or after April 30, 2026, for the

2642 HOME, TCAP RF, and HOME Match developments. Owners with

2643 existing HOME, TCAP RF, and HOME Match units will have

2644 the opportunity to execute an amendment if they choose

2645 to opt in to the entirety of the new rule. The other two

2646 significant changes made on the rule based on public

2647 comment is that non-operable elevators must be reported

2648 to the Department within 72 hours instead of 24 hours.

2649

2650

2651 Additionally, the Department clarified in the rule when  
2652 rent payments must be accepted by the property; if  
2653 payment is made on time, in full, and the household does  
2654 not have any outstanding previous rent balances due.  
2655 Staff recommends approval of the adoption of the  
2656 amendments to the compliance monitoring rules. And I'm  
2657 happy to answer any questions.

2658

2659 **Leo Vasquez III (1:46:31):**

2660 Great. Thanks, Wendy. Are there any comments or  
2661 questions for Ms. Quackenbush? Any members of the  
2662 public that would wish to follow up on their comments?  
2663 Seen none, hearing none, I'll entertain a motion on item  
2664 40 of the agenda.

2665

2666 **Holland Harper (1:46:50):**

2667 I move the Board adopt the amendment of the state  
2668 compliance monitoring rules within 10 TAC Chapter 10,  
2669 Subchapter F, all as described and authorized in the  
2670 Board action request and associated documents on this  
2671 item.

2672

2673 **Ajay Thomas (1:47:01):**

2674 Second.

2675

2676 **Leo Vasquez III (1:47:01):**

2677 Motion made by Mr. Harper. Seconded by Mr. Thomas. All  
2678 those in favor say aye.

2679

2680 **All Board Members (1:47:06):**

2681 Aye.

2682

2683 **Leo Vasquez III (1:47:07):**

2684 Any opposed? Hearing none, motion carries. 41. Almost  
2685 got through a meeting without Cody. Presentation,  
2686 discussion, and possible action on a determination of  
2687 eligibility related to undesirable site features for Sea  
2688 Gulf Villas. Mr. Campbell.

2689

2690 **Cody Campbell (1:47:29):**

2691 Good morning. Cody Campbell, Director of Multifamily  
2692 Programs for the Department. Sea Gulf Villas is a 2026  
2693 9 percent housing tax credit application that requests  
2694 1.6 million in housing tax credits for the  
2695 rehabilitation of a currently vacant building in  
2696 Downtown Corpus Christi. I believe they're going to be  
2697 turning this into 61 units of housing. The QAP  
2698 identifies certain undesirable site features such as  
2699 close proximity to heavy industry, landfills, or  
2700 refineries.

2701 These undesirable site features don't automatically,  
2702 it's on a blanket prohibition on us ever doing those  
2703 deals, but in order for those sites to be eligible, an  
2704 applicant must provide acceptable mitigation, either as  
2705 determined by staff or the Board, in order for that site  
2706 to be eligible. This particular application is located  
2707 1.85 miles from Corpus Christi's Refinery Row, which  
2708 does constitute an undesirable site feature under the  
2709 QAP. We have provided some maps to you in your board  
2710 book. I'd like to thank the applicant for helping us  
2711 put these together, although we did independently verify  
2712 them once they came in. And I think looking at this map  
2713 will help you visualize what we're talking about. Just  
2714 looking at the first one in your book as an example,  
2715 this is the downtown area of Corpus Christi. The  
2716 development site is located on the far east side of  
2717 Downtown. It's labeled 26061 Sea Gulf Villas. The  
2718 refineries are highlighted in the parcels in the  
2719 following maps. At the risk of sounding like a dinosaur  
2720 attorney, it is surprisingly difficult to say exactly  
2721 where a refinery is. The applicant, I believe, has  
2722 over-disclosed on these maps and identified some areas  
2723 that are just crude oil storage. And so immediately to  
2724 the north of the development site, you have the ship  
2725 channel.

2726 Those very closest parcels, which are about 1.21 miles  
2727 away, I believe are crude oil storage. The parcels to  
2728 the east of that, I'm sorry, to the west of that are  
2729 really where I believe the refineries are. The city has  
2730 said that this site is 1.85 miles from refineries.  
2731 That's about what the applicant came up with, and when  
2732 we looked at it, that's also about what we came up with.  
2733 So I think we're pretty much all in agreement about the  
2734 distance to the refineries. As I said, applicants must  
2735 present acceptable mitigation. Sometimes this is very  
2736 simple. In the case of something like a railroad,  
2737 something like noise mitigation could constitute  
2738 acceptable mitigation. But for something like a  
2739 refinery, it's a little bit more difficult because the  
2740 refinery is just there; you can't move it.  
2741 And so what staff looks for when we look at these things  
2742 is for the applicant to make a compelling case that this  
2743 transaction makes sense and is a good investment and is  
2744 good real estate despite the fact that there is a  
2745 refinery in close proximity. I do believe that they've  
2746 made that case pretty well. The site is located in  
2747 close proximity to many community amenities such as the  
2748 city hall and museums. It's a location with moderate  
2749 crime, and it does have some poverty.  
2750

2751 It has been identified as an opportunity zone by State  
2752 leadership, so it's been identified as an area for this  
2753 kind of economic investment. Just looking at it on a  
2754 map, it's close to the kinds of things that would  
2755 indicate that a neighborhood in an urban area is  
2756 experiencing economic growth. There are sushi  
2757 restaurants and coffee houses. The Selena Memorial is  
2758 right around the corner. So it's, I believe, a really  
2759 vibrant part of Corpus Christi. The applicant provided a  
2760 letter from the city expressing their strong support for  
2761 the development. In addition, the Board has previously  
2762 approved a development site within two miles of these  
2763 refineries, most recently in 2024. I believe there are  
2764 several others that are from years back. Based on all  
2765 these things, staff does recommend that the Board find  
2766 the site eligible. It does appear to be a good site in  
2767 a good neighborhood that is growing economically. And  
2768 I'm happy to answer any questions that you may have.

2769

2770 **Leo Vasquez III (1:51:26):**

2771 Great. Thank you, Cody. Well, does anyone have  
2772 specific questions for Mr. Campbell? Since it appears  
2773 that people made the drive up to Austin, would anyone  
2774 like to just give us a quick overview of the project?

2775

2776 **David Fournier (1:51:43):**

2777 Sure, happy to. Hi. Dave Fournier, Fishpond  
2778 Development. So what we've got proposed is, it's an  
2779 existing 10-story historic building that's been vacant  
2780 where we're going to renovate the entire building.  
2781 61 units are affordable. There's an additional 40 units  
2782 that are market rate. So it's a mixed-income  
2783 development and in fact, it's an incredibly important  
2784 building and corridor for the City of Corpus Christi.  
2785 I believe we got unanimous support from the city  
2786 council. Arlene Medrano, who's the executive director  
2787 of Downtown Management District for Corpus Christi, is  
2788 here today if you have any questions of their level of  
2789 support. They provided a letter of support.  
2790 And it'll be a pretty significant investment in the  
2791 downtown area as they try to bring more residential  
2792 units in the downtown area. That's a focus of the  
2793 Downtown Management District. And so that's, I think as  
2794 Cody had mentioned, we're pretty excited about it.

2795

2796 **Leo Vasquez III (1:53:00):**

2797 Great, great. Thanks, Dave. And we're fans of adaptive  
2798 reuse and rehabilitation, so just make sure you have  
2799 lots of contingencies in your budget.

2800

2801 **David Fournier (1:53:11):**

2802 Yes, we do. Thank you.

2803

2804 **Leo Vasquez III (1:53:14):**

2805 Okay. Okay. Does anyone else have any questions or a

2806 burning desire to make a comment? If not, Cody, so

2807 staff's recommendation is to not find this, is this the

2808 on, it's not ineligible.

2809

2810 **Holland Harper (1:53:36):**

2811 Without the double negative there it would be great.

2812

2813 **Leo Vasquez III (1:53:40):**

2814 Because this is...

2815

2816 **Holland Harper (1:53:42):**

2817 Mr. Chairman...

2818

2819 **Beau Eccles (1:53:42):**

2820 Right. It's not that we're finding the site is eligible

2821 because what they're seeking is a finding that it's not

2822 ineligible on the basis of the proximity to refineries.

2823 That said, staff has not gone through this application

2824 enough to determine the site is eligible.

2825

2826 **Cody Campbell (1:54:00):**

2827 Correct.

2828

2829 **Leo Vasquez III (1:54:01):**

2830 But it's not ineligible based on this; we're about to

2831 say it's not ineligible based on this distance.

2832

2833 **Beau Eccles (1:54:07):**

2834 Right.

2835

2836 **Leo Vasquez III (1:54:08):**

2837 Okay. We good? Mr. Harper.

2838

2839 **Holland Harper (1:54:10):**

2840 I move the Board determine that the Corpus Christi

2841 development site described in the 2026 9 percent

2842 application of Sea Gulf Villas is not ineligible on the

2843 basis of proximity to oil refineries, all as described

2844 and conditioned in the board action request and

2845 associated documents on this item.

2846

2847 **Leo Vasquez III (1:54:27):**

2848 Motion made by Mr. Harper. Is there a second?

2849

2850

2851 **Ajay Thomas (1:54:29):**

2852 Second.

2853

2854 **Leo Vasquez III (1:54:30):**

2855 Seconded by Mr. Thomas. All those in favor, say aye.

2856

2857 **All Board Members (1:54:33):**

2858 Aye.

2859

2860 **Leo Vasquez III (1:54:33):**

2861 Any opposed? Hearing none, motion carries. And for

2862 everyone, this is one of those examples of when I said

2863 we need to clean up our statutory language, we may need

2864 to tighten up this 2-mile rule.

2865

2866 **Bobby Wilkinson (1:54:48):**

2867 This one's not in statute. We could...

2868

2869 **Leo Vasquez III (1:54:49):**

2870 It's rule. It's rule, not statute.

2871

2872 **Bobby Wilkinson (1:54:51):**

2873 Yeah.

2874

2875

2876 **Cody Campbell (1:54:51):**

2877 We can just fix this, yep.

2878

2879 **Bobby Wilkinson (1:54:52):**

2880 It's been there a long time. We've been talking about  
2881 conforming it to something shorter for something similar  
2882 to what TCEQ does or federally HUD and, yeah.

2883

2884 **Leo Vasquez III (1:55:04):**

2885 Well, great. Okay. Moving right along to the final  
2886 posted item on the agenda, number 42. Presentation,  
2887 discussion, and possible action on an appeal of the  
2888 termination of the application for Breezy Meadows. Mr.  
2889 Campbell.

2890

2891 **Cody Campbell (1:55:20):**

2892 Thank you, Mr. Vasquez. Breezy Meadows is also a 2026 9  
2893 percent application. This one requests 1.3 million in  
2894 tax credits for the new construction of 39 units in  
2895 Robstown. Applications must be submitted through the  
2896 Department's online system, and application login  
2897 information was provided to this applicant on February  
2898 19th. Applications were then due at 5 p.m. on February  
2899 27th.

2900

2901 Shortly before applications were due, the applicant  
2902 contacted staff because they were unable to access the  
2903 system due to a personnel change on the application. A  
2904 new password was provided to the applicant at 4:42, and  
2905 a substantially incomplete application was submitted  
2906 right at the deadline. And understanding when I say  
2907 substantially incomplete, describing it as half an  
2908 application would be generous. It was missing the rent  
2909 schedule, the cost breakdown, the development cost  
2910 schedule, the sources of funds, the owner and developer  
2911 organizational charts, and quite a few other items that  
2912 are outlined in the termination letter that's attached  
2913 to this item in your board book. So that's what we  
2914 received right at the deadline. Later that night, at  
2915 approximately 8 p.m., additional application materials  
2916 were submitted. These materials were not accepted by  
2917 staff due to coming in three hours after the deadline.  
2918 Because the application was substantially incomplete as  
2919 of the deadline, it was terminated, and the applicant  
2920 subsequently appealed that termination on the basis that  
2921 the late logins to the system caused them to submit the  
2922 wrong documents and that essentially they had made a  
2923 good faith effort to comply with the deadline and they  
2924 just hadn't.  
2925

2926 Staff is obviously sympathetic to personnel changes. I  
2927 mean, in a perfect world, nobody would ever need a  
2928 password reset and everything would go smoothly.  
2929 However, I think that the sticking point here is the 8  
2930 p.m. thing. If this had been a situation where late  
2931 access was granted, and at 5:10 p.m. a complete  
2932 application had been submitted, there's a good chance  
2933 we'd be having a very different conversation right now.  
2934 But when we're talking about three hours after the  
2935 deadline and three-and-a-half hours after access had  
2936 been granted, it becomes very tough to see how this  
2937 would be fair to other applicants who did not get that  
2938 additional three hours. Staff recommends that you uphold  
2939 the termination and I'm happy to answer any questions  
2940 that you may have, but it's a pretty straightforward  
2941 situation as far as I see it.

2942

2943 **Leo Vasquez III (1:57:46):**

2944 Were there any other applications this year that we were  
2945 late and we approved?

2946

2947 **Cindy Conroy (1:57:51):**

2948 No, sir.

2949

2950

2951 **Leo Vasquez III (1:57:52):**

2952 Okay. Does someone want to speak, make a comment on  
2953 this? If so, please introduce yourself, sign in.

2954

2955 **Alma Cobb (1:58:12):**

2956 Morning, Chairman, members of the board. My name is

2957 Alma Cobb. I'm the Vice President of Development of

2958 Realtex Development Corporation, and we are the

2959 applicant for Breezy Meadows, Application 26258.

2960 We are here today respectfully requesting

2961 reconsideration of the termination of our 2026 9 percent

2962 housing tax credit application pursuant 10 TAC 11.902.

2963 Our team had completed the application materials prior

2964 to the submission deadline that was prepared to submit.

2965 On February the 27th, we began requesting to the used

2966 server system to upload those materials. Access was not

2967 provided until approximately 4:42, leaving us less than

2968 20 minutes before the 5 p.m. deadline. We immediately

2969 logged in and began uploading in good faith. Within that

2970 compressed timeframe, an incorrect file was accidentally

2971 transmitted, which caused the application to appear

2972 substantially incomplete at the deadline. The

2973 Department determined that the application was

2974 substantially incomplete at 5 p.m.

2975

2976 What we are asking the Board to consider is that what  
2977 occurred was not an incomplete application, but an  
2978 incomplete transmission. The application itself was  
2979 fully developed with core certifications, structure, and  
2980 substantial context completed prior to the deadline.  
2981 The upload timestamp reflected when the files were  
2982 transmitted, not when the materials were completed. The  
2983 items identified as missing were part of the completed  
2984 application but were not successfully transmitted within  
2985 the time upload window. Any post-deadline uploads were  
2986 not new or addition, but re-uploads of the materials  
2987 already prepared. There were no competitive advantage  
2988 gained, no attempt to improve the application after the  
2989 deadline, only an effort to ensure the completed  
2990 materials were transmitted. We fully respect the  
2991 requirements of 10 TAC 11.1. The question here is how  
2992 the rule is applied in a situation where the application  
2993 was completed in good faith, but the transmission was  
2994 impacted by the constrained access window. Under 10 TAC  
2995 11.902, this Board has the authority to consider that  
2996 context. The development represents 49 units of the  
2997 housing in rural community serving Texans in need of  
2998 affordable housing.  
2999  
3000

3001 For these reasons, we respectfully request the Board to  
3002 reverse termination and allow the application to proceed  
3003 to full review of its merits. Thank you.

3004

3005 **Leo Vasquez III (2:00:48):**

3006 Great. Thank you.

3007

3008 **Rick Deyoe (2:01:05):**

3009 Good afternoon, Chairman, members of the board. My name  
3010 is Rick Deyoe, President of Realtex Development  
3011 Corporation. Our company, Realtex, has been successfully  
3012 developing tax credit projects here in Texas for 28  
3013 years. I've been doing it a lot longer than that, but  
3014 under Realtex, it's been 28 years. We've built over 50  
3015 affordable projects here, none with any issues to speak  
3016 of, any major issues, and all have done, they've all  
3017 gone according to plan. We understand the importance of  
3018 deadlines, completeness, and fairness of this process,  
3019 and we totally respect the structure that the Department  
3020 has in place. We've been submitting applications, as I  
3021 mentioned, for 28 years. We make sure that we have the  
3022 application completed way ahead of the time that it's  
3023 due to the state agency. In fact, I began reviewing  
3024 this application in detail, the entire application, a  
3025 week prior to it being submitted.

3026 I would go through, I would flag a page that I had a  
3027 question on and then we would go further and further  
3028 until we made sure the application was 100 percent  
3029 completed, signed, notarized, ready for submission.  
3030 Unfortunately, we didn't get the word that we could, or  
3031 because there was some change of personnel, the new  
3032 ServU system response power password for us to be able  
3033 to submit the application didn't come until 4:42 p.m.  
3034 even though it was requested more than an hour or so  
3035 ahead of time. In the haste of trying to get the  
3036 application submitted, the PDF that was submitted wasn't  
3037 the actual final PDF, and that's unfortunate that it got  
3038 in there. Part of the reason that everything was  
3039 submitted was to show the staff and the Board that we  
3040 had a completed application. Every tab, every separate  
3041 piece that had to be, every Excel spreadsheet, every PDF  
3042 spreadsheet in its entirety was completed, and it was  
3043 subsequently, as Cody mentioned, uploaded in its  
3044 entirety after the fact. And once they contacted me, I  
3045 said we need to show that we, this wasn't a, we're just  
3046 late and didn't have an application that was turned in.  
3047 We had the entire application completely finished.  
3048  
3049  
3050

3051 The only reason it wasn't submitted 100 percent on time  
3052 and us being able to review it was because we didn't get  
3053 our notification on how to submit the application of our  
3054 password for us to be able to submit the application,  
3055 until 4:42, or 18 minutes before the deadline.

3056 And so in lieu of that, we would request that you  
3057 reconsider, the staff reconsider the termination, and  
3058 that you would take us into consideration.

3059

3060 **Leo Vasquez III (2:04:07):**

3061 Okay. Thank you, Mr. Deyoe. And I'd venture to say  
3062 that all of us up here are old enough to have been in  
3063 your situation before. And it's not fun, but it would  
3064 be opening a Pandora's box, in my opinion, if we start,  
3065 Cody, were there any other applicants in this, I think  
3066 they said it's rural, in this region?

3067

3068 **Cody Campbell (2:04:35):**

3069 This is Robstown, so I believe Robstown is right outside  
3070 of Corpus Christi. Josh has the whole log memorized.

3071 Josh.

3072

3073 **Joshua Goldberger (2:04:43):**

3074 There are other applicants.

3075

3076 **Cody Campbell (2:04:44):**

3077 Okay. Yes.

3078

3079 **Leo Vasquez III (2:04:44):**

3080 Okay. And so, again, there are people, there are  
3081 applicants who did get it in time. And again, I've been  
3082 in the position turning in full proposals on things too  
3083 late. Do any other board members have comments or  
3084 questions?

3085

3086 **Kenny Marchant (2:05:04):**

3087 I just want to ask, the failure to receive this password  
3088 was because it was requested late.

3089

3090 **Cody Campbell (2:05:15):**

3091 So the login instructions for the system were sent out  
3092 on February 19th to the primary contact on the pre-  
3093 application, which is the documentation that comes in  
3094 before the full application. From what I understand, the  
3095 person who was the primary contact was no longer  
3096 associated with the application, and we were notified  
3097 the afternoon applications were due, and that's when the  
3098 new password was issued to the new person.

3099

3100

3101 **Kenny Marchant (2:05:42):**

3102 So when they discovered the other person had gotten it,  
3103 the only way they could get it was from you. You guys  
3104 issued it at 4:42. They had their complete application  
3105 ready but hit the wrong button and sent an incomplete  
3106 application.

3107

3108 **Cody Campbell (2:06:00):**

3109 That is their representation of the situation, and I  
3110 have no reason to believe that...

3111

3112 **Kenny Marchant (2:06:03):**

3113 And then three hours later, they hit the right button  
3114 and sent the application complete.

3115

3116 **Cody Campbell (2:06:08):**

3117 Correct. Yeah. I have no reason to believe that their  
3118 version of the story isn't true. Again, it's just the 8  
3119 p.m. thing that makes this kind of difficult.

3120

3121 **Leo Vasquez III (2:06:28):**

3122 Does anyone have any more questions? And staff's  
3123 recommendation is for denying the appeal.

3124

3125

3126

3127 **Cody Campbell (2:06:35):**

3128 Correct.

3129

3130 **Alma Cobb (2:06:39):**

3131 I'm sorry. Can I add a comment?

3132

3133 **Kenny Marchant (2:06:43):**

3134 Sure. Keep it short.

3135

3136 **Alma Cobb (2:06:45):**

3137 Sorry. So when we uploaded the second PDF version of  
3138 the application, when we PDFed, the timestamp on each  
3139 tab or any documentation is on there. So if they would  
3140 have taken the opportunity of reviewing the second  
3141 application that was, the correct file that was  
3142 uploaded, they would have seen that the timestamp was  
3143 way before the 5 p.m. deadline, that all the paperwork  
3144 within the PDF was dated prior to 5 p.m. that day.

3145 Thank you.

3146

3147 **Leo Vasquez III (2:07:16):**

3148 We understand. Okay. I'll entertain a motion on last  
3149 item of the agenda.

3150

3151 **Anna Maria Farias (2:07:30):**

3152 Mr. Chairman...

3153

3154 **Beau Eccles (2:07:31):**

3155 If I could, Cody. All right. And, ma'am, do you

3156 mean...

3157

3158 **Leo Vasquez III (2:07:37):**

3159 She saved the file on their computer.

3160

3161 **Cindy Conroy (2:07:38):**

3162 Yes. But the PDF was created.

3163

3164 **Cody Campbell (2:07:40):**

3165 We did, of course, take a look at it, and the bottom of

3166 the page is timestamped, but not the timestamp of when

3167 it came through to us, which is 8 o'clock.

3168

3169 **Beau Eccles (2:07:48):**

3170 Okay. Okay.

3171

3172 **Cindy Conroy (2:07:50):**

3173 That was my thought as well.

3174

3175

3176 **Leo Vasquez III (2:07:52):**

3177 Yeah. We received it late. Period. End of story.

3178

3179 **Cindy Conroy (2:07:53):**

3180 We received it late, even though you timestamped it at

3181 4:52 on your computer.

3182

3183 **Alma Cobb (2:07:56):**

3184 Correct.

3185

3186 **Leo Vasquez III (2:07:58):**

3187 Well, that was the first file that they sent at 4:42,

3188 which was incomplete. They sent the complete file after

3189 the deadline. So given that, would anyone care to make

3190 a motion?

3191

3192 **Ajay Thomas (2:08:18):**

3193 Mr. Chairman, I move the Board deny the appeal of the

3194 termination of the application for Breezy Meadows for

3195 the reasons described in the board action request and

3196 associated documents on this item.

3197

3198 **Kenny Marchant (2:08:26):**

3199 Second.

3200

3201 **Leo Vasquez III (2:08:27):**  
3202 Motion made by Mr. Thomas. Seconded by Mr. Marchant.  
3203 All those in favor of denying the appeal, say aye.  
3204  
3205 **Board Members (2:08:35):**  
3206 Aye.  
3207  
3208 **Leo Vasquez III (2:08:37):**  
3209 Any opposed?  
3210  
3211 **Anna Maria Farias (2:08:39):**  
3212 Opposed.  
3213  
3214 **Leo Vasquez III (2:08:40):**  
3215 Okay. So motion carries 5-1. With Ms. Farias voting  
3216 against the motion.  
3217  
3218 **Anna Maria Farias (2:08:46):**  
3219 Right.  
3220  
3221  
3222  
3223  
3224  
3225

3226 **Leo Vasquez III (2:08:48):**

3227 Okay. Thanks, Cody. Sorry, guys. Okay. The Board has  
3228 addressed the posted agenda items. Now is the time of  
3229 the meeting when members of the public can raise issues  
3230 with the Board on matters of relevance to the  
3231 Department's business or make requests that the Board  
3232 place specific items on future agendas for  
3233 consideration. Is there anyone who would like to provide  
3234 public comment at this time? Seeing none, Lyttle, do we  
3235 have a location yet?

3236

3237 **Michael Lyttle (2:09:22):**

3238 Location to be determined.

3239

3240 **Leo Vasquez III (2:09:25):**

3241 The next scheduled board meeting of the Governing Board  
3242 is 10 a.m. on Thursday, May 7, 2026, at a location in  
3243 Central Austin that has yet to be determined.

3244

3245 **Michael Lyttle (2:09:40):**

3246 Most likely the AT&T Conference Center on the UT.

3247

3248 **Leo Vasquez III (2:09:44):**

3249 The UT one. Okay, yeah. Make sure we have a wide  
3250 enough table.

3251 **Ajay Thomas (2:09:48):**

3252 That's different though. That's the venue we use to  
3253 meet, correct?

3254

3255 **Leo Vasquez III (2:09:49):**

3256 Is that different? Okay. All right. So according to  
3257 my clock it's 12:13, and we stand adjourned.

3258 \* \* \* \* \*  
3259

3260

3261

3262

3263