



TDHCA Governing Board Meeting Transcript*

***10:00 a.m.
December 11, 2025***

***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

Mark Scott

Teresa Morales

Gavin Reid

Chad Landry

Joshua Goldberger

Rosalio Banuelos

Sascha Stremmler

Kim Spinney

Michael Volz

Beau Eccles

Cynthia Bast

Cody Campbell

Ryan Garcia

Michael Beard

Noor Jooma

April Engstrom

1 **Leo Vasquez III (0:00:04):**

2 All right. Good morning, everyone. I'm calling to
3 order the meeting of the Governing Board of the Texas
4 Department of Housing and Community Affairs. It is
5 10:06 a.m. on December 11, 2025. We will call roll,
6 although I can visibly see everybody.

7

8 So, Mr. Marchant.

9

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

11 I'm here.

12

13 **Leo Vasquez III (0:00:24):**

14 Mr. Harper.

15

16 **Holland Harper (0:00:25):**

17 Here.

18

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

20 Ms. Farias.

21

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

23 Here.

24

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

26 Mr. Thomas.

27

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

29 Here.

30

31 **Leo Vasquez III (0:00:28):**

32 Ms. Conroy.

33

34 **Cindy Conroy (0:00:28):**

35 Here.

36

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

38 And I am here. We have a full house. As usual, we'll

39 start out with the pledges led by Mr. Wilkinson.

40

41

42

43 **Bobby Wilkinson (0:00:39):**

44 I pledge allegiance to the Flag of the United States of
45 America, and to the Republic for which it stands, one
46 nation under God, indivisible, with liberty and justice
47 for all.

48

49 Honor the Texas flag; I pledge allegiance to thee,
50 Texas, one state under God, one and indivisible.

51

52 **Leo Vasquez III (0:01:05):**

53 I know we usually say play ball after that, but in this
54 case, we're going to say, go, Texans.

55

56 **Anna Maria Farias (0:01:12):**

57 We still won.

58

59 **Leo Vasquez III (0:01:14):**

60 We've won five straight. How's Dallas doing there, Mr.
61 Harper?

62

63

64 **Holland Harper (0:01:18):**

65 Not as good.

66

67 **Leo Vasquez III (0:01:18):**

68 Okay. All right.

69

70 **Holland Harper (0:01:21):**

71 We haven't been very good since the '90s.

72

73 **Cindy Conroy (0:01:26):**

74 Y'all have hope.

75

76 **Holland Harper (0:01:27):**

77 Hey, we are more valuable than you are, though.

78

79 **Leo Vasquez III (0:01:27):**

80 There's always hope. That's true.

81

82 **Holland Harper (0:01:29):**

83 That's all we can give you.

84

85 **Leo Vasquez III (0:01:30):**

86 That's true. That's true. Okay. Is now the...

87

88 **Beau Eccles (0:01:39):**

89 It's usually after consent agenda.

90

91 **Leo Vasquez III (0:01:41):**

92 Okay. All right. So we will first entertain the

93 consent agenda, and then we also are going to have a

94 short, now that y'all are seated and comfortable, we're

95 going to have a short executive session. Beau promises

96 me it's going to be short.

97

98 But are there any items on the consent agenda that any

99 member of the public or board members want to move to

100 action? Okay. Hearing none, seeing none, I'll

101 entertain a motion on the consent agenda.

102

103

104

105

106 **Anna Maria Farias (0:02:11):**

107 Mr. Chairman, I move the Board approve Items 1 through
108 16 as described and presented in the respective Board
109 action requests and reports.

110

111 **Leo Vasquez III (0:02:22):**

112 Motion made by Ms. Farias. Is there a second?

113

114 **Cindy Conroy (0:02:24):**

115 I'll second.

116

117 **Holland Harper (0:02:24):**

118 I'll second that.

119

120 **Leo Vasquez III (0:02:25):**

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

122

123 **All Board Members (0:02:28):**

124 Aye.

125

126

127 **Leo Vasquez III (0:02:29):**

128 Any opposed? Hearing none, motion carries. Something
129 special to read. Where's my wording?

130

131 **Cindy Conroy (0:02:56):**

132 He's got to find his words.

133

134 **Leo Vasquez III (0:02:58):**

135 Okay. The Governing Board of the Texas Department of
136 Housing and Community Affairs will go into close for
137 executive session at this time, pursuant to Texas
138 Government Code, Section 551.071, to seek and receive
139 the legal advice of its attorney, or to present, or to
140 discuss pending or contemplated litigation.

141

142 The closed session will be held at the conference room
143 adjoining this hearing room. And it is still December
144 11, 2025, at 10:10 a.m. So we'll be in recess. Thanks.

145

146

147 The Board has now reconvened in open session at 10:37
148 a.m.

149

150 During the executive session, the Board did not adopt
151 any policy, position, resolution, rule, regulation, or
152 take any formal action or vote on any item. That was a
153 lawyer version of short executive session. So what you
154 want, the executive director's report, right?

155 **Bobby Wilkinson (0:04:12):**

156 Right.

157

158 **Leo Vasquez III (0:04:12):**

159 Mr. Wilkinson.

160

161 **Bobby Wilkinson (0:04:14):**

162 Thank you, Chairman. All right. Good morning,
163 everyone. With the end of the calendar year at hand,
164 some of our program areas have taken stock of their
165 activities and achievements. For example, one of HOME-
166 ARP's biggest achievements was that 10 of the 12 rental

167 developments funded with HOME-ARP opened for occupancy
168 this year.

169

170 Naomi Cantu and her staff have completed or are in the
171 process of completing final closeout for these
172 developments. The two developments that are not yet
173 open were awarded in the later end of the award cycle
174 and are expected to open within the next 12 to 24
175 months.

176

177 Total rental awards were approximately 53 million, with
178 331 units for both low-income and persons experiencing
179 homelessness and vulnerable populations.

180

181 In 2025, HOME-ARP also funded a new nonprofit in San
182 Antonio and a new nonprofit in Denton for capacity
183 building and operating for 750,000. Finally,
184 approximately 64 million is anticipated to be contracted
185 for non-congregate shelter in 2026.

186

187 So thank you, Naomi, for the report and to hear about
188 the good work you and your team are doing for Texans in
189 need. Naomi, are you still here? Okay. She had
190 something over there. All right.

191

192 I had the opportunity right before Thanksgiving to
193 participate in a Conference of Urban Counties roundtable
194 discussion on homelessness held here in town. It was
195 kind of towards the tail end of their conference, so it
196 was a dwindling crowd, but had two Travis County
197 commissioners, an El Paso, and a Harris. So some
198 bigwigs in the crowd. It was good.

199

200 The participants were primarily interested in federal
201 programs that the agency administers and how counties
202 might leverage Section 8, 11, and several other programs
203 to assist the most vulnerable populations in their
204 communities.

205

206 I just got back from NCSHA executive director meeting in
207 D.C., that's a National Council of State Housing

208 Agencies. We didn't have any HUD or Treasury people
209 there like we usually do. It was kind of different, but
210 there was some think tank folks and just good to hear
211 from my peers around the country and things are good.
212 That's it for my report. I'm prepared to answer any
213 questions from the Board.

214

215 **Leo Vasquez III (0:06:31):**

216 Good. Do any Board members have questions for Mr.
217 Wilkinson? Hearing none, thank you for the report, I
218 will move on to Item 18 of the agenda: Report on the
219 meeting of the Internal Audit and Finance Committee.
220 Mr. Thomas.

221

222 **Ajay Thomas (0:06:45):**

223 Thank you, Mr. Chairman. The Audit and Finance
224 Committee met this morning at 9:30 a.m. And in that
225 meeting, Mr. Scott, Director of Internal Audit,
226 presented four report items: the internal audit of Real
227 Estate Analysis Division, the internal audit report on
228 the implementation status of prior audit findings and

229 recommendations, the internal audit annual report for
230 fiscal year 2025, and a report on the status of the
231 internal and external audit activities.

232

233 Mr. Scott also presented the fiscal year 2026 internal
234 audit annual work plan. The plan was discussed and
235 approved for recommendation to the full board for
236 approval.

237

238 Mr. Scott will present the plan as the next action item
239 for the Board's formal approval and answer any questions
240 regarding the annual audit plan, as well as the four
241 report items mentioned.

242

243 That concludes my report from the meeting of the Audit
244 and Finance Committee and I'm available to answer any
245 questions that there might be.

246

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

248 Okay. Any questions for Mr. Thomas? Seeing none, thank
249 you for the report, we'll move on to Item 19 of the

250 agenda. The presentation, discussion, and possible
251 action on approval of the fiscal year 2026 internal
252 audit work plan. Mr. Scott.

253

254 **Mark Scott (0:08:01):**

255 Good morning, Chairman Vasquez, board members. My name
256 is Mark Scott. I'm the director of Internal Audit. As
257 Mr. Thomas noted, this item is the 2026 internal audit
258 plan.

259

260 The Internal Auditing Act states that the plan must be
261 approved by the agency's governing board. The internal
262 audit plan for 2026 was prepared by utilizing a standard
263 risk assessment matrix. We also gathered input from
264 management, the state auditor's office, and others.

265

266 We discussed the plan in committee this morning, and the
267 committee voted to recommend approval to the full Board.
268 So I'm asking for the Board's approval of the 2026
269 internal audit plan. And I'll be happy to answer any
270 questions there may be.

271

272 **Leo Vasquez III (0:08:49):**

273 Okay. Thank you, Mr. Scott. Do any board members have
274 questions for our Internal Audit director? We
275 appreciate the report earlier this morning at the
276 committee meeting.

277

278 **Mark Scott (0:09:04):**

279 You're welcome.

280

281 **Leo Vasquez III (0:09:04):**

282 And we actually need a motion for the internal audit
283 work plan.

284

285 **Ajay Thomas (0:09:11):**

286 Mr. Chairman, I move the Board approve the internal
287 audit work plan for fiscal year 2026, all as described
288 in the Board action request, resolution, and associated
289 documents on this item.

290

291

292 **Anna Maria Farias (0:09:21):**

293 Second.

294

295

296

297 **Leo Vasquez III (0:09:22):**

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

299 those in favor say aye.

300

301 **All Board Members (0:09:26):**

302 Aye.

303

304 **Leo Vasquez III (0:09:27):**

305 Any opposed? Hearing none, motion carries. Thanks,

306 Mark.

307

308 **Mark Scott (0:09:30):**

309 Thank you.

310

311

312

313 **Leo Vasquez III (0:09:31):**

314 Item 20. Presentation, discussion, and possible action
315 on Inducement Resolution number 26-008 for multifamily
316 housing revenue bonds or notes regarding authorization
317 for filing applications to be added to the Department's
318 waiting list for private activity bond authority for
319 Lariat Apartments. Ms. Morales.

320

321 **Teresa Morales (0:09:53):**

322 Good morning. Teresa Morales, Director of Multifamily
323 Bonds. Lariat Apartments proposes the new construction
324 of 264 units in Mustang Ridge, which is southeast of
325 Austin in Travis County. The development will serve the
326 general population, and all of the units are anticipated
327 to serve households at 60 percent of the area median
328 income.

329

330 The first step in the process is for the issuer to adopt
331 an inducement resolution that speaks to the Department's
332 intent to issue bonds and provides the necessary

333 authority to submit the application to the Bond Review
334 Board to obtain a reservation of tax-exempt bonds.

335

336 The inducement resolution request is for a maximum not-
337 to-exceed amount of 50 million in bonds. Staff
338 recommends adoption of Resolution Number 26-008 for
339 Lariat Apartments in the amount of 50 million.

340

341 **Leo Vasquez III (0:10:46):**

342 I'm glad they adjusted your mic. I thought it was just
343 my hearing, okay. Great. Does anyone have questions
344 for Ms. Morales on this? I actually do have a question
345 or two.

346

347 Let me ask, so the 50 million, is that 50.1 percent of
348 the project or is that at the lower 30 percent or the
349 bottom?

350

351 **Teresa Morales (0:11:12):**

352 What was reflected in the application, I think it's 53.
353 It's either 50 percent...

354

355 **Leo Vasquez III (0:11:16):**

356 Okay. So it's basically, in round numbers, \$100 million
357 development for...

358

359 **Teresa Morales (0:11:21):**

360 The pre-application reflected total development cost
361 around 89 million. And the request is for, again, the
362 inducement resolution is the maximum authority. It
363 could be that when we actually go to reserve and submit
364 the application, it could be that at that point it's
365 less than 50. But this is just the maximum authority,
366 so we don't have to come back and adopt a new
367 resolution.

368

369 **Leo Vasquez III (0:11:49):**

370 Right. Okay. This is much more of a generalized
371 question or line of reasoning. Since we do have limited
372 bonds authority in any given year, so we want to get the
373 most out of even those bonds, and the 4 percent side of
374 this is, obviously there's no limit on that. But do we

375 do any kind of consideration or evaluation on how much
376 the per unit cost is, or how many units we're getting
377 out of each million dollars of bonds?

378

379 **Teresa Morales (0:12:24):**

380 At the time of pre-application, we do not. And that is
381 because the numbers are not questionable, but they're
382 not firm. Just to use this as an example, the site was
383 placed under contract in June, and then last month is
384 when we received the pre-application.

385

386 So similar to 9 percent deals, one, when they're putting
387 together the pre-application, yes, they're basing it off
388 of other deals, but by the time the full app comes in,
389 that's when you're confirming up what your numbers
390 actually are.

391

392 So we are not looking to restrict at the time of pre app
393 the amount that they can reserve, recognizing that
394 there's a lot that can change between pre app and then
395 they actually decide to move forward, some of which

396 could be driven by the market or the building from the
397 timing, or whatever, that can drag this out.

398

399 Before the 50 percent test was reduced to 25 percent, we
400 did include a, added scoring item relating to the 50
401 percent test that would allow points if an applicant
402 chose to self-restrict closer to that 50 percent. I
403 think it was between 55 and 60, and then another
404 category for between 60 and 65 percent.

405

406 And so that was to try and stretch our volume cap or our
407 set-aside a little bit further, and that was then
408 restricting on the front end before we even go in for a
409 reservation. But again, well, and so now that it's
410 restricted reduced to 25, that scoring item is moot.

411

412 But also, again, recognize that it's difficult for us to
413 restrict volume cap at the time of pre app, for the
414 reasons that I just said, not knowing how much time is
415 going to pass and what's going to happen to cost or
416 interest rates or whatever that could adjust that. So

417 it's not until full app when we're really looking at
418 what numbers actually are because we're on a real
419 timeline to get to closing within six months.

420

421 **Leo Vasquez III (0:14:35):**

422 Yeah. I appreciate that. The only thing I just would
423 like for the staff to somehow factor in how many units
424 are we getting per bond unit. And sort of like we're
425 doing on 9 percents now, we put in at least a maximum
426 range of how much per unit they can cost. I'm just a
427 little concerned that we keep seeing these projects over
428 300,000 the door that, if there's some way to factor
429 that in.

430

431 **Teresa Morales (0:15:12):**

432 Certainly. The cost associated with this particular
433 project, again, at this preliminary stage, is not of
434 line with 4 percent local issuer deals and other
435 transactions that we've seen.

436

437 I've looked at least five over the past two weeks that
438 were in this exact range, 300 to 350,000 per unit. So
439 it's not, and obviously the Board in adopting QAP in
440 November had limit of 500,000 per door, but if there's a
441 desire to know that whether on TDHCA specific deals
442 that's a conversation that can be had later.

443

444

445 **Leo Vasquez III (0:15:53):**

446 Okay. Well we can deal with that another time. Mr.
447 Marchant.

448

449 **Kenny Marchant (0:15:59):**

450 If we had the, if we got presented with a situation
451 where we had two projects that wanted the same money and
452 we had to make a decision between the two, is there any
453 kind of distinction between the cost per unit? For
454 instance, a competing project for competing money, I
455 know they're just asking to be put on the waiting list,
456 right?

457

458 **Teresa Morales (0:16:30):**

459 For TDHCA, bond deals within the multifamily bond rule,
460 there is a scoring component. So similar to 9 percent
461 deals, we have a whole list of scoring criteria that an
462 applicant can select from. That scoring component comes
463 into play really towards the tail end of the year as
464 we're preparing to submit our applications under the
465 TDHCA's set-aside to be entered into the lottery for the
466 upcoming year.

467

468 And so that's when we're taking a look at, okay, we've
469 got this batch of pre applications, they're all asking
470 for a certain amount. And then we go through and we
471 score and we rank, and that's how we determine the order
472 in which projects would be, if we're oversubscribed,
473 which projects would be above the line versus below the
474 line and would have to wait. So, yes, that happens, but
475 it's dependent upon the scoring criteria and what the
476 applicant is choosing to select points for.

477

478

479 **Kenny Marchant (0:17:31):**

480 But is the scoring criteria, to the Chairman's question,
481 skewed towards affordability or amounts per unit or how
482 is it...

483

484 **Teresa Morales (0:17:45):**

485 There's cost per square foot, there's financial
486 feasibility, but there's not a specific item that speaks
487 to a per unit cost.

488

489 **Kenny Marchant (0:17:53):**

490 So if a comparable request came in that was 250,000 a
491 unit and the per unit cost was significantly less, would
492 we entertain them being put on the waiting list as well?
493 And is there a, do you get put on the waiting list, do
494 you get considered first if you're 9th on the waiting
495 list as opposed to 10th?

496

497 **Teresa Morales (0:18:21):**

498 That particular distinction would, so the one that was
499 250,000 per unit, they would not supersede the one that

500 was higher just because they had a lower per unit cost,
501 because I'm looking at the overall score of each
502 project, not just one determining factor.

503

504

505 **Kenny Marchant (0:18:40):**

506 Yeah. And I think that's, is that verbalizing what your
507 question is?

508

509 **Leo Vasquez III (0:18:45):**

510 Yes.

511

512 **Kenny Marchant (0:18:46):**

513 Is that we could be, not accused, but it could be
514 pointed out that we were giving priority to a \$400,000
515 unit or \$350,000 unit project in Travis County over a
516 project in Temple that was \$220,000 a unit, yet we gave
517 priority to the \$350,000 unit one.

518

519 And what you're saying is that's just the way it falls
520 with the application process and we don't give

521 preference to the, maybe the units will be the same
522 level of affordability, it's unlikely, but, and I'm not
523 trying to reinvent the wheel. But I'm just concerned as
524 Chairman is about approaching \$400,000 a unit and
525 calling that affordable housing.

526

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

528 And to take you off the hot seat here, I don't think
529 we're going to resolve this right now here.

530

531 **Teresa Morales (0:19:54):**

532 It happens every month.

533

534 **Leo Vasquez III (0:19:56):**

535 You don't have to give us the, you don't have to give us
536 the actual final answer, but it's something that we
537 really, I think the Board consensus is that we'd like to
538 make this a factor, yes.

539

540

541

542 **Kenny Marchant (0:20:05):**

543 And is that in the QAP or is that, how would that be
544 addressed?

545

546 **Teresa Morales (0:20:13):**

547 When the Board adopted the QAP in November, there was an
548 ineligible item that limits costs of over 500,000 a
549 unit. So the Board decided at that time that over
550 500,000 is not affordable, that's the limit, and that's
551 applicable across the board.

552

553 So I'm standing up here frequently with one off,
554 obviously, it's TDHCA bond deals, and there's attention
555 drawn to what that cost per unit is for that particular
556 project, which exists on a number of other transactions,
557 9 percent and 4 percent, some that even include our MFDL
558 funds.

559

560 And so there isn't anything within the bond rule or the
561 QAP that limits cost further. But I would, again, it's
562 important to emphasize that at the time of inducement,

563 numbers are very much preliminary. And it could be that
564 for this particular project, I'm not back here again
565 until a year from now with the final bond resolution.
566 We're ready to close.

567

568 And that length of time could be any number of reasons,
569 whether it's the building permit timeline, whether it's
570 trying to get a lender on board, whether it's interest
571 rates that have now made the project infeasible or
572 equity, equity pricing, there's a gap, we need to find a
573 gap sort. So there's a number of things.

574

575 And so to look at the cost per unit at the time of the
576 inducement, which what I'm asking for is just a maximum
577 amount that we could reserve, we may not, or we may.

578 It's just very, what you're looking for is numbers to be
579 final, and that simply is not the case at the time of
580 pre application.

581

582 **Kenny Marchant (0:22:12):**

583 Okay. Thank you.

584

585 **Bobby Wilkinson (0:22:13):**

586 We could make some rules that focus on cheaper deals for
587 our bond cap. We're not the only issuer, there's
588 another statewide, and then there's all the PFCs and
589 HFCs in the world, uncountable. We don't even know how
590 many there are, right, but...

591

592 **Teresa Morales (0:22:31):**

593 Yeah. And I'm looking at every single underwriting
594 report for 4 percent deals. I'm not just focused on the
595 TDHCA ones, but I'm looking at every deal that's done
596 through a local, and THCA projects are not different in
597 that regard from locals. So again, we have tools if we
598 wanted to incorporate certain scoring items into the
599 bond rule that would get to this.

600

601 My concern is that when you're doing that so early in
602 the process, you could be unduly jeopardizing that deal
603 or delaying between timeline because now I have to come

604 back and get another inducement for a higher bond amount
605 because X happened.

606

607 **Leo Vasquez III (0:23:16):**

608 And let me just be sure to clarify that we don't
609 conflate the two concepts of the cost per units. That's
610 one thing that I think we're most concerned about. The
611 total amount of bonds, I'm fine if it's 20 million, I'm
612 fine if it's a massive project that 100 million bonds,
613 as long as the per unit cost isn't 350, 400 and above.
614 That's more the concern of, so it's not the total amount
615 of the reservation, the commitment, the inducement, it's
616 the per unit.

617

618 Again, I'd love to see a 500-unit, 600-unit development
619 asking for \$100 million in bonds. That's not the
620 problem. So I think you all have the message just that
621 what we're looking at. Let's try to move forward today
622 and let Teresa sit down. So are there any other
623 questions for Ms. Morales on this particular Item number

624 20. If not, I'll entertain a motion on Item 20 of the
625 agenda.

626

627 **Anna Maria Farias (0:24:25):**

628 Mr. Chairman, I move the Board approve inducement
629 resolution number 26-008 to proceed with application
630 submission to the BRB for possible receipt of state
631 privacy activity bond program volume cap issuance
632 authority for Lariat Apartments, all as conditioned and
633 authorized in the Board action request, resolution, and
634 associated documents on this item.

635

636 **Leo Vasquez III (0:24:56):**

637 Thank you. Motion made by Ms. Farias. Is there a
638 second?

639

640 **Holland Harper (0:24:58):**

641 Second.

642

643 **Leo Vasquez III (0:24:59):**

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

645

646 **All Board Members (0:25:02):**

647 Aye.

648

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

650 Any opposed? Hearing none, motion carries.

651

652 **Teresa Morales (0:25:05):**

653 Thank you.

654

655 **All Board Members (0:25:05):**

656 Thanks, Teresa. Item 21. Presentation, discussion, and

657 possible action on awards for the 2026 Community

658 Services Block Grant discretionary funds for education

659 and employment services to native American and migrant

660 seasonal farm worker populations. Mr. Reid.

661

662 **Gavin Reid (0:25:24):**

663 Good morning. Gavin Reid, Planning Manager, Community

664 Affairs Division. Each year, CSBG discretionary funds

665 are programmed for specific activities which were

666 previously approved by the Board in the CSBG state plan.
667 In that plan, \$300,000 was approved for Native American
668 and migrant seasonal farmworker employment education
669 programs.

670

671 Earlier this year, the Board approved the release of a
672 NOFA for these programs. In response to the NOFA, we
673 received four applications for three awards. The
674 applications were scored and the three most qualified
675 applicants have been selected.

676

677 If approved by the Board, the three successful
678 applicants who are Opportunity Center for the Homeless,
679 Family Service Association of San Antonio, and Texas
680 Native Health, will be awarded \$100,000 each and will
681 utilize the funding to administer services to eligible
682 migrant and seasonal farmworkers and native Americans
683 that will improve their employability and enhance their
684 education.

685

686 Examples of such services include teaching them job
687 search skills, interview skills, resume writing,
688 financial literacy, referrals and enrollment in
689 education and employment programs, tuition assistance,
690 case management, and counseling.

691

692 For just a few examples of what is measured in the
693 performance of these subrecipients. In the last
694 completed year of contracts, 151 individuals obtained
695 employment through this assistance. 11 individuals
696 received assistance with vocational training, pre-
697 employment physicals, background checks, resume
698 development, and other employment skills to help them
699 maintain a job.

700

701 44 individuals enrolled to work towards obtaining a
702 credential certificate or degree related to education or
703 vocational skills, such as through a community college
704 or trade school, and 23 individuals obtained a high
705 school diploma or GED. More examples of what was
706 achieved are listed in the Board item.

707

708 If this action is approved, contracts are anticipated to
709 begin February 1, 2026, last a full year, and end
710 January 31, 2027. That concludes this presentation and
711 I can answer any questions you might have. Thank you.

712

713 **Leo Vasquez III (0:27:43):**

714 Great. Thanks, Gavin. Does anyone have questions on
715 this item? Again, important programs and I think money
716 going to at-risk populations, that's great.

717

718 **Anna Maria Farias (0:27:57):**

719 May I add something, Mr. Chairman?

720

721 **Leo Vasquez III (0:27:59):**

722 Please.

723

724 **Anna Maria Farias (0:27:59):**

725 I want to congratulate you for actually telling us the
726 actual results that came about from these monies. I

727 think this is the first or second time that I ever hear
728 the results, and that's very good. Thank you.

729

730 **Gavin Reid (0:28:13):**

731 Good. Thank you.

732

733 **Leo Vasquez III (0:28:16):**

734 Excellent. So this Item 21 of the agenda, would anyone
735 care to make a motion?

736

737 **Holland Harper (0:28:24):**

738 I move the Board approve the awards of the 2026 CSBG
739 discretionary funds for education and employment
740 services, all as described, conditioned, and authorized
741 in the Board action request and associated documents on
742 this item.

743

744 **Anna Maria Farias (0:28:36):**

745 Second.

746

747

748 **Leo Vasquez III (0:28:37) :**

749 Motion made by Mr. Harper. Seconded by Ms. Farias. All
750 those in favor say aye.

751

752 **All Board Members (0:28:41) :**

753 Aye.

754

755 **Leo Vasquez III (0:28:42) :**

756 Any opposed? Hearing none, motion carries. Thanks,
757 Gavin.

758

759 **Gavin Reid (0:28:45) :**

760 Thank you.

761

762 **Leo Vasquez III (0:28:46) :**

763 Item 22. Presentation, discussion, and possible action
764 to authorize the issuance of the 2026 HOME Investment
765 Partnerships Program single family general set-aside
766 NOFA and publication of the NOFA in the Texas Register.
767 Mr. Landry.

768

769 **Chad Landry (0:29:02) :**

770 Good morning. Can y'all hear me? Okay. Good morning,
771 Chairman Vasquez and board members. My name is Chad
772 Landry and I'm the manager of Single Family Programs.
773 I'm before you today to present Item 22, which is the
774 2026 HOME Investment Partnerships Program single family
775 general set-aside notice of funding availability.

776

777 Funding for this NOFA is based on our annual HOME
778 allocation from HUD for 2025. While these funds are
779 technically 2025 in HUD's eyes, our NOFA is dated 2026
780 because that's the state fiscal year that we are
781 operating in.

782

783 Each year, this board approves a one-year action plan,
784 which details how we will allocate property. The one-
785 year action plan primarily portions of funds between
786 single family and multifamily activities. Within the
787 single family portion, we have three different NOFAs.
788 Two that I presented to the Board last month and the one
789 that I'm presenting today.

790

791 Like the other HOME NOFAs, we will distribute these
792 funds using our online reservation system. This means
793 administrators access funds when they have an activity
794 that is ready to proceed instead of getting an award for
795 a set amount of funds.

796

797 This general activity NOFA is for \$39,412,290. Two
798 activities make up the general set-aside NOFA: homeowner
799 reconstruction assistance and tenant-based rental
800 assistance. HRA is allocated just over \$23.5 million
801 and TBRA is allocated just over \$15.7 million.

802

803 State law requires that we put HOME funds for through a
804 regional allocation formula to ensure equitable access
805 throughout Texas. This is first divided into rural and
806 urban areas of the 13 state service regions. After
807 about 40 days, the rural and urban funds collapse into
808 the regional availability based on activity.

809

810 After about another 40 days, funds are available
811 statewide outside of participating jurisdictions, which
812 are primarily the metropolitan areas of state. The last
813 collapse then makes the funds available for any activity
814 instead of being set into the separate pools of HRA and
815 TBRA. With that, I am happy to answer any questions you
816 have on the general set-aside NOFA.

817

818 **Leo Vasquez III (0:31:15):**

819 Great. Thank you, Chad. Remind us of the consistency
820 between this year's toll over 39 million versus prior
821 years.

822

823 **Chad Landry (0:31:27):**

824 I believe it went up just a little bit this year.

825

826 **Leo Vasquez III (0:31:31):**

827 Okay.

828

829

830

831 **Bobby Wilkinson (0:31:32):**

832 Housing trust fund is much more variable because of the
833 funding source. It's based on some kind of like
834 refinancing at the GSEs or whatever. But HOME is
835 appropriated. It's pretty steady, because we got a big
836 bump during COVID, like HOME-ARP, which we were talking
837 about earlier. But our year-to-year HOME has been
838 fairly consistent. President zeroed it out in his
839 proposed budget, but...

840

841 **Chad Landry (0:31:54):**

842 Yeah. We'll see.

843

844 **Bobby Wilkinson (0:31:56):**

845 Yeah.

846

847 **Leo Vasquez III (0:31:58):**

848 All right. Do any board members have questions for Mr.
849 Landry. Hearing none, I'll entertain a motion on Item
850 22 of the agenda.

851

852

853 **Holland Harper (0:32:13):**

854 I move the Board approve the posting and publication of
855 the 2026 HOME single family general set-aside NOFA for
856 the Texas Register and on the Department's website, all
857 as described and authorized in the Board action request
858 and associated documents in this item.

859

860 **Anna Maria Farias (0:32:26):**

861 Second.

862

863 **Leo Vasquez III (0:32:27):**

864 Motion made by Mr. Harper. Seconded by Ms. Farias. All
865 those in favor say aye.

866

867 **All Board Members (0:32:31):**

868 Aye.

869

870 **Leo Vasquez III (0:32:32):**

871 Any opposed? Hearing none, the motion carries.

872

873 **Chad Landry (0:32:35) :**

874 Thank you.

875

876 **Leo Vasquez III (0:32:35) :**

877 Thank you, sir. Moving right along to Item 23 of the

878 agenda. Presentation, discussion, and possible action

879 regarding material amendments to previous 9 percent

880 competitive housing tax credit applications to award

881 state housing tax credits and approval of the waiting

882 list for the 2025 state housing tax credit applications.

883 Mr. Goldberger.

884

885 **Joshua Goldberger (0:32:59) :**

886 Good morning, Chairman, members of the Board. Joshua

887 Goldberger, 9 Percent Program Manager. Item 23 concerns

888 awards of state housing tax credits to 2025 percent

889 applications.

890

891 Back in 2023, the Department was authorized by the

892 Legislature to allocate a new funding source, a credit

893 against state insurance and franchise taxes. The

894 enacting legislation established an annual credit
895 ceiling with a total value of 25 million a year, which
896 we distribute evenly among 4 percent and 9 percent
897 applications.

898

899 The item before you today solely concern state housing
900 tax credit awards to 9 percent applications. Last year
901 was our first year administering this program, so this
902 is only the second batch of projects to be awarded this
903 source. Staff has recommended a total of eight awards.
904 The eight recommendations reflect commitments of
905 \$13,325,000.

906

907 The Department received requests for more state housing
908 tax credits that then were available, and the
909 authorizing legislation allows the department to create
910 a metric to prioritize applications in years where the
911 program is oversubscribed.

912

913 In 2025, the Department chose to prioritize applications
914 proposing the most additional low-income units for

915 households at or below 30 percent of the area median
916 income relative to their request amounts. The initial
917 state housing tax credit award was made to applicant
918 with the lowest request amount per additional 30 percent
919 units provided.

920

921 Subsequent awards were made using the same metric until
922 the departments could no longer fund request the full
923 request. Staff has recommended the full request amount
924 for seven of the eight applications before you today.
925 The remaining application could not be funded in full.
926 This was actually the last eligible application on our
927 list, and so in lieu of having a waitlist of a single
928 application, staff has recommended reducing the award to
929 the total remaining credits in the 2025 ceilings.

930

931 Collectively, the eight awardees have committed 74 new
932 30 percent units to be competitive for the award. The
933 awards before you will be processed as material
934 amendments to add the state housing tax credit as a

935 source, increase the number of 30 percent units, and
936 revise all necessary exhibits.

937

938 The Board is not approving any material amendments other
939 than the conditional award of state housing tax credits
940 at this time. There is one deal on this list that's
941 proposed some other changes which will come up later on
942 the agenda. That concludes my presentation and I'm
943 happy to answer any questions you may have.

944

945 **Leo Vasquez III (0:35:29) :**

946 Great. Thank you. Any board members have questions for
947 Mr. Goldberger? Remind us, clarify for us, since this
948 is still a relatively new program for the Department.
949 These credits are a one-time credit, one year's credits,
950 or like our federal tax credits that go 10 years?

951

952 **Joshua Goldberger (0:35:54) :**

953 They go 10 years, but it is not 10 times the value of
954 what's represented. The total value of the credits is

955 13 million, so we're essentially approving 1.3 million
956 per year. They're all (indiscernible) 0:36:08.

957

958 **Leo Vasquez III (0:36:08):**

959 Okay. So it's one-tenth of the award.

960

961 **Joshua Goldberger (0:36:09):**

962 It's a fairly small...

963

964 **Leo Vasquez III (0:36:11):**

965 That's what listed in the book.

966

967 **Joshua Goldberger (0:36:11):**

968 It a fairly small source. Yes.

969

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

971 For each year for 10 years.

972

973 **Joshua Goldberger (0:36:15):**

974 Correct.

975

976 **Leo Vasquez III (0:36:16):**

977 Okay. Has everyone got that? Okay. I'm glad we
978 clarified. Okay. And if there are no further
979 questions, I'll entertain the motion on Item 23 of the
980 agenda.

981

982 **Anna Maria Farias (0:36:34):**

983 Mr. Chairman, I move the Board approve the recommended
984 applications for certification of state housing tax
985 credits, including the requested amendments to the
986 applications, all as described, expressly conditioned,
987 and authorized in the Board action request and
988 associated documents on this item.

989

990 **Leo Vasquez III (0:36:54):**

991 Motion moved by Ms. Farias. Is there a second?

992

993 **Kenny Marchant (0:36:57):**

994 Second.

995

996

997 **Leo Vasquez III (0:36:58):**

998 All right. From my left side of the table, Mr. Marchant

999 will second that. All those in favor say aye.

1000

1001 **All Board Members (0:37:05):**

1002 Aye.

1003

1004 **Leo Vasquez III (0:37:06):**

1005 Any opposed? Hearing none, motion carries.

1006

1007 **Kenny Marchant (0:37:08):**

1008 Thank you.

1009

1010 **Leo Vasquez III (0:37:08):**

1011 Thank you, Josh. Okay. I understand Item 24 has been

1012 pulled from the agenda, correct?

1013

1014 **Rosalio Banuelos (0:37:13):**

1015 Yes.

1016

1017

1018 **Leo Vasquez III (0:37:14):**

1019 Okay. Moving on to Item 25. Presentation, discussion,
1020 and possible action regarding the material amendment to
1021 the housing tax credit application and LURA for Roseland
1022 Townhomes and Roseland Estates. Mr. Banuelos.

1023

1024 **Rosalio Banuelos (0:37:29):**

1025 Good morning.

1026

1027 **Leo Vasquez III (0:37:30):**

1028 And also before, now, if anyone is going to plan on
1029 speaking on an item coming up on the agenda, I ask you
1030 to please come up to the front two rows, so I know that
1031 you're interested in sharing with us and we'll add more
1032 when we get there. Mr. Banuelos.

1033

1034 **Rosalio Banuelos (0:37:54):**

1035 Rosalio Banuelos, Director of Asset Management.
1036 Roseland Townhomes received a 9 percent housing tax
1037 credit award in 1999 for the construction of 152 units
1038 of which 114 were designated as low-income units in

1039 Dallas. Roseland Estates, which is adjacent to Roseland
1040 Townhomes, received a 9 percent housing tax credit award
1041 in 2002 for the construction of 138 units, of which 104
1042 are designated as low-income units.

1043

1044 The Land Use Restriction Agreement, or LURA, for
1045 Roseland Townhomes runs through December 31, 2040. And
1046 the LURA for Roseland Estates runs through December 31,
1047 2042. The development owner has now requested approval
1048 for an amendment that will result in the demolition of
1049 14 units and a partial suspension and extension of the
1050 LURAs for the developments.

1051

1052 The Dallas Housing Authority, or DHA, and its affiliate,
1053 North Texas Housing Partners, anticipate redeveloping
1054 the developments of single property tentatively named
1055 Roseland Homes, which will incorporate an existing
1056 community constructed in 2004 and not originally part of
1057 the housing tax credit developments. Redevelopment will
1058 be done through anticipated 4 percent housing tax credit

1059 and tax-exempt bond financing as well as HUD's rental
1060 assistance demonstration program.

1061

1062 The owner indicated that the developments currently have
1063 substantial deferred maintenance due to dwindling
1064 operational and capital funding and, furthermore, the
1065 developments have severe foundation issues caused by
1066 expensive clay. Occupancy has decreased and the
1067 developments need a major remodeling in order to make it
1068 viable again.

1069

1070 The development owner requests approval to partially
1071 suspend enforcement of the low-income units that must be
1072 maintained pursuant to the LURAs to allow for the
1073 redevelopment. In exchange for the requested suspension
1074 to construction completion, DHA would agree to include
1075 an extended compliance period over the 40-year periods
1076 currently required by the existing LURAs.

1077

1078 The owner had indicated that they stopped entering into
1079 new leases in August 2025, but lease renewals are still

1080 occurring. The redevelopment is anticipated to include
1081 the demolition of three buildings that include 14 units
1082 total and a new community building will be added. All
1083 remaining formerly market rate units will redevelop as
1084 low-income units.

1085

1086 The three buildings to be demolished contain 4 two-
1087 bedroom units and 6 three-bedroom units from Roseland
1088 Townhomes, and 4 two-bedroom units from Roseland Estate
1089 resulting in an overall unit mix of 15 one-bedroom
1090 units, 103 two-bedroom units, 132 three-bedroom units,
1091 23 four-bedrooms, and 3 five-bedroom units for the
1092 developments combined.

1093

1094 The renovated combined development is anticipated to
1095 have 197 units at 50 percent of area median income and
1096 79 units at 60 percent of AMI instead of 173 units at 50
1097 percent and 45 units at 60 percent.

1098

1099 The rentals as of November 4, 2025, indicate that there
1100 are 10 low-income units occupied at Roseland Estates and

1101 47 low-income tenants at Roseland Townhomes. There are
1102 also 9 occupied market rate units at Roseland Estates
1103 and 12 occupied market rate units at Roseland Townhomes.

1104

1105 The development owner held a public hearing on November
1106 3, 2025, regarding this proposed amendment. The owner
1107 reported that 30 residents were in attendance, and the
1108 minutes for the public hearing indicate that several
1109 questions were asked regarding proposed plan and that
1110 the residents expressed concern about relocation during
1111 construction. However, no negative public comment was
1112 reported regarding the proposed amendment.

1113

1114 Staff recommends approval of the request to suspend
1115 monitoring of the vacant units and the supportive
1116 service requirements under the existing LURAs for five
1117 years to allow for the redevelopment. Additionally,
1118 staff will require the owners to submit by January 6,
1119 2026, a list of all low-income households per income
1120 level and bedroom size residing at the developments on
1121 August 1, 2025. Furthermore, the owner will be required

1122 to attempt to contact these households to offer them a
1123 right to return once renovations are nearing completion.

1124

1125 Staff recommends extending the terms of the original
1126 LURAs for five years and a 65-month extension of
1127 compliance period which is five years on top of the
1128 remaining period for Roseland Townhomes, and an 89-month
1129 extension of the compliance period for Roseland Estates
1130 to compensate for the redevelopment period.

1131

1132 The redevelopment period will begin as of August 1,
1133 2025, which is the month in which new leases were not
1134 accepted, and will end once the rehabilitation has been
1135 completed and the subsequent NSPIRE inspection is
1136 closed. If the redevelopment period is longer than five
1137 years, the development owner will be required to sign an
1138 additional LURA amendment to further extend the
1139 applicable provisions. That concludes my presentation,
1140 and I'm available for any questions.

1141

1142

1143 **Leo Vasquez III (0:42:41):**

1144 Okay. So just to summarize, we're reconstructing a
1145 really old property and adding more units.

1146

1147 **Rosalio Banuelos (0:42:51):**

1148 It's a property that has a long history that is being
1149 renovated, adding more affordable units. So demolishing
1150 14 units are existing, but converting market rate units
1151 into low-income.

1152

1153 **Leo Vasquez III (0:43:05):**

1154 And then technically during the construction period,
1155 that would violate the current, so you remove the
1156 units...

1157

1158 **Rosalio Banuelos (0:43:13):**

1159 Correct. Because the...

1160

1161 **Leo Vasquez III (0:43:14):**

1162 You'd violate the LURA. So...

1163

1164 **Rosalio Banuelos (0:43:16):**

1165 The vacant units are not...

1166

1167 **Leo Vasquez III (0:43:27):**

1168 They're just asking for suspend the LURA and we'll

1169 extend it once the construction is done.

1170

1171 **Rosalio Banuelos (0:43:24):**

1172 Yes. Tenants will continue living at this property, and

1173 there are some tenants there and they will continue

1174 living there. So for the units that are occupied, the

1175 LURAs will remain in place. The request is for the

1176 vacant units to have this flexibility, so allow the

1177 property to not get into compliance troubles for having

1178 vacant units and allow for this renovation to occur.

1179

1180 **Leo Vasquez III (0:43:49):**

1181 Okay. Do board members have questions on this item?

1182 Mr. Marchant.

1183

1184

1185 **Kenny Marchant (0:43:56):**

1186 So the owner of the property is Dallas Housing
1187 Authority.

1188

1189 **Rosalio Banuelos (0:43:59):**

1190 That is correct.

1191

1192 **Kenny Marchant (0:44:03):**

1193 And they will be in violation of an existing 4 percent
1194 loan.

1195

1196 **Rosalio Banuelos (0:44:10):**

1197 It's a 9 percent LURA that's in place for each of these
1198 two properties and they would be in violation for not
1199 having the units available for occupancy.

1200

1201 **Kenny Marchant (0:44:18):**

1202 So this is just a learning question for me. Who
1203 benefits from a 9 percent credit if it's a housing
1204 authority that owns it? Who gets the 9 percent credit?

1205

1206 **Rosalio Banuelos (0:44:32):**

1207 A lot of these developments will include housing
1208 authorities as the general partner, but there is still a
1209 limited partner that is a traditional investor that
1210 would be receiving the majority of the credits. So when
1211 the credits flow through that partnership, they still go
1212 to investors that were...

1213

1214 **Kenny Marchant (0:44:49):**

1215 That's not listed on this.

1216

1217 **Rosalio Banuelos (0:44:51):**

1218 No. Because they don't have control. The investors
1219 would be providing the equity, but they would not be
1220 running day-to-day operations of the property, that's
1221 typically a general partner.

1222

1223 **Kenny Marchant (0:45:02):**

1224 Well, if the rest of board members don't agree with
1225 this, I understand, but so we don't know who's getting
1226 these 9 percent credits.

1227

1228 **Rosalio Banuelos (0:45:12):**

1229 Oh, and I guess to back up a little bit more, these
1230 developments were awarded 9 percent credits back in 1999
1231 and 2002. I believe that there is no longer an investor
1232 in the partnership as they are today, but the plan is to
1233 submit an application...

1234

1235 **Kenny Marchant (0:45:27):**

1236 So all the 9 percent credits have been given.

1237

1238 **Rosalio Banuelos (0:45:30):**

1239 Correct. Those have been playing. Those have been
1240 already there.

1241

1242 **Kenny Marchant (0:45:32):**

1243 Long ago.

1244

1245 **Rosalio Banuelos (0:45:33):**

1246 The benefit was obtained.

1247

1248 **Holland Harper (0:45:33):**

1249 Probably been monetized already.

1250

1251 **Kenny Marchant (0:45:35):**

1252 Yes. So who's getting, oh, okay.

1253

1254 **Leo Vasquez III (0:45:37):**

1255 And there'll be new application.

1256

1257 **Kenny Marchant (0:45:38):**

1258 That's what I'm trying, there's a new application...

1259

1260 **Leo Vasquez III (0:45:40):**

1261 Right?

1262

1263 **Rosalio Banuelos (0:45:41):**

1264 That is coming. We don't have it yet, but that's a

1265 plan, is that...

1266

1267

1268

1269 **Kenny Marchant (0:45:45):**

1270 And do we approve that then and then we'll know who the
1271 limited partners are?

1272

1273 **Rosalio Banuelos (0:45:49):**

1274 Yes.

1275

1276 **Kenny Marchant (0:45:50):**

1277 Thank you.

1278

1279 **Holland Harper (0:45:53):**

1280 I'm ready to (indiscernible) 45:54.

1281

1282 **Leo Vasquez III (0:45:54):**

1283 Any other questions? Does anyone want to speak against
1284 the staff's recommendation to approve this request?

1285 Okay. All right. I just want to make sure everyone has
1286 an opportunity to speak. Okay. If there are no other
1287 questions from the Board, I'll accept a motion on Item
1288 25.

1289

1290 **Kenny Marchant (0:46:17):**

1291 Mr. Chairman, I move that the Board approve the material
1292 amendment request, temporarily suspend the enforcement
1293 of the LURA to allow for the demolition and
1294 redevelopment of units, all as described, conditioned,
1295 and authorized in the Board action request, and
1296 associated documents in this item.

1297

1298 **Holland Harper (0:46:36):**

1299 Second.

1300

1301 **Leo Vasquez III (0:46:40):**

1302 Motion made by Mr. Marchant. Seconded by Mr. Harper.

1303 And just to clarify, this Board action request also

1304 allows if there's future adjustments and tweaks that

1305 need to be made, the Executive Director's authorized to

1306 make those, right? Isn't that in, okay.

1307

1308 **Rosalio Banuelos (0:46:49):**

1309 Thank you.

1310

1311 **Kenny Marchant (0:47:00):**

1312 That's what I intended to say.

1313

1314 **Leo Vasquez III (0:47:02):**

1315 Yeah. Okay. Yes. Motion made by Mr. Marchant.

1316 Seconded by Mr. Harper. All those in favor say aye.

1317

1318 **All Board Members (0:47:11):**

1319 Aye.

1320

1321 **Leo Vasquez III (0:47:12):**

1322 Any opposed? Hearing none, motion carries. Item 26 of

1323 the agenda. Presentation, discussion, and possible

1324 action on recommendation to consider early termination

1325 of the remaining debarment term for Evan J. Hunden,

1326 David B. Ratliff, and Michael Volz. Ms. Stremmer.

1327

1328 **Sascha Stremmer (0:47:38):**

1329 Good morning, Chairman Vasquez, members of the Board.

1330 Sascha Stremmer here in my capacity as Lead Enforcement

1331 Attorney to present Item 26. On November 7, 2024, the

1332 Board issued a final order of debarment. Debarring Evan
1333 J. Hunden, Dave B. Ratliff, and Michael Volz from
1334 participation in department programs for a two-year term
1335 ending November 7, 2026, for violations of TDHCA rules,
1336 which had triggered mandatory debarment.

1337

1338 The final order of debarment included a clause
1339 permitting the parties to petition the Board after
1340 November 7, 2025, to reduce or terminate the remaining
1341 period of debarment if the parties timely and fully
1342 complied with the terms of the order correcting all
1343 future findings of noncompliance and remained in
1344 compliance for a period of one year from the date of the
1345 order.

1346

1347 Since November 7, 2024, the parties have timely
1348 submitted corrections for all findings of noncompliance.
1349 The parties have submitted a petition to reduce or
1350 terminate remaining period of debarment. Staff
1351 recommends early termination as the conditions and

1352 parameters outlined in the final orders of debarment
1353 have been met. I'm available for any questions.

1354

1355 **Leo Vasquez III (0:48:48):**

1356 Okay. So the subjects have all, they've complied with
1357 everything they were supposed to do and with those terms
1358 it's got pre agreed that we could end after a year.

1359

1360 **Sascha Stremmler (0:49:02):**

1361 Yeah. We agree. They could request it, yeah, to come
1362 back in front of you and get that term truncated to
1363 whatever period they had requested. Yeah. They've had
1364 inspections on other properties and portfolios and
1365 they've timely submitted all corrections. And so
1366 there's no outstanding noncompliance for any of the
1367 properties.

1368

1369 **Leo Vasquez III (0:49:22):**

1370 Okay. Good.

1371

1372

1373 **Cindy Conroy (0:49:23):**

1374 And they've been considered for debarment twice, right?

1375

1376 **Sascha Stremmler (0:49:27):**

1377 Originally, they were referred for debarment in 2022,

1378 but at that time the Enforcement Committee decided, they

1379 gave them like, they increased the threshold. The

1380 debarment rule they were debarred under was for having

1381 more than 50 percent of the properties in your portfolio

1382 be referred, and so the Enforcement Committee increased

1383 that threshold so that they were at the 50 percent mark

1384 to give them additional time. And so then they came

1385 back when they referred last year or in 2024, and at

1386 that time they did debar them for cheaters.

1387

1388 **Cindy Conroy (0:50:01):**

1389 And you all feel pretty confident that this group has

1390 their act together a little bit better now, that they're

1391 not going to come back or in the future think that...

1392

1393

1394 **Sascha Stremmer (0:50:13):**

1395 From what we've, from the stuff that was submitted and
1396 then we verified with Compliance, they all seem to be,
1397 everything seems to be in order, so I have no concerns.

1398

1399 **Leo Vasquez III (0:50:23):**

1400 Okay.

1401

1402 **Kenny Marchant (0:50:23):**

1403 Mr. Chairman.

1404

1405 **Leo Vasquez III (0:50:25):**

1406 Mr. Marchant.

1407

1408 **Kenny Marchant (0:50:25):**

1409 If there's somebody from the organization here, I'd like
1410 to hear from them, or...

1411

1412 **Leo Vasquez III (0:50:29):**

1413 Okay. Yeah, no. Great.

1414

1415 **Kenny Marchant (0:50:31):**

1416 I make a motion that we take public comment.

1417

1418 **Leo Vasquez III (0:50:36):**

1419 Okay. Motion made to take public comment in today's

1420 meeting for here and the rest of the meeting.

1421

1422 **Anna Maria Farias (0:50:40):**

1423 Second.

1424

1425 **Leo Vasquez III (0:50:45):**

1426 Motion made by Mr. Marchant. Seconded by Ms. Farias.

1427 All in favor say aye.

1428

1429 **All Board Members (0:50:49):**

1430 Aye.

1431

1432 **Leo Vasquez III (0:50:50):**

1433 Hearing none, motion, hearing no opposition, motion

1434 carries. The Eccles Rule is in effect.

1435

1436 **Kenny Marchant (0:50:55):**

1437 How many units did...

1438

1439 **Leo Vasquez III (0:50:57):**

1440 Okay.

1441

1442 **Kenny Marchant (0:50:57):**

1443 I'm sorry.

1444

1445 **Leo Vasquez III (0:50:58):**

1446 Okay. Go ahead and...

1447

1448 **Kenny Marchant (0:51:00):**

1449 Aye.

1450

1451 **Leo Vasquez III (0:51:01):**

1452 Well...

1453

1454 **Cindy Conroy (0:51:04):**

1455 When in doubt, just vote.

1456

1457 **Kenny Marchant (0:51:07):**

1458 Okay.

1459

1460 **Leo Vasquez III (0:51:07):**

1461 And I point to you, you say aye. Okay.

1462

1463 **Kenny Marchant (0:51:08):**

1464 I was playing the game.

1465

1466 **Leo Vasquez III (0:51:12):**

1467 Okay. You can pose your question. And then for ma'am

1468 and everyone who comes up to speak, please, when you

1469 come up, please sign in at the sign-in sheet and then

1470 identify yourself for the record and who you represent

1471 or you represent yourself.

1472

1473 Everyone has three minutes to make a presentation.

1474 Although that clock kind of changes if you're answering

1475 questions. You don't have to use all three minutes.

1476 Okay. Go ahead, please. Well...

1477

1478 **Kenny Marchant (0:51:43):**

1479 Are these three people here?

1480

1481 **Kim Spinney (0:51:45):**

1482 Yes. We're right here.

1483

1484 **Leo Vasquez III (0:51:46):**

1485 Okay.

1486

1487 **Unidentified Female Speaker (0:51:47):**

1488 Not all of them, but...

1489

1490 **Kenny Marchant (0:51:50):**

1491 Okay.

1492

1493 **Leo Vasquez III (0:51:51):**

1494 So do you want to ask a question and then when we start

1495 handling this...

1496

1497

1498

1499 **Kenny Marchant (0:51:54):**

1500 Answer the question, how many units totally do you
1501 manage or under your ownership? These gentlemen's
1502 ownership.

1503

1504 **Kim Spinney (0:52:04):**

1505 So the DevCo company, we are an integrated manager,
1506 developer, and builder of affordable housing.

1507

1508 **Kenny Marchant (0:52:09):**

1509 How many units?

1510

1511 **Kim Spinney (0:52:10):**

1512 So we have just under 14,000 units nationwide.

1513

1514 **Kenny Marchant (0:52:13):**

1515 14,000.

1516

1517 **Kim Spinney (0:52:14):**

1518 And then around 2,000 in the City of Texas.

1519

1520 **Kenny Marchant (0:52:16):**

1521 I think I remember this case very well. And so since,
1522 this has been a problem since 2022, correct?

1523

1524 **Kim Spinney (0:52:29):**

1525 Yes.

1526

1527 **Kenny Marchant (0:52:30):**

1528 And so in my, that's the answer to the question. So I
1529 need to make a comment now.

1530

1531 **Leo Vasquez III (0:52:38):**

1532 Okay. Well, actually, just to make sure we have it in
1533 the record. Could you our loud say your name and who
1534 you're...

1535

1536 **Kenny Marchant (0:52:42):**

1537 These three gentlemen have direct interest in 14,000
1538 units from either a management ownership or equity
1539 position, correct?

1540

1541 **Kim Spinney (0:52:57):**

1542 In varying capacities. Not all members have the same
1543 interest in all 14,000 units.

1544

1545 **Kenny Marchant (0:53:03):**

1546 Okay. Thank you.

1547

1548 **Leo Vasquez III (0:53:04):**

1549 Okay. Ma'am, could you state your name for the record?

1550

1551

1552 **Kim Spinney (0:53:07):**

1553 Yes. My name is Kim Spinney. I'm the Director of Asset
1554 Management for DevCo. And so I wanted to present the
1555 Board with some historical context that led up to the
1556 action item that's in front of you today. So in
1557 September of 2023, one of our properties, Rosemont
1558 Meadow Lane, received a REAC inspection score of 47,
1559 which is obviously unsatisfactory.

1560

1561 Following that score, the DevCo team began the process
1562 to interview replacement third-party managers as well as
1563 recruitment for additional asset management team
1564 members, including myself. By May of last year, we had
1565 identified a third-party property management group
1566 called Asset Living to become our placement management
1567 company at both Meadow Lane and our portfolio of 9 total
1568 properties in Texas.

1569

1570 We spent the second and third quarter of last year
1571 working to obtain all the necessary lender and investor
1572 consents to make that change, as well as discuss with
1573 the members of the staff informal discussions
1574 surrounding the upcoming debarment meeting. We placed a
1575 project manager on our Meadow Lane property for five
1576 weeks leading up to the fall NSPIRE inspection that
1577 occurred in September of 2024. That inspection resulted
1578 in an improvement of the score of nearly 30 points to a
1579 75.2, and we believe that it was the result of the
1580 oversight of our additional team members working at the
1581 property.

1582

1583 Even though Asset Living did not become property manager
1584 until October 1st of last year, they worked alongside us
1585 for the three months leading up to that NSPIRE
1586 inspection to make sure we would be best positioned to
1587 pass. During the month of October, not only did they
1588 become the property manager at the Rosemont at Meadow
1589 Lane property, but also four other projects in the DevCo
1590 portfolio.

1591

1592 Last November, we came before the Board and staff had
1593 recommended the debarment which ultimately was ruled as
1594 a two-year penalty with the ability to have that rule
1595 lifted after one year. Although our efforts did not
1596 stop after that debarment ruling, we continued to hire
1597 additional asset management team members to oversee the
1598 Texas portfolio and were able to replace the prior
1599 third-party manager at the four remaining DevCo
1600 properties in February of 2025.

1601

1602 In the past year, in 2025, DevCo has contributed,
1603 outside of any 4 percent tax credit funding, \$8.2
1604 million to our portfolio of nine assets, including \$4.5
1605 million property solely to the Meadow Lane property. We
1606 believe our commitment to improving our properties and
1607 the residents remains steadfast.

1608

1609 As Sascha noted, over the last 12 months we've had 13
1610 file physical or tenant related inspections at our
1611 portfolio. Eight of those inspections were closed with
1612 no findings. Four, we're still waiting for the
1613 inspection results. Those were two NSPIRE inspections
1614 and two final development inspections that occurred in
1615 October of this year. And we had one file audit last
1616 week that is within an eligible correction period of 90
1617 days. I will now take any questions on those historical
1618 events.

1619

1620

1621

1622

1623 **Leo Vasquez III (0:56:03):**

1624 Okay. Great. No. I appreciate you all addressing the
1625 issues and getting this taken care of promptly once we
1626 got your attention.

1627

1628 **Kim Spinney (0:56:13):**

1629 Yes.

1630

1631 **Leo Vasquez III (0:56:14):**

1632 Okay. Is there anyone else that needs, did Cynthia need
1633 to say anything or you're...

1634

1635 **Kim Spinney (0:56:18):**

1636 I think Michael will speak next.

1637

1638

1639 **Leo Vasquez III (0:56:21):**

1640 Okay. Great.

1641

1642

1643

1644 **Michael Volz (0:56:29):**

1645 I'm Michael Volz. I'm one of the principals at DevCo
1646 named in the debarment. I wanted to make a couple notes
1647 here about the impact of the debarment on DevCo overall.
1648 It's been significant for us. We face some real
1649 consequences as a result of the debarment. We have
1650 several transactions in other states with meaningful
1651 pre-development dollars already invested that we simply
1652 cannot move forward because we were ineligible for
1653 funding in those states during the debarment period.

1654
1655 And this cost us millions of dollars in abandoned costs
1656 and additional carrying costs, slowed our growth plan,
1657 and created uncertainty in our pipeline. With our
1658 ability to transact limited in certain states and the
1659 overall slowdown in activity, we also had employees lose
1660 their jobs because we could no longer support those
1661 positions. There wasn't the work to be done.

1662
1663 We really appreciate the staff's recommendation to lift
1664 the debarment after the one-year term. That will give

1665 us some relief and allows us to start moving forward
1666 again in some markets. However, even once the debarment
1667 is lifted, the effects do not simply disappear. Many
1668 states can continue to disqualify us simply because the
1669 Texas debarment remains in our history.

1670

1671 We submitted a memo that outlines several different
1672 programs that treat any prior debarment as a barrier to
1673 eligibility with look back periods ranging from 5 to 10
1674 years and in some cases indefinitely. The ongoing
1675 uncertainty makes it difficult for us to plan our work
1676 and carry on our mission of renewing and expanding
1677 affordable housing stock in the country.

1678

1679 The Texas debarment has already caused us meaningful
1680 financial, personal, and organizational harm, and its
1681 effects will continue to be felt. It limits our ability
1682 to compete, grow, and access funding in key markets and
1683 its impact may shape our strategy for years to come.

1684

1685 As Kim noted in response to the negative scores for
1686 Meadow Lane in 2023, we worked hard in 2024 to make the
1687 changes by hiring new leadership, getting new asset
1688 management staff, and making broad changes to the
1689 property management function in our portfolio. And we
1690 were able to get the passing score for the NSPIRE in
1691 2024. But I wanted to point out that a lot of those
1692 activities were taking place prior to the debarment
1693 going into place.

1694

1695 We understand and respect the Board's goals in enforcing
1696 accountability and we share those goals, but in this
1697 case the burden of the debarment has become a
1698 disproportionate penalty. We believe it is a far more
1699 severe consequence than the underlying issues warrant
1700 especially given the corrective actions that were taken
1701 and were already in progress when the debarment was
1702 handed out.

1703

1704 I'm humbly asking the Board for reconsideration of the
1705 policies that put us and could put others in such a
1706 difficult situation.

1707

1708 **Leo Vasquez III (0:59:19):**

1709 Okay. Thank you, Mr. Volz.

1710

1711 **Michael Volz (0:59:20):**

1712 Thank you.

1713

1714 **Leo Vasquez III (0:59:21):**

1715 And a question to the staff. So assuming we take the
1716 vote to grant the early termination of the debarment, is
1717 DevCo then allowed to participate in Texas LIHTC
1718 programs?

1719

1720 **Sascha Stremmler (0:59:38):**

1721 Yes.

1722

1723

1724

1725 **Leo Vasquez III (0:59:39) :**

1726 Okay. So it's not like there's a forever prevention of
1727 them working in Texas.

1728

1729 **Sascha Stremmler (0:59:47) :**

1730 Correct. Once the debarment term has ended, they can
1731 reapply for any kind of funding.

1732

1733 **Bobby Wilkinson (0:59:54) :**

1734 But there might be other states where they...

1735

1736 **Sascha Stremmler (0:59:56) :**

1737 Right.

1738

1739 **Bobby Wilkinson (0:59:57) :**

1740 If you've ever been debarred, they might...

1741

1742 **Sascha Stremmler (0:59:58) :**

1743 Yeah. There's a question there. Have you ever been
1744 debarred?

1745

1746 **Bobby Wilkinson (1:00:00):**

1747 So they had this request to expunge it, like erase it
1748 from history. It was just something we don't have a
1749 process for, right?

1750

1751 **Sascha Stremmler (1:00:06):**

1752 Yeah. We have no mechanism to do that.

1753

1754 **Leo Vasquez III (1:00:08):**

1755 But at the very least, we're going to issue a letter
1756 saying the Board has taken action to terminate your
1757 debarment. You're now fully reinstated.

1758

1759 **Sascha Stremmler (1:00:18):**

1760 We have an order prepared that the...

1761

1762 **Leo Vasquez III (1:00:20):**

1763 Right, okay. Yeah.

1764

1765 **Sascha Stremmler (1:00:20):**

1766 Yeah.

1767

1768 **Leo Vasquez III (1:00:21):**

1769 So that's at least something we can...

1770

1771 **Cindy Conroy (1:00:23):**

1772 Just to clarify, terminate and expunge.

1773

1774 **Leo Vasquez III (1:00:25):**

1775 No. We're not expunging...

1776

1777 **Cindy Conroy (1:00:26):**

1778 You use the word "expunge."

1779

1780 **Leo Vasquez III (1:00:27):**

1781 No. We're not expunging...

1782

1783

1784

1785

1786

1787

1788 **Bobby Wilkinson (1:00:28):**

1789 I made up expunge because they wanted something that
1790 said as if they had never been debarred, but we don't
1791 have any kind of process for that.

1792

1793 **Leo Vasquez III (1:00:39):**

1794 Mr. Marchant.

1795

1796 **Kenny Marchant (1:00:41):**

1797 Since we don't get this kind of information, where is
1798 this company domiciled? Where do these people live?

1799

1800 **Sascha Stremmler (1:00:55):**

1801 They're in Washington State, I think is the
1802 headquarters.

1803

1804 **Kenny Marchant (1:00:57):**

1805 Washington State.

1806

1807

1808

1809 **Cindy Conroy (1:00:59):**

1810 They're the largest.

1811

1812 **Bobby Wilkinson (1:01:01):**

1813 Hippies.

1814

1815 **Kenny Marchant (1:01:03):**

1816 So the net effect of the continuation of debarment is

1817 they can't participate in this year's round and next

1818 year's. If we do this, can they participate in next

1819 year's?

1820

1821 **Sascha Stremmler (1:01:16):**

1822 With the Department, they would not, anything prior to

1823 November 7, 2026, any applications that are due prior to

1824 that date, they would not be able to participate.

1825

1826 **Kenny Marchant (1:01:24):**

1827 Okay. So...

1828

1829

1830 **Leo Vasquez III (1:01:24):**

1831 If we didn't do, if we didn't grant early to terminate.

1832

1833 **Sascha Stremmler (1:01:26):**

1834 Yeah. If it remained in place.

1835

1836 **Leo Vasquez III (1:01:27):**

1837 If we do it today, they're eligible for the next round.

1838

1839 **Sascha Stremmler (1:01:30):**

1840 Right.

1841

1842 **Leo Vasquez III (1:01:31):**

1843 Yeah.

1844

1845 **Kenny Marchant (1:01:32):**

1846 So just to explain, my vote is that the debarment was

1847 very justified and we should not be spending the

1848 resources of the Department monitoring what I would

1849 consider to be players that do not play right. And this

1850 has been going on since '22.

1851

1852 So in my opinion, the debarment is not necessarily a

1853 message of you can't participate in the next round.

1854 It's just a message in discouraging people from not

1855 keeping their word and not playing by the rules. And so

1856 I think I was here when we voted for this debarment, and

1857 so I understand it's your process to go by the rules and

1858 make this recommendation. I just don't agree with it.

1859

1860 **Sascha Stremmler (1:02:29):**

1861 Right. And I'm only in here because the owner's

1862 petition had sent something.

1863

1864 **Kenny Marchant (1:02:33):**

1865 Yes, ma'am. I understand that.

1866

1867 **Sascha Stremmler (1:02:34):**

1868 Otherwise, it's not the Department's.

1869

1870

1871

1872 **Kenny Marchant (1:02:36):**

1873 So it's not an opinion. You're carrying the message
1874 forward.

1875

1876 **Sascha Stremmler (1:02:42):**

1877 Right. The order had specific parameters about what
1878 they needed the debarred parties to prove in order to
1879 petition the Board to get this debarment term truncated
1880 or shortened. And so based on what was submitted and
1881 what we verified with our Compliance Division, they met
1882 those parameters, and so that was just the basis of...

1883

1884 **Kenny Marchant (1:03:04):**

1885 So we're just going to let them back in the next round.

1886

1887 **Sascha Stremmler (1:03:07):**

1888 If they apply, they'd be eligible, yes. Yeah. If the
1889 order is signed.

1890

1891

1892

1893 **Ajay Thomas (1:03:13):**

1894 Ms. Stremmer, just a clarification question. So would
1895 it be fair to say that, like in our board briefing book
1896 it says staff recommends, we sort of follow the
1897 shortened debarment period?

1898

1899 That's a little strong in the wording, that it's not
1900 really a staff recommendation that we shorten it. It's
1901 just that based on the petition for the original
1902 debarment and the petition that they made, we can
1903 consider it and that's why you're here presenting it to
1904 the Board.

1905

1906 **Bobby Wilkinson (1:03:43):**

1907 I'll talk to this, I guess. I think legal actually
1908 wanted to just say neutral, and I'm hesitant to put
1909 neutral too much in the Board book. It's either
1910 technically meets the rule and so staff recommends it,
1911 or it doesn't meet the rule, staff, we try not to put
1912 too much opinion in our recommendations to you. So I
1913 wouldn't read too much into staff recommends in general,

1914 but you'll see neutrality sometimes, and that's few and
1915 far between strategically.

1916

1917 **Ajay Thomas (1:04:14):**

1918 Got you.

1919

1920 **Bobby Wilkinson (1:04:14):**

1921 Yeah.

1922

1923 **Ajay Thomas (1:04:15):**

1924 Thank you.

1925

1926 **Kenny Marchant (1:04:15):**

1927 Is this neutral?

1928

1929 **Bobby Wilkinson (1:04:19):**

1930 Sure. They improved, they did what they needed to do to
1931 get, and so it's up to you. It's a Board decision.

1932

1933

1934

1935 **Leo Vasquez III (1:04:28):**

1936 Although based on the terms of the final order of

1937 debarment, it said if you comply...

1938

1939 **Kenny Marchant (1:04:35):**

1940 You can request.

1941

1942 **Bobby Wilkinson (1:04:36):**

1943 You can request.

1944

1945 **Leo Vasquez III (1:04:37):**

1946 You can request.

1947

1948 **Bobby Wilkinson (1:04:38):**

1949 And they've complied.

1950

1951 **Leo Vasquez III (1:04:39):**

1952 And did it even give us an option that if they complied

1953 that the Board could not grant the request?

1954

1955

1956 **Bobby Wilkinson (1:04:48):**

1957 It's a vote.

1958

1959 **Beau Eccles (1:04:48):**

1960 It's a petition to the Board to request the reduction or

1961 termination of the remaining debarment term. That's

1962 what the final order says, I believe.

1963

1964 **Leo Vasquez III (1:04:59):**

1965 And that final order of debarment said if you do all

1966 these things you're supposed to do...

1967

1968 **Beau Eccles (1:05:07):**

1969 They could petition to come here.

1970

1971 **Ajay Thomas (1:05:11):**

1972 It's only saying that they can petition. It doesn't say

1973 that we have to.

1974

1975 **Cindy Conroy (1:05:13):**

1976 To do it, sure.

1977

1978 **Beau Eccles (1:05:14):**

1979 Correct.

1980

1981 **Cindy Conroy (1:05:15):**

1982 And did it go through September of 2026? Does it go

1983 through September of 2026?

1984

1985 **Leo Vasquez III (1:05:18):**

1986 The original or...

1987

1988 **Beau Eccles (1:05:20):**

1989 Will go through November.

1990

1991 **Cindy Conroy (1:05:21):**

1992 November.

1993 **Sascha Stremmler (1:05:21):**

1994 November of 2026.

1995

1996 **Cindy Conroy (1:05:22):**

1997 Okay. November of '26.

1998

1999 **Sascha Stremmler (1:05:23):**

2000 I can read you the clause that has that.

2001

2002 **Beau Eccles (1:05:25):**

2003 Please do.

2004

2005 **Sascha Stremmler (1:05:26):**

2006 It is further ordered that if Respondent timely and
2007 fully complies with the terms and conditions of this
2008 final order, correcting all future findings of
2009 noncompliance as required and remaining in compliance
2010 for a period of one year from the date of this order,
2011 Respondent may petition the Board after November 7,
2012 2025, to reduce or terminate the remaining period of
2013 debarment. So it was giving them the ability to
2014 petition after that date if they are in compliance.

2015

2016 **Leo Vasquez III (1:05:56):**

2017 Okay. Let me add one more twist to this. Personally,
2018 I'm fine with if they cleaned it up, they had an up, we

2019 have the ability to early terminate if they promise to
2020 keep it up. But that leads to my question, so what
2021 happens if in second quarter of next year we get another
2022 NSPIRE inspection or whatever on one of their properties
2023 and they score a 57 or something like that? Does that
2024 retrigger the debarment or do we have to go through the
2025 whole process again?

2026

2027 **Sascha Stremmler (1:06:37):**

2028 Well, it would follow the normal compliance schedule.

2029 So if they get a score, they have the opportunity to...

2030

2031 **Leo Vasquez III (1:06:41):**

2032 Okay. So they're starting from...

2033

2034 **Sascha Stremmler (1:06:42):**

2035 Yeah. It's starts from, yeah, starting, yeah, scratch.

2036

2037

2038 **Leo Vasquez III (1:06:45):**

2039 Okay. Although obviously...

2040

2041 **Sascha Stremmler (1:06:46):**

2042 Although the past, if it's within the look-back period
2043 for things in the portfolio, it could potentially
2044 trigger a rule under debarment, but I don't know off the
2045 top of my head about that.

2046

2047 **Leo Vasquez III (1:06:59):**

2048 Yeah. And obviously it'll be a closer look at the
2049 reports on this particular portfolio. Okay. Do other
2050 board members have questions on this item? Would anyone
2051 care to make a motion on the staff's, oh, did...

2052

2053 **Beau Eccles (1:07:21):**

2054 There may be more public comment.

2055

2056 **Leo Vasquez III (1:07:24):**

2057 Do you want to, come on.

2058

2059

2060

2061 **Cynthia Bast (1:07:33):**

2062 Good morning. Cynthia Bast with Baker Hostetler
2063 representing the principles of DevCo. I'm here to
2064 support the request that the debarment be terminated.
2065 Most importantly to a comment made by you, Ms. Farias,
2066 at the prior hearing, these properties that DevCo owns
2067 are providing decent, safe, affordable housing in this
2068 state.

2069

2070 If you look at your board book pages 559 to 567, you
2071 will see current photos of all of the properties, along
2072 with summaries of the improvements DevCo has made and
2073 the money that they have invested, both through LIHTC
2074 equity funds and their own pocketbooks to make these
2075 properties decent, safe, affordable housing in Texas.

2076

2077 What I want to talk to you about a little bit is the
2078 debarment rules that we're working with in relation to
2079 this matter. Years ago, debarment was rare, maybe
2080 happened once a year. We substantially changed these
2081 rules in 2021. We were in the middle of pandemic. We

2082 were having virtual meetings, and frankly, there was
2083 very little engagement on the changes in the rules, very
2084 little public comment on the record.

2085

2086 And when I strive to look at these rules objectively, I
2087 really question whether the desired outcomes are in sync
2088 with the rules. They are so nuanced. For instance, if
2089 DevCo had owned only one property in Texas that had a
2090 failing NSPIRE, it might not have been subject to
2091 mandatory debarment, but because the way the rules work,
2092 literally, if there's another property and there's one
2093 violation that doesn't get cured in time in the
2094 corrective action period, that can tip the balance.

2095

2096 That's how kind of integrated these rules are and how
2097 difficult it is to deal with situations like this
2098 because you focus on what happened on this one property,
2099 but your rules would not necessarily have supported the
2100 debarment for that.

2101

2102 I want to make the point that we've really evolved on
2103 debarment this year. You all have heard more debarment
2104 recommendations than ever in history, and we've evolved.
2105 And DevCo was kind of one of the first in this string
2106 that we've been going through.

2107

2108 In November of last year, when this debarment was
2109 presented, you, Chair Vasquez, said, if they're indeed
2110 investing the funds to fix everything, I might be
2111 persuaded not to do an immediate debarment, because they
2112 testified that, yes, we already have everything in
2113 progress to make all of this happen.

2114

2115 Then in March of 2025, there was another debarment where
2116 I wasn't representing a client and I was concerned about
2117 the fact that debarment, and I'm going to need just a
2118 little bit more time, was presented as an idea of, well,
2119 it just gives you a chance to regroup just settle down
2120 and regroup, and that's not an accurate portrayal of the
2121 true consequences. As you've heard from Mr. Volz, people
2122 lost their jobs because of this debarment.

2123

2124 And even at that time in March 2025, Chair Vaquez said,
2125 I'm open to having a suspension versus a debarment. So
2126 then what happened this summer? There was another
2127 debarment and you all did create the concept of a
2128 voluntary non-participation agreement. You changed your
2129 rules because you were starting to see these nuances and
2130 these issues that are coming up with debarments are so
2131 complex.

2132

2133 So you're seeing the real life facts and you're seeing
2134 the circumstances, and I would respectfully request not
2135 only that you grant this petition that we have here, but
2136 that you revisit your rule and you consider revisions
2137 and give yourselves the flexibility to really address
2138 these issues in an appropriate way that meets the
2139 circumstances.

2140

2141 As Mr. Volz noted, even if the debarment is terminated,
2142 they could be disqualified from doing their preservation
2143 work in states forever. And this risk could be

2144 mitigated, and as Mr. Wilkinson said, as we have asked,
2145 there could be a system where you could say you update
2146 your records to reclassify this as a voluntary non-
2147 participation agreement because it's been satisfied.

2148

2149 You could revisit new rules, you could tweak them and
2150 these very significant consequences, not to say that
2151 there were not significant consequences on that one
2152 property, there were, but they fixed them. And I
2153 believe that you need to think about your debarment
2154 rules and perhaps revisit them after this very tough
2155 year for a lot of these kinds of conversations. So
2156 thank you.

2157

2158 **Leo Vasquez III (1:12:48):**

2159 Okay. Thanks, Cynthia.

2160

2161 **Cindy Conroy (1:12:49):**

2162 I'd like to make a comment. We really don't debar
2163 people. They debar themselves. These things are
2164 brought to us because you were given time at one point

2165 to fix them, and you didn't make it in that time period.

2166 But the idea that we debar, we don't. People debar

2167 themselves. They put themselves in that situation.

2168

2169 My only question to this group is, okay, you got it

2170 together now and you got it together in a certain time

2171 frame, but are you really going forward with that?

2172 Because you had two instances that came, two other

2173 opportunities that you didn't make. So my whole

2174 perspective of this is we did not debar anybody. They

2175 did it to themselves. We just agreed with them. Do you

2176 understand where I'm coming from?

2177

2178 It's not because of our rules. It's not because of

2179 that. You're only here to talk to us about the

2180 situation because you didn't make a time frame at one

2181 point, right? Which is why you got debarred for this

2182 action. And actions have consequences, and I'm sorry

2183 that it has cost them business, but that was also

2184 because of their actions, not because of our action.

2185

2186

2187 **Cynthia Bast (1:14:14):**

2188 Would you let me respond? I do absolutely hear you, and

2189 I believe that you are correct that the rules outline

2190 certain circumstances that lead to certain results.

2191 There are also abundant places where the rules provide

2192 discretion and abundant places where the rules honestly

2193 are not as clear as they could be.

2194

2195 And so in that way, I would say that in this

2196 circumstance, they did not necessarily debar themselves.

2197 There was argument, he's not here anymore, but made by

2198 my colleague, Derek Palmer, that addressed certain

2199 things in the rules that were not entirely clear or

2200 consistent.

2201

2202 So I understand your point. I am absolutely pro

2203 accountability, but we do need rules that are clear

2204 enough and appropriate enough to get to the result that

2205 we all as an industry want to get to because we don't

2206 want bad actors in this industry.

2207

2208 **Leo Vasquez III (1:15:43):**

2209 Okay. Thanks, Cynthia. Sascha, is there anything else
2210 to summarize or add?

2211

2212 **Sascha Stremmler (1:15:50):**

2213 No. I would like to note we did make some changes to
2214 the debarment rule and it's without public comment and
2215 it's set to be adopted at the January board meeting.

2216

2217 **Leo Vasquez III (1:15:43):**

2218 Okay. Great. Okay. Would any board member care to
2219 make a motion on this agenda item?

2220

2221 **Kenny Marchant (1:16:13):**

2222 I would, Mr. Chairman, but I don't know, as permitted
2223 and set out in the terms of our final act, do I need to
2224 read that part?

2225

2226 **Cindy Conroy (1:16:26):**

2227 To make the motion, yeah.

2228

2229 **Kenny Marchant (1:16:27):**

2230 Okay. Of our final order of debarment on November 7,
2231 2024, I move the Board deny the request to terminate the
2232 remaining debarment term of the responsible parties as
2233 of this date, all as described and authorized in the
2234 Board action request and associated documents on this
2235 item.

2236

2237 **Leo Vasquez III (1:16:52):**

2238 Okay. So Mr. Marchant made a motion to deny the request
2239 for. Is there a second to that?

2240

2241 **Ajay Thomas (1:17:00):**

2242 Second, Mr. Chairman.

2243

2244 **Leo Vasquez III (1:17:03):**

2245 Okay. So we have a motion made by Mr. Marchant,
2246 seconded by Mr. Thomas, to deny the request for early
2247 termination of the debarment. All those in favor say
2248 aye.

2249

2250 **Board Members (1:17:17):**

2251 Aye.

2252

2253 **Leo Vasquez III (1:17:23):**

2254 And all those opposed?

2255

2256 **Holland Harper (1:17:25):**

2257 Nay.

2258

2259 **Anna Maria Farias (1:17:25):**

2260 Nay.

2261

2262 **Leo Vasquez III (1:17:26):**

2263 Nay. We're deadlocked at 3-3. Would anyone else care

2264 to make a motion?

2265

2266 **Holland Harper (1:17:35):**

2267 Let's see. As permitted and set out in the terms of

2268 final order debarment on November 7, 2024, I move the

2269 Board terminate the remaining debarment term for the

2270 responsible parties as of this date, all as described,
2271 authorized in the Board action request and associated
2272 documents in this item.

2273

2274 **Anna Maria Farias (1:17:51):**

2275 Second.

2276

2277 **Leo Vasquez III (1:17:52):**

2278 Motion made by Mr. Harper, seconded by Ms. Farias, to
2279 approve the early termination.

2280

2281 **Kenny Marchant (1:17:59):**

2282 Parliamentary. I would like to make a parliamentary
2283 question.

2284

2285 **Leo Vasquez III (1:18:03):**

2286 Mr. Marchant, you have a question.

2287

2288 **Kenny Marchant (1:18:05):**

2289 In the case that, what is the necessary vote to carry
2290 that motion?

2291

2292 **Beau Eccles (1:18:17):**

2293 A successful vote requires that a majority of the quorum
2294 present vote for. Quorum is established, there are six
2295 board members present. So a vote of four ayes must
2296 carry. If it is a tie, it is not a majority and thus
2297 the motion fails.

2298

2299 **Kenny Marchant (1:18:38):**

2300 Thank you.

2301

2302 **Leo Vasquez III (1:18:39):**

2303 What if a board member abstains?

2304

2305 **Beau Eccles (1:18:43):**

2306 It remains the same. If it's an abstention, they are
2307 still here, so it would be a majority of those, but it
2308 would still require four votes.

2309

2310 **Leo Vasquez III (1:18:50):**

2311 Okay. So it's not just a majority of those voting.

2312

2313 **Beau Eccles (1:18:54):**

2314 I believe that's the case, yes.

2315

2316 **Kenny Marchant (1:18:56):**

2317 So I have to vacate the chamber? Just a question. What
2318 constitutes present?

2319

2320 **Leo Vasquez III (1:19:11):**

2321 It's not the majority of those voting. It's the
2322 majority of those present.

2323

2324 **Kenny Marchant (1:19:15):**

2325 I came from a body that people walk.

2326

2327 **Beau Eccles (1:19:21):**

2328 Understood. Perhaps the consequences of a tie vote
2329 would be that the original terms persist.

2330

2331 **Kenny Marchant (1:19:33):**

2332 That was my question, really. Thank you.

2333

2334 **Beau Eccles (1:19:35) :**

2335 Okay. I've answered the question. You have a motion
2336 and a second by Ms. Farias to terminate the remaining
2337 debarment.

2338

2339 **Leo Vasquez III (1:19:49) :**

2340 And Mr. Marchant doesn't have to go make a call.

2341

2342 **Kenny Marchant (1:19:51) :**

2343 No. No.

2344

2345 **Leo Vasquez III (1:19:52) :**

2346 Okay. All right. Okay. All right. Okay. So we have
2347 a motion on the table, and seconded. Let's vote. Okay.
2348 Call the question. All those in favor say aye.

2349

2350 **Board Members (1:20:02) :**

2351 Aye.

2352

2353

2354 **Leo Vasquez III (1:20:04):**

2355 I hear three ayes. All those opposed?

2356

2357 **Kenny Marchant (1:20:10):**

2358 No.

2359

2360 **Ajay Thomas (1:20:10):**

2361 No.

2362

2363 **Cindy Conroy (1:20:10):**

2364 No.

2365

2366 **Kenny Marchant (1:20:11):**

2367 Are you a no?

2368

2369 **Ajay Thomas (1:20:12):**

2370 I am.

2371

2372 **Kenny Marchant (1:20:13):**

2373 I am opposed.

2374

2375

2376

2377 **Leo Vasquez III (1:20:15):**

2378 I think we've tried both outcomes, so at this point, if

2379 it doesn't affirmatively pass, it fails.

2380

2381 **Beau Eccles (1:20:30):**

2382 That's correct. Both measures fail.

2383

2384 **Leo Vasquez III (1:20:34):**

2385 And you're sure about this in total...

2386

2387 **Holland Harper (1:20:41):**

2388 Mr. Marchant and, we have the right side of the team,

2389 the left side of the team here or the left team, right

2390 side team.

2391

2392 **Kenny Marchant (1:20:49):**

2393 Yeah. My...

2394

2395

2396 **Holland Harper (1:20:50):**

2397 What is your, why are you voting no?

2398

2399 **Kenny Marchant (1:20:55):**

2400 Because of the history of this applicant, period. I

2401 don't want to establish any kind of precedent or rule or

2402 whatever. Since 2022, they've used staff time and

2403 energy and effort and we've had these debarment things

2404 before. And the implication was that the rules were not

2405 written properly. We had several public hearings on

2406 rules this year and heard no public input on changing

2407 the rule process, did we?

2408

2409 **Sascha Stremmler (1:21:32):**

2410 We received some public comment to the debarment rule,

2411 but I don't...

2412

2413 **Kenny Marchant (1:21:39):**

2414 Not that would affect, that would have affected this.

2415

2416

2417 **Sascha Stremmer (1:21:41):**

2418 Not pertaining to what was raised by (indiscernible -
2419 simultaneous speech) 1:21:43.

2420

2421 **Kenny Marchant (1:21:43):**

2422 And so as chairman of the Rule Committee, I'm very open
2423 to public input next year as to how this, but to me, we
2424 just spent hours, staff and everybody, hours on this,
2425 and I don't think the permanent damage will be lifted
2426 because of one year. And I think I will stick with the
2427 way I originally voted on this.

2428

2429 **Holland Harper (1:22:16):**

2430 And that is why you voted for, me personally, I looked
2431 at it that these people are in the business of putting
2432 LIHTC assets on the field. That is our mission here is
2433 to put LIHTC assets on the field. They've been out of
2434 the system for Texas for one year.

2435

2436 They have resolved the issues on the assets that they
2437 have. If I leave them out of the system for another

2438 year, their operations will degrade and their staffs
2439 will degrade to get back on the field.

2440

2441

2442 **Cindy Conroy (1:22:48):**

2443 Why do you feel that it's incumbent on you to save them?

2444

2445 **Holland Harper (1:22:52):**

2446 I don't. Just I voted to debar them myself. I remember
2447 the...

2448

2449 **Cindy Conroy (1:22:55):**

2450 No. I understand that, but right now then they're out
2451 for another year.

2452

2453 **Holland Harper (1:22:59):**

2454 They're out for another year.

2455

2456

2457

2458

2459 **Cindy Conroy (1:23:00):**

2460 But they got themselves in this situation and I get
2461 that, and I do, I really do see that you have worked
2462 hard to bring yourself back. But your history is still
2463 pretty strong. In my mind, you take the punishment and
2464 that shows that you understood the consequences, not
2465 like, oh great, now we got to do this really quickly
2466 because we want to shorten the sentence. It should have
2467 never gotten to this point.

2468

2469 **Holland Harper (1:23:26):**

2470 And in this sentence, the sentence stated the following,
2471 that you can atone for your sins and come before this
2472 Board for the opportunity. And so they've come, they've
2473 atoned for their sins, which is what they've been
2474 presented by the staff, and we have the opportunity as a
2475 board to say yay or nay, whether they continue for a
2476 year or not. And interestingly, we're splitting to
2477 50/50 here. So one more time, I'm going to make one
2478 more motion.

2479

2480

2481 **Leo Vasquez III (1:23:53):**

2482 I will entertain one more motion.

2483

2484 **Kenny Marchant (1:23:55):**

2485 Is that...

2486

2487 **Leo Vasquez III (1:23:58):**

2488 There's no limit on how many motions I can, before we

2489 cut it off.

2490

2491 **Bobby Wilkinson (1:24:02):**

2492 Yeah. We can be here. Well, it takes up (indiscernible

2493 - simultaneous speech) 1:24:03.

2494

2495 **Kenny Marchant (1:24:06):**

2496 Do we have to have a motion to reconsider?

2497

2498 **Anna Maria Faria (1:24:08):**

2499 Mr. Chairman...

2500

2501 **Leo Vasquez III (1:24:09):**

2502 I have a problem. Do we need to have a motion to
2503 reconsider or not?

2504

2505 **Beau Eccles (1:24:14):**

2506 We've had two motions raised and failed.

2507

2508 **Leo Vasquez III (1:24:17):**

2509 And so the only...

2510

2511 **Beau Eccles (1:24:17):**

2512 If the Chairman would like a third motion or recognize a
2513 third motion, he can.

2514

2515 **Anna Maria Farias (1:24:27):**

2516 May I make a comment?

2517

2518 **Leo Vasquez III (1:24:29):**

2519 Ms. Farias, go ahead.

2520

2521

2522 **Anna Maria Farias (1:24:30):**

2523 Yes. I think most of you know that I'm very hard, and I
2524 think I voted for every debarment and other ones that
2525 should have been debarred. And I've always said when
2526 you come to housing, it's very simple, safe, decent,
2527 affordable.

2528

2529 If it's not safe, I don't care how affordable it is. If
2530 it's not decent, I don't care how affordable it is. But
2531 if you're telling us that it is now safe, decent, and
2532 affordable, then I'm for it. That's why I voted to
2533 terminate the debarment early, so that people can get
2534 back to a safety center for the home.

2535

2536 **Holland Harper (1:25:11):**

2537 Mr. Chairman...

2538

2539 **Leo Vasquez III (1:25:11):**

2540 Thank you. Okay. Oh, Mr. Harper, would you like to...

2541

2542

2543 **Holland Harper (1:25:18):**

2544 As permitted and set out in the terms of the final order
2545 of debarment on November 7, 2024, I move the Board
2546 terminate the remaining debarment term for the
2547 responsible parties of the state, all as described and
2548 authorized in the Board action request and associated
2549 documents on this item.

2550

2551 **Anna Maria Farias (1:25:33):**

2552 Second.

2553

2554 **Leo Vasquez III (1:25:35):**

2555 Motion is now on the table on the floor for vote
2556 agreeing for the granting the early termination of the
2557 debarment by Mr. Harper and seconded by Ms. Farias.
2558 Let's take a vote. All those in favor say aye.

2559

2560 **All Board Members (1:25:55):**

2561 Aye.

2562

2563

2564 **Leo Vasquez III (1:25:56) :**

2565 Aye. It's three. And those opposed?

2566

2567 **Kenny Marchant (1:26:01) :**

2568 No.

2569

2570 **Ajay Thomas (1:26:01) :**

2571 Nay. No.

2572

2573 **Cindy Conroy (1:26:01) :**

2574 Nay.

2575

2576 **Leo Vasquez III (1:26:10) :**

2577 Okay. So both motions fail for lack of...

2578

2579 **Beau Eccles (1:26:15) :**

2580 Three motions fail.

2581

2582 **Leo Vasquez III (1:26:20) :**

2583 Three motions fail for lack of a majority.

2584

2585 **Kenny Marchant (1:26:22):**

2586 Mr. Chairman, I make a motion that we lay this item on
2587 the table.

2588

2589 **Leo Vasquez III (1:26:24):**

2590 I was going to ask counsel or Bobby, so just so we can
2591 understand and make clear, this consideration today at
2592 this meeting, does it preclude them from coming back in
2593 four months, six months, a year from now or before
2594 November of 26th to ask again?

2595

2596 **Beau Eccles (1:26:50):**

2597 Help me out with the terms as set out in that final
2598 debarment order.

2599

2600 **Leo Vasquez III (1:26:55):**

2601 It doesn't say that in the way as once (indiscernible -
2602 simultaneous speech) 1:26:56.

2603

2604 **Beau Eccles (1:26:56):**

2605 I think it says petition after.

2606

2607 **Sascha Stremmler (1:26:44):**

2608 Right. So they could come back...

2609

2610 **Leo Vasquez III (1:26:47):**

2611 They could theoretically petition again and...

2612

2613 **Bobby Wilkinson (1:26:50):**

2614 We could do this every month.

2615

2616 **Sascha Stremmler (1:27:07):**

2617 I guess, staff question for the Board would be what

2618 parameters would the Board be expecting to see in order

2619 for a change that's to the result?

2620

2621 **Kenny Marchant (1:27:22):**

2622 I think that the Board has already acted on this item.

2623

2624 **Leo Vasquez III (1:27:25):**

2625 Okay. Well...

2626

2627 **Kenny Marchant (1:27:27):**

2628 Previously, not today, but previously. So the result of
2629 this, in my opinion, is that it reverts back to the
2630 original debarment.

2631

2632 **Leo Vasquez III (1:27:39):**

2633 Okay. So perhaps then we need to consider not offering
2634 even the option of an early termination, right?

2635

2636 **Kenny Marchant (1:27:47):**

2637 Does the motion stay laid on the table?

2638

2639 **Leo Vasquez III (1:27:48):**

2640 That's what I'm hearing the argument that's being made.

2641

2642 **Kenny Marchant (1:27:50):**

2643 Does a motion lay on the table...

2644

2645 **Leo Vasquez III (1:27:52):**

2646 Yeah. And no actions taken as of today at this meeting.

2647 And I'm sorry, Cynthia.

2648

2649 **Cynthia Bast (1:28:02)**

2650 I have an idea.

2651

2652 **Leo Vasquez III (1:28:07):**

2653 Let's bring it up again next meeting.

2654

2655 **Kenny Marchant (1:28:15):**

2656 I would like to inquire, Mr. Chairman, from counsel,
2657 what action the Board could take. And this action won't
2658 take place because it more than likely will be a 3-3
2659 vote on whether we take this action. Does a motion lay
2660 this on the table? What ends this? What ends this?

2661

2662 **Beau Eccles (1:28:39):**

2663 Well, by saying tabling the item, do you mean sort of
2664 colloquially? There may be a different parliamentary
2665 procedure in United States Congress that I'm just not
2666 familiar with.

2667

2668 Tabling an item is to say, let's handle this item at
2669 another agenda. Effectively, that seems to have taken
2670 place by the fact that there are no motions that have
2671 prevailed.

2672

2673 **Kenny Marchant (1:29:02):**

2674 Yeah. I think so too.

2675

2676 **Beau Eccles (1:29:03):**

2677 So the order persists, the original order under its
2678 original terms, which includes the ability for them to
2679 come before, since we are after November 7, 2025, and
2680 petition this board for a reduction or termination of
2681 the debarment term. I don't, to a point you alluded to,
2682 believe that we can now modify that order to say, you've
2683 got one shot.

2684

2685 So it's kind of tabled because there's no passing
2686 motion. The original order persists in its original
2687 terms, they are still debarred, but I can't say that

2688 they would be precluded from coming before this Board
2689 and petitioning.

2690

2691 That said, to your point, Sascha, I don't know what
2692 staff would be doing any different because the terms
2693 have been satisfied timely. They're not changing. It's
2694 just that that fact alone has not nor is it required to
2695 persuade the Board to reduce or terminate, at least not
2696 a majority of them.

2697

2698 **Kenny Marchant (1:30:16):**

2699 Mr. Chairman, can I ask a question of Cody, please?

2700

2701 **Cody Campbell (1:30:20):**

2702 Sure.

2703

2704 **Leo Vasquez III (1:30:21):**

2705 What effective date could this order be modified to
2706 where they would be precluded from the '25 and the '26
2707 round, but a date sooner than?

2708

2709 **Beau Eccles (1:30:35):**

2710 And just as a quick clarification, and I know it'll
2711 sound semantic, none of this is to amend the final
2712 debarment order of a year ago. The question is at what
2713 date if the originally ordered debarment were truncated
2714 to would allow them to participate in the 9 percent
2715 round. Is that what you're...

2716

2717 **Cody Campbell (1:30:57):**

2718 I believe (indiscernible - simultaneous speech) 1:30:58.

2719

2720 **Leo Vasquez III (1:30:58):**

2721 If we wait till the March meeting, which is after March
2722 1st, then they can't participate in the 2026 round
2723 because they would have had to turn in the application
2724 by March 1st.

2725

2726 **Kenny Marchant (1:31:11):**

2727 That's where I'm headed, right.

2728

2729

2730 **Leo Vasquez III (1:31:13):**

2731 So if we revisit in the March meeting or April meeting,
2732 they will have effectively sat out two years.

2733

2734 **Kenny Marchant (1:31:21):**

2735 Because the net effect of the termination of the
2736 debarment was to preclude them, in my opinion, preclude
2737 them from participating in two rounds, which if they are
2738 just looking for an early termination, we could
2739 accomplish the same thing with an early termination,
2740 keeping them from two rounds, in my opinion. If they're
2741 just looking for an early termination and some kind of a
2742 repair or..

2743

2744

2745 **Leo Vasquez III (1:31:52):**

2746 Was that correct on the...

2747

2748 **Cody Campbell (1:31:54):**

2749 Yes. What Mr. Vasquez said is correct.

2750

2751 **Kenny Marchant (1:31:56):**

2752 The March meeting?

2753

2754 **Cody Campbell (1:31:57):**

2755 Yes, sir. Yeah.

2756

2757 **Kenny Marchant (1:31:58):**

2758 Okay. Thank you.

2759

2760 **Leo Vasquez III (1:31:59):**

2761 And since we've had this discussion going on, I'll allow

2762 Ms. Bast to say one more comment, but...

2763

2764 **Cynthia Bast (1:32:08):**

2765 Here's a suggestion, the suggestion would be terminate

2766 the debarment today on condition that we enter into a

2767 voluntary non-participation agreement through next

2768 November.

2769

2770 That's not a modification of the agreed order. That's a

2771 termination today. And I can represent that our client

2772 will enter into a voluntary non-participation for next
2773 year.

2774

2775 **Beau Eccles (1:32:41):**

2776 Sascha.

2777

2778 **Sascha Stremmler (1:32:43):**

2779 I have few reservations about that. One of which the
2780 volunteer non-participation agreement rule is not in
2781 effect until after it's adopted in January and also
2782 that's only available to discretionary debarments. This
2783 was a mandatory debarment under the rules. So I just
2784 don't see how in line within the rules to be adopted
2785 that we could take that kind of action.

2786

2787 **Beau Eccles (1:33:13):**

2788 Also, the only reason why we are here talking about this
2789 is that clause in the November 7, 2024, order. It's not
2790 getting creative. It's reduce or terminate the
2791 debarment term after a petition following this past
2792 November. Just want to make sure, without that clause

2793 in the order we're not talking about this, so I just
2794 don't want to get any more creative than the authority
2795 that is created by that order.

2796

2797 **Holland Harper (1:33:48):**

2798 But, counselor, to be a little clear, if one of these
2799 board members makes a motion that has that in the
2800 language of the motion, it would be then in effect.
2801 Squirrely as that sounds, it would be what would be in
2802 effect.

2803

2804 **Beau Eccles (1:34:10):**

2805 Well, it's then a condition of creating a voluntary non-
2806 participation agreement. And I understand that that was
2807 done when the rule was essentially germinating that
2808 concept. However, that rule which is now coming forward
2809 does not include a VNA for this type of debarment.

2810

2811 So it would never be eligible for a VNA, even under the
2812 new rule. So then we're departing from the rule before

2813 it even gets started. It's a little bit more than
2814 squirrely. You're making me, let's say legally jumpy.

2815

2816 **Bobby Wilkinson (1:34:55):**

2817 What about a vote to terminate today, effective March 2,
2818 2026? And so that we don't have to hear it again, if
2819 that's what's going to get an agreement.

2820

2821 **Sascha Stremmler (1:35:04):**

2822 I was going to say or we could have, you could end it,
2823 have the debarment, an order ending the debarment
2824 effective March 2, 2026. So it would terminate earlier
2825 than the November 7th, but would be after the, right.
2826 Yeah.

2827

2828 **Beau Eccles (1:35:18):**

2829 That would be...

2830

2831 **Kenny Marchant (1:35:18):**

2832 That would prevent them from participating in '26.

2833

2834 **Sascha Stremmer (1:35:23):**

2835 Right.

2836

2837 **Bobby Wilkinson (1:35:22):**

2838 Yes.

2839

2840 **Beau Eccles (1:35:24):**

2841 Cody, that's correct, if the debarment were terminated

2842 as of March 2, 2026, would people who are currently

2843 debarred be precluded from participating in the 9

2844 percent round in '26?

2845

2846 **Cody Campbell (1:35:39):**

2847 9 percent applications in 2026, I believe, are due on

2848 February 27th because of a weekend. And so if it were

2849 not until March, they would not be able to submit an

2850 application, that's correct.

2851

2852 **Beau Eccles (1:35:50):**

2853 Understood.

2854

2855 **Kenny Marchant (1:35:53):**

2856 I'd certainly second that kind of a motion, Mr...

2857

2858 **Leo Vasquez III (1:35:58):**

2859 Okay. Can we legally make that motion?

2860

2861 **Holland Harper (1:36:02):**

2862 Mr. Marchant, I think that you need to make that motion.

2863

2864 **Kenny Marchant (1:36:04):**

2865 Well, I'd be happy to make that motion, frankly.

2866

2867 **Holland Harper (1:36:06):**

2868 And because that's what you considered.

2869

2870 **Kenny Marchant (1:36:11):**

2871 That was, fulfill the original intention of the

2872 debarment in my opinion.

2873

2874

2875

2876 **Leo Vasquez III (1:36:17):**

2877 In your eyes, okay. Yes. Okay. Just before I
2878 entertain a motion. Given the alternatives, could y'all
2879 live with that? It's just that that's...

2880

2881 **Michael Volz (1:36:44):**

2882 May I say something, or?

2883

2884 **Leo Vasquez III (1:36:47):**

2885 Yeah. I think under the circumstances, Mr. Volz, yeah.

2886

2887 **Michael Volz (1:36:52):**

2888 I guess the thought process here and part of what we
2889 wanted describes, I totally understand Mr. Marchant's
2890 perspective, Ms. Conroy, and Sir Thomas. And we made
2891 the changes to our systems and our policies internally,
2892 our staffing to make this a non-issue moving forward.
2893 We want to be in compliance and we try to build that
2894 track record throughout the year.

2895

2896 That being said, I still understand your guys' concerns.
2897 Hey, does the punishment match the crime? What I'm
2898 trying to say is that the debarment itself is more of a
2899 punishment than even what you're talking about. I can
2900 understand where you say, hey, maybe we don't want you
2901 to participate in this program for a longer period of
2902 time, but the debarment and that structure is extremely
2903 punitive for our organization.

2904

2905 And so with the idea that the voluntary non-
2906 participation agreement is something that's new to the
2907 TDHCA, that would be amenable to us in the sense that we
2908 can still go out and transact, in other parts of the
2909 country, but we'd be willing to come up with a
2910 strategy...

2911

2912 **Kenny Marchant (1:38:01):**

2913 So your belief that that voluntary agreement to not
2914 participate annuls or removes the debarment, because
2915 that's...

2916

2917 **Michael Volz (1:38:11):**

2918 No. We would still have troubles in areas where they
2919 have extended look-back periods, but..

2920

2921 **Kenny Marchant (1:38:17):**

2922 But your lawyer would be able to write a letter to those
2923 people persuasively that hey, they kind of let us off
2924 the hook on that, but this new agreement.

2925

2926 **Michael Volz (1:38:26):**

2927 Every state is different. Some states are just, if you
2928 were currently debarred somewhere, you can't do business
2929 here.

2930 **Kenny Marchant (1:38:31):**

2931 You'd take that over a unanimous vote to make this
2932 effective on March 2nd?

2933

2934 **Michael Volz (1:38:38):**

2935 That would still restrict us going into the beginning of
2936 the year where I have land tied up in different areas.
2937 We're going to be seeking bond allocations.

2938

2939 **Kenny Marchant (1:38:45):**

2940 Even though you did that, even in the face of being
2941 debarred.

2942

2943 **Michael Volz (1:38:51):**

2944 We've had them under contract for a long period of time.
2945 And some of these land development sites take years to
2946 put together. That was my consideration. I know legal
2947 staff indicated that the termination or the, a voluntary
2948 non-participation agreement would be not in this case of
2949 a debarment.

2950

2951 But I guess my view is that once the debarment is done,
2952 if you guys terminate it, voluntary non-participation
2953 agreement wouldn't necessarily be related to this
2954 debarment, something that we entered into voluntarily
2955 for the remaining term that was intended. I appreciate
2956 you all allowing me to speak again. I know this is a
2957 difficult subject, but I really appreciate your time and
2958 consideration. Thank you.

2959

2960 **Leo Vasquez III (1:39:44):**

2961 Okay. Okay. Mr. Marchant.

2962

2963 **Kenny Marchant (1:39:49):**

2964 Yeah. I'm going to figure out how to make this motion.

2965

2966 **Leo Vasquez III (1:39:49):**

2967 Let's try to make this, we make one more attempt to

2968 motion.

2969

2970 **Ajay Thomas (1:39:56):**

2971 Would you like me to try?

2972

2973 **Kenny Marchant (1:39:57):**

2974 If we could, can we table for a few moments and allow

2975 him to...

2976

2977 **Ajay Thomas (1:40:04):**

2978 I can give it a shot. Let's see. We're at 26, right?

2979 As permitted and set out in the terms of our final order

2980 of debarment on November 7, 2024, allowing for the
2981 debarred party to petition the Board for early
2982 termination of the final debarment order, I move that
2983 the Board terminate the remaining debarment term of the
2984 responsible parties as of March 2, 2026, all as
2985 described and authorized in the Board action request and
2986 associated documents on this item.

2987

2988 **Kenny Marchant (1:40:39):**

2989 Second.

2990

2991 **Leo Vasquez III (1:40:42):**

2992 Okay. Motion made by Mr. Thomas with those conditions.

2993 Seconded by Mr. Marchant. All those in favor of said

2994 motion say aye.

2995

2996 **All Board Members (1:40:56):**

2997 Aye.

2998

2999 **Leo Vasquez III (1:40:58):**

3000 Is Ms. Conroy, aye?

3001

3002 **Cindy Conroy (1:40:59):**

3003 Aye.

3004

3005 **Leo Vasquez III (1:41:01):**

3006 Any opposed? Hearing none, motion carries unanimously.

3007 Thank you all for letting us work through this but go

3008 forth and sin no more. Okay. Are we on Item 27 now?

3009

3010 **Cody Campbell (1:41:27):**

3011 Yes.

3012

3013 **Leo Vasquez III (1:41:28):**

3014 Okay. Is everyone okay to forge ahead or just do you

3015 guys need a break? Okay. All right. Let's forge

3016 ahead. There's not that many items left.

3017

3018 **Cody Campbell (1:41:41):**

3019 It's up to you.

3020

3021

3022

3023 **Leo Vasquez III (1:41:41):**

3024 Although, I think it's hopeful we'll get through these.

3025 Okay. So Item 27. Presentation, discussion, and

3026 possible action regarding a material amendment to the

3027 housing tax credit application of The Lantern at

3028 Robstown. Mr. Campbell.

3029

3030 **Cody Campbell (1:41:58):**

3031 Thank you, Mr. Vasquez. Just real quick, before I

3032 proceed, I do want to let you know items, it's about to

3033 get shorter. Items 30 and 33 have also been withdrawn

3034 from the agenda and so we just have a couple left.

3035

3036 This is a really interesting item, in a good way. The

3037 item in front of you is an application amendment for The

3038 Lantern at Robstown. Robstown is a small town outside

3039 of Corpus Christi. This is a 2025 9 percent

3040 application, and so you approved the award of tax

3041 credits just a couple of months ago.

3042

3043 The application, as initially presented, was very
3044 ambitious. It was 39 units, all of which had an
3045 attached garage and a driveway. All the one-bedrooms
3046 had offices. It was really unlike anything that we had
3047 in our portfolio, but it underwrote, so we approved it.
3048 And after that approval, when the applicant repriced it,
3049 they realized that they weren't going to be able to
3050 build what they had initially proposed to us, and so
3051 they have value engineered it and brought it in line
3052 with something that is much more similar to the rest of
3053 our portfolio.

3054

3055 They have collapsed the seven residential buildings into
3056 a single building, they have scaled back the sizes of
3057 the one-bedrooms, and most importantly, to help the
3058 development cash flow, they have added 10 units to the
3059 development, 7 of which are affordable. So we're going
3060 from 39 units to 49, now there are three market units
3061 that were not present originally. They've added three
3062 30 percent units, which is great. Those are very hard
3063 for us to come by.

3064

3065 To make this work, they have taken on a little bit of
3066 extra debt, which the development can support. They
3067 have deferred some developer fee, and they have also
3068 gotten a small award of state housing tax credits. It's
3069 about \$50,000 a year. So not a tremendous amount, but
3070 they have gotten a little bit more money from us.

3071

3072 The application would have been competitive and would
3073 have been awarded had it initially come in exactly as
3074 its proposed to you today, so there's no competitive
3075 disadvantage or unfairness being presented by this item.
3076 Staff is very excited. The idea of getting 10 new units
3077 including 7 affordable units, and because of that, we do
3078 recommend that you approve the amendment.

3079

3080 **Leo Vasquez III (1:44:05):**

3081 Okay. Overall, when reviewing this, I like that we're
3082 getting more units. A little concern, though, is that
3083 this was some, it could be that this was a, for lack of
3084 a better term, bait and switch. Like, here's this great

3085 thing that we're going to award and then now it's back
3086 to standard or basically standard. So would there have
3087 been any scoring impacts on the original award or
3088 anything that...

3089

3090 **Cody Campbell (1:44:31):**

3091 No, sir. This application, if it had come in...

3092

3093 **Leo Vasquez III (1:44:35):**

3094 If anything was scored higher, maybe...

3095

3096 **Cody Campbell (1:44:38):**

3097 Maybe, yeah. Sure.

3098

3099 **Leo Vasquez III (1:44:40):**

3100 But it wouldn't have scored lower and been out of the
3101 money.

3102

3103 **Cody Campbell (1:44:44):**

3104 That is correct. The person who wrote up the Board
3105 action item for you, I believe, used the term "an

3106 overwhelming number of points." It had an overwhelming
3107 number of points over the next application in line
3108 behind it. And it would have maintained its first
3109 position standing, even if it had come in exactly like
3110 this initially.

3111

3112 **Bobby Wilkinson (1:45:02):**

3113 And we don't have any points for garages or driveways,
3114 right?

3115

3116 **Cody Campbell (1:45:08):**

3117 Yet.

3118

3119 **Leo Vasquez III (1:45:08):**

3120 Maybe we should. I'm off. Maybe we should. Okay.

3121 Staff recommends going forward with this material

3122 amendment. Do any board members have questions on that?

3123 Does anyone want to speak against the staff's

3124 recommendation? Yes? Okay, no. He nodded

3125 emphatically. Okay. Okay. No, you have no, you do not

3126 have any objections to this. Okay. In that case, I
3127 will entertain a motion on Item 27 of the agenda.

3128

3129 **Holland Harper (1:45:47):**

3130 I move the Board to approve the requested material
3131 amendment of the application for The Lantern at
3132 Robstown, all as described, authorized in the Board
3133 action request and associated documents in this item.

3134

3135 **Anna Maria Farias (1:45:56):**

3136 Second.

3137

3138 **Leo Vasquez III (1:45:56):**

3139 Motion made by Mr. Harper. Seconded by Ms. Farias. All
3140 those in favor say aye.

3141

3142 **All Board Members (1:46:00):**

3143 Aye.

3144

3145

3146

3147 **Leo Vasquez III (1:46:01):**

3148 Any opposed? Hearing none, motion carries. Well, that
3149 was easier. Okay. Item 28. Presentation, discussion,
3150 and possible action on a request for return and
3151 reallocation of tax credits for Sweetwater Station. Mr.
3152 Campbell.

3153

3154 **Cody Campbell (1:46:16):**

3155 Thank you, Mr. Vasquez. I'm going to preface this item
3156 by just being truthful with you. I don't think I'm
3157 going to be able to persuade you on this. I think the
3158 developer's got some work to do here, but here it is.

3159

3160 Sweetwater Station is a 2021 tax credit award that has
3161 since received force majeure approval every year since.
3162 So it received force majeure in 2022. In 2023, it got
3163 an award of supplemental tax credits that came with an
3164 automatic force majeure. And then in 2023, it again
3165 received, I'm sorry. In 2024, it again received force
3166 majeure.

3167

3168 After its initial award, the development experienced a
3169 funding gap that required those supplemental credits and
3170 then subsequently an application to us for HOME funds in
3171 April 2024. These HOME funds required environmental
3172 clearance. That process has been going on since May of
3173 2024.

3174

3175 As part of that, they were required to get an innocent
3176 operator certificate from TCEQ due to the presence of
3177 petrochemicals in the soil. They have now received that
3178 innocent operator certificate, and as of December 5th,
3179 they have received their environmental clearance. With
3180 that, they have represented to us that they are ready to
3181 close and move forward.

3182

3183 It is unusual that this is a development that is asking
3184 for its fourth force majeure approval. It is difficult
3185 for staff to know what to do with this because there is
3186 not really anything in the rule that says that the more
3187 times you ask for it, the stricter staff gets. Our
3188 analysis is still kind of limited to, does this meet the

3189 rule? Yes or no. And based on that, we make a
3190 recommendation to the Board.
3191
3192 In the QAP, the last time that we discussed it, there
3193 was a kind of a penalty, more of just a required sit out
3194 period for developments that had received multiple force
3195 majeure and had yet to place in service. Prior to the
3196 final approval of the QAP, that caveat, that provision
3197 of the QAP was modified slightly, now, the developer
3198 becomes eligible once the development commences
3199 construction. And so if you approve this today, the
3200 developer presuming that they commence construction
3201 prior to the start of the tax credit round, would not be
3202 made ineligible for additional funding based on your
3203 approval of this item.

3204

3205 Again, staff recognizes that this is highly unusual and
3206 there will probably be a lot of questions. We do
3207 believe facially it meets the requirements of the rule
3208 and so because of that, we recommend approval. I have
3209 asked the developer to be here just in case you have any

3210 questions, but I'm also happy to answer any that you may
3211 have for me.

3212

3213 **Leo Vasquez III (1:48:49):**

3214 So the way I understand...

3215

3216 **Holland Harper (1:48:54):**

3217 Four years.

3218

3219 **Cody Campbell (1:48:54):**

3220 Yes, sir.

3221

3222 **Holland Harper (1:48:55):**

3223 Four extensions.

3224

3225 **Cody Campbell (1:44:55):**

3226 Yes, sir.

3227

3228 **Holland Harper (1:48:56):**

3229 On 52 units in Sweetwater, Texas.

3230

3231 **Cody Campbell (1:48:59):**

3232 Yes, sir.

3233

3234 **Kenny Marchant (1:49:00):**

3235 Rural, man. Rural.

3236

3237 **Holland Harper (1:49:02):**

3238 I'm rural, but I never sleep.

3239

3240 **Leo Vasquez III (1:49:06):**

3241 Do they own the property yet?

3242

3243 **Cody Campbell (1:49:08):**

3244 They have not closed on it. Unless something has
3245 changed in the last week. Ryan, help me, please.

3246

3247 **Ryan Garcia (1:49:13):**

3248 We do own the property. We've owned it since 2021.

3249

3250 **Cody Campbell (1:49:15):**

3251 I apologize. They have owned the...

3252

3253 **Leo Vasquez III (1:49:15):**

3254 Okay. We'll have you come up and, okay. The...

3255

3256 **Cody Campbell (1:49:21):**

3257 Does the partnership own the property or does the

3258 company own the property?

3259

3260 **Ryan Garcia (1:49:24):**

3261 The partnership owns the property.

3262

3263 **Cody Campbell (1:49:25):**

3264 Okay. I'm sorry. I was mistaken, they do own the

3265 property.

3266

3267 **Leo Vasquez III (1:49:28):**

3268 Okay. Do we have more, and either of you can end up

3269 answering this. Do we have, at this point, definitive

3270 dates, this is when we're going to close, whatever

3271 financing we need left, this is when we're going to

3272 commence construction? Or is this, we hope that it's

3273 going to start soon? Come on, sir. Introduce yourself,
3274 again and (indiscernible - simultaneous speech) 1:49:53.

3275

3276 **Ryan Garcia (1:49:53):**

3277 Ryan Garcia, with JS. We will start construction on
3278 December 22nd. We've been under choice limiting action
3279 since we applied for these HOME MFDL funds, since April
3280 of 2024, we've been unable to sign a construction
3281 contract. We cannot do anything to that property.

3282

3283 We just received our authority to use grant funds on the
3284 5th. We've signed a construction contract. We have
3285 requested the notice to proceed from TDHCA. Once that
3286 is issued, we must start within 10 days of receiving
3287 that NTP, otherwise the funds are in jeopardy and the
3288 past 20 months will be thrown out the door. So we will
3289 start on the 22nd.

3290

3291 **Leo Vasquez III (1:50:34):**

3292 Sounds definitive.

3293

3294 **Bobby Wilkinson (1:50:39):**

3295 I've heard this TCEQ process has been taking some time
3296 for other folks as well. Not to throw my fellow agency
3297 under the bus, but...

3298

3299 **Ryan Garcia (1:50:47):**

3300 It's been a very long time to go through this entire
3301 process.

3302

3303 **Leo Vasquez III (1:50:50):**

3304 Don't we know a commissioner there? All right. Okay.
3305 So, Cody, you're good with that statement that we are
3306 going to start on December 22nd, we're going to dig a
3307 hole and then break for Christmas.

3308

3309 **Cody Campbell (1:51:06):**

3310 So we have been getting the notice to proceed ready.
3311 We've held off on issuing it because we did want the
3312 Board to see this item and see how the Board would vote
3313 on it before we issued it. But we are, on our end,
3314 ready to issue that notice to proceed.

3315

3316 **Leo Vasquez III (1:51:21):**

3317 Okay. And then based on whatever vote we take right
3318 now, we're not going to see this property come up on our
3319 radar again.

3320

3321 **Ryan Garcia (1:51:30):**

3322 No, no. We've much bigger problems if I'm accurate. So
3323 I'm sorry,

3324

3325 **Leo Vasquez III (1:51:34):**

3326 Okay. Okay. Do any board members have questions on
3327 this item? Staff recommends to approve, right?

3328

3329 **Cody Campbell (1:51:41):**

3330 Yes, sir.

3331

3332 **Leo Vasquez III (1:51:42):**

3333 Okay. I'll entertain a motion on Item 28 of the agenda.

3334

3335

3336 **Cindy Conroy (1:51:51) :**

3337 I don't have a microphone, so we're, number 28. I move
3338 the Board approve the requested treatment under an
3339 application of the force majeure rule to Sweetwater
3340 Station with a new placed in service deadline of
3341 December 31, 2027, all as described, conditioned, and
3342 authorized in the Board action request, resolution, and
3343 associated documents on this item.

3344

3345 **Ajay Thomas (1:52:15) :**

3346 Second.

3347

3348 **Leo Vasquez III (1:52:16) :**

3349 Motion made by Ms. Conroy. Seconded by Mr. Thomas. All
3350 those in favor say aye.

3351

3352 **Board Members (1:52:21) :**

3353 Aye.

3354

3355

3356

3357 **Leo Vasquez III (1:52:22) :**

3358 Any opposed?

3359

3360 **Holland Harper (1:52:22) :**

3361 Nay.

3362

3363 **Leo Vasquez III (1:52:24) :**

3364 Okay. For the record, state that Mr. Harper voted

3365 against the resolution. It still passes vote of five to

3366 one. The motion carries.

3367

3368 **Ryan Garcia (1:52:35) :**

3369 Thank you.

3370

3371 **Leo Vasquez III (1:52:39) :**

3372 Item 29 of the agenda. Presentation, discussion, and

3373 possible action on a request for return and reallocation

3374 of tax credits for Pioneer Crossing Brownwood. So this

3375 didn't use the term force majeure.

3376

3377

3378 **Cody Campbell (1:52:53):**

3379 Yes, sir. We shortened the agenda title so you wouldn't
3380 have to say it so much, but it was in there.

3381

3382 **Leo Vasquez III (1:52:57):**

3383 It still is force majeure.

3384

3385 **Cody Campbell (1:52:58):**

3386 Yes, sir. It is a force majeure. Yes.

3387

3388 **Leo Vasquez III (1:53:00):**

3389 It's like calling sweet potato pie, not calling them
3390 yams, and they're still yams.

3391

3392 **Cody Campbell (1:53:05):**

3393 All right. So these items for Pioneer Brownwood
3394 Crossing which is a 2023 tax credit award that did
3395 receive force majeure approval in 2024. After receiving
3396 its award, as I'm sure you can imagine, like most of
3397 these that you've heard of the last few years, they
3398 experienced a funding gap, as a result they applied for

3399 our HOME funds in April of 2024 and we've had those
3400 funds under contract since March of 2025.
3401
3402 The developer has purchased the land and the site is
3403 permit ready, but they cannot close and move forward
3404 because they have lost their investor. They're
3405 currently searching for a new investor. They're, I
3406 believe, planning on having one in early 2026, although
3407 I don't believe that at this point in time they have a
3408 definitive date for you.
3409
3410 The items in front of you today, because the development
3411 has a 10 percent test deadline at the end of the year,
3412 and if they fail that 10 percent test deadline, then the
3413 project is effectively terminated. And so while I'm
3414 sure that they would like to wait until they have an
3415 investor, unfortunately, the timeline doesn't allow for
3416 them to wait until they have that to make this request.
3417 Staff recommends approval on this. And I'm happy to
3418 answer any questions that you have.
3419

3420 **Leo Vasquez III (1:54:15):**

3421 So there are no dates certain in this request for force
3422 majeure.

3423

3424 **Cody Campbell (1:54:23):**

3425 They believe early 2026. I had asked them to be here in
3426 case they have any other information that they want to
3427 share with you. But, no, they did not provide dates
3428 certain to us with the request.

3429

3430 **Leo Vasquez III (1:54:38):**

3431 Again, this could come up again. If it doesn't close,
3432 if it doesn't get an investor, all these ifs...

3433

3434 **Holland Harper (1:54:46):**

3435 Doesn't have an investor, it doesn't have a Gantt chart
3436 for what their plan is. I see that the credits have
3437 dropped significantly. When do they have to their 10
3438 percent again? Can you restate that?

3439

3440

3441 **Cody Campbell (1:55:02) :**

3442 It's a year, the furthest that we can extend it is a
3443 year after I sign the carryover. And I typically sign
3444 those in the last week of December. So it's in the next
3445 couple of weeks.

3446

3447 **Bobby Wilkinson (1:55:18) :**

3448 And if they fail, those credits just go back into the
3449 2026 round, right?

3450

3451 **Cody Campbell (1:55:20) :**

3452 Sure. That's a federal requirement, so we would get
3453 those credits back at that point. It would also be a
3454 first. I spoke Rosalio about this a few weeks ago, and
3455 I don't believe that we've ever had a development fail
3456 its 10 percent test.

3457

3458 **Leo Vasquez III (1:55:34) :**

3459 And this was characterized as permit ready.

3460

3461

3462 **Cody Campbell (1:55:37):**

3463 Yes, sir.

3464

3465 **Leo Vasquez III (1:55:38):**

3466 But it doesn't mean that they have their permits.

3467

3468 **Cody Campbell (1:55:40):**

3469 Correct. So typically the permits are paid for at the

3470 time of closing because they're so expensive.

3471

3472 **Leo Vasquez III (1:55:47):**

3473 But that's another unknown date as to when all that will

3474 even come through.

3475

3476 **Cody Campbell (1:55:53):**

3477 Correct. Yes, sir.

3478

3479 **Leo Vasquez III (1:55:54):**

3480 And that's not going to happen until after we have

3481 investors.

3482

3483 **Cody Campbell (1:55:57):**

3484 Correct.

3485

3486 **Leo Vasquez III (1:55:58):**

3487 Okay. Yeah. Right.

3488

3489 **Holland Harper (1:55:59):**

3490 Chairman, it sounds like they need six months to get

3491 their house in order and come back to this board for

3492 more time.

3493

3494 **Leo Vasquez III (1:56:03):**

3495 But they can't because they have to get, if we don't

3496 allow...

3497

3498 **Holland Harper (1:56:07):**

3499 No. We just give a six-month extension of force majeure

3500 instead of a year in the deal, because...

3501

3502

3503

3504 **Leo Vasquez III (1:56:15):**

3505 No. But no, or correct me if I'm wrong though, even if
3506 we said...

3507

3508 **Holland Harper (1:56:21):**

3509 They won't get investors because they won't have enough
3510 time.

3511

3512 **Leo Vasquez III (1:56:23):**

3513 Get everything done in six months, come back and show us
3514 that you have all these dates certain. But all these 10
3515 percent tests and everything, when would those dates
3516 start?

3517

3518 **Cody Campbell (1:56:309):**

3519 If we say we...

3520

3521 **Leo Vasquez III (1:56:40):**

3522 Or we can make this a conditional, maybe what we're
3523 saying we'll grant the force majeure, but if it's not
3524 done and started by other certain dates, then...

3525

3526 **Cody Campbell (1:56:52):**

3527 Let me answer the question then. Yes. Thinking through
3528 mechanically how we could make this work, we could issue
3529 a new carryover that has an updated 10 percent test date
3530 on it to extend that but that does not have an extended
3531 placed in service deadline.

3532

3533 And then once whatever conditions the Board was
3534 interested in were satisfied, we could come back modify
3535 that new carryover, not even sure it would be force
3536 majeure at that point. We would just be modifying the
3537 carryover to extend the placed in service date to a time
3538 frame that is satisfactory to them. So mechanically, I
3539 do believe that we can do what you're asking.

3540

3541 **Holland Harper (1:57:28):**

3542 My intent with this, board members, is they got to have
3543 creditors, they're going to have to have a force
3544 extension. But they're not, when you come for a force
3545 majeure, if you come for extension, you better have your

3546 Gantt chart together, when you're starting, when you're
3547 getting this thing done, and the rest of it. And these
3548 packets have gotten better and better over the last
3549 three years as applicants have put those things
3550 together. This one's a little gooey. It's got work to
3551 do.

3552

3553 **Leo Vasquez III (1:57:54):**

3554 Yeah. And along the same lines, I'm looking for dates
3555 certain. This particular one doesn't have anything
3556 certain about dates and when things will actually start.

3557

3558 **Kenny Marchant (1:58:06):**

3559 One at a time. If we denied it and it went to a new,
3560 the credit, you went to the next applicant you awarded
3561 it, would we be farther along with the new applicant
3562 than we will be with them if we stick with them a while?

3563

3564 **Cody Campbell (1:58:26):**

3565 That is a really good question. So generally when
3566 someone gets an allocation of credits one year, the QAP

3567 sort of targets them to be closed on their financing by
3568 March of the following year. And if they don't
3569 actually, that's when the readiness to proceed penalty
3570 kicks in, assuming that they took those points, which
3571 they all do.

3572

3573 And so if they are planning on closing, let's say an
3574 investor shows up and they do close early 2026, it would
3575 put them pretty much on track with where we would expect
3576 a brand new 2025 award to be. It's possible that the
3577 next application in line in 2025 is just unusually ready
3578 to go and they could launch into things much faster than
3579 that, but it would be atypical if that were the case.

3580

3581 **Kenny Marchant (1:59:13):**

3582 And it's a, yeah, that's the question I always have with
3583 these issues is are we better off starting over and
3584 getting there quicker or is better stick with the guy
3585 that at least has thought about it and maybe has some
3586 skin in the game?

3587

3588 **Cody Campbell (1:59:34):**

3589 Sometimes there's a very clear answer, and
3590 unfortunately, in this particular case, there's...

3591

3592 **Kenny Marchant (1:59:37):**

3593 There's not. Yeah. I'd go along with the six-month
3594 extension.

3595

3596 **Holland Harper (1:59:43):**

3597 Mr. Campbell, do you have a recommendation of how we
3598 word that to make it? What I want to do is if this
3599 thing's got all the legs, let's go, let's roll. But if
3600 we're, what I don't want to be is year one, year two, I
3601 don't want to be in the sweet, sorry Sweetwater guy.
3602 But four years later we're still doing this and it's not
3603 ready and we're going to start next year. That's not
3604 acceptable.

3605

3606 **Cody Campbell (2:00:06):**

3607 Sure. So the way that I would phrase what I believe
3608 you're asking for is that the Board would approve the

3609 issuance of a 2025 carryover that extends the 10 percent
3610 test to, let's say, July 1st, which is when all the rest
3611 of them for 2025 are due.

3612

3613 But that otherwise does not extend any deadline for the
3614 development, so they can keep their current place in
3615 service. They wouldn't have the trap door falling out
3616 under them by the end of the year. It keeps the deal
3617 alive, lets them get their investor and then we can come
3618 back to the Board and just discuss a placed in service
3619 extension.

3620

3621 **Holland Harper (2:00:39):**

3622 Force majeure for more timing.

3623

3624 **Cody Campbell (2:00:39):**

3625 Yes, sir.

3626

3627 **Leo Vasquez III (2:00:40):**

3628 So placed in service under that scenario would still be
3629 December '27.

3630

3631 **Cody Campbell (2:00:45):**

3632 '26.

3633

3634 **Leo Vasquez III (2:00:47):**

3635 How are they going to get that done if they don't start
3636 until April of '26?

3637

3638 **Cody Campbell (2:00:53):**

3639 Well, I believe they would need to come back, and that
3640 would be what Mr. Harper is referring to.

3641

3642 **Holland Harper (2:00:56):**

3643 Just 10 percent, man.

3644

3645 **Leo Vasquez III (2:00:57):**

3646 Well, I'm saying placed in service. We'd have to
3647 revisit it again to extend that placed in service date..

3648

3649 **Holland Harper (2:01:03):**

3650 We're going to have to extend it again.

3651

3652 **Cody Campbell (2:01:05):**

3653 Mr. Harper's suggestion does necessitate the Board. I

3654 don't see any way that that doesn't happen.

3655

3656 **Bobby Wilkinson (2:01:12):**

3657 It might be the case that they can't get their investor

3658 to close without it.

3659

3660 **Holland Harper (2:01:18):**

3661 They're not, they're not going to be able to get an

3662 investor to close without it. But I think we feel

3663 pretty, historically we've always, investors don't feel

3664 good to be had the rug pulled out from underneath them.

3665 And we have historically always granted more time for

3666 investors.

3667

3668 **Kenny Marchant (2:01:32):**

3669 Yeah. We're throwing a life preserver out. If they

3670 grabbed it, we can't control whether they grab it or not

3671 and get this stuff together.

3672

3673 **Leo Vasquez III (2:01:41):**

3674 Okay. I agree with the concepts are being put forth.

3675 Okay.

3676

3677 **Holland Harper (2:01:48):**

3678 You said July 1st, Mr. Campbell?

3679

3680 **Cody Campbell (2:01:49):**

3681 Yes, sir.

3682

3683 **Holland Harper (2:01:50):**

3684 Thank you. Of '26.

3685

3686 **Cody Campbell (2:01:52):**

3687 Yes, sir.

3688

3689 **Leo Vasquez III (2:01:55):**

3690 Okay. If the applicant would like to say something

3691 helpful.

3692

3693 **Michael Beard (2:02:08):**

3694 Michael Beard with BETCO, representing the developer. I
3695 did want to make something clear, if this is granted,
3696 this is effectively knocking this developer out to
3697 participate in next year's round because of the rule
3698 that has any development with two force majeure, they
3699 can't participate. So they are effectively, they're
3700 self-blocking themselves out.

3701

3702 This is the only deal left that they haven't closed.
3703 They, like everyone else in rural markets, had to deal
3704 with multiple force majeure on multiple deals. Every
3705 other one is closed. This one is just the last one in a
3706 very tough market in rural areas.

3707

3708 So I did want to make that point that they would be
3709 blocking themselves out if this is granted. They won't
3710 be pursuing anything new. And they do have their
3711 investor, Brandon James is the one they've used for like
3712 the past what, 10, 12 developments? It's just the

3713 market economics aren't right now. And we need a delta
3714 of about 3 or 4 cents and hopefully it changes.

3715

3716 **Holland Harper (2:03:11):**

3717 Well, I think with energy tax credits changing in that
3718 market, maybe it'll help.

3719

3720 **Michael Beard (2:03:14):**

3721 I'm hopeful. And...

3722

3723 **Holland Harper (2:03:15):**

3724 Because they've been strong for a long time and it's
3725 been putting pressure on LITHCs.

3726

3727 **Michael Beard (2:03:18):**

3728 Yeah. And with interest rates going down, more safe
3729 assets aren't going to, they're requiring a 9 percent
3730 yield on the investor side right now, which is insane.
3731 Hopefully things get better. It's just right now it's
3732 pretty bad. So I did want to put that out there.

3733

3734 **Leo Vasquez III (2:03:34):**

3735 Okay. Does that lockout include all BETCO clients as
3736 well?

3737

3738 **Michael Beard (2:03:39):**

3739 No. So...

3740

3741 **Leo Vasquez III (2:03:40):**

3742 Anything that BETCO is involved with. I'm kidding. I'm
3743 kidding. Go away, Michael. Okay. All right. Okay.

3744 Is there any last statement? I have a feeling that
3745 things are going in your favor unless you convince us
3746 otherwise.

3747

3748 **Noor Jooma (2:04:00):**

3749 I hope I'll be able to. Noor Jooma, I'm the applicant
3750 and developer for this project. Just wanted to clarify.
3751 We have the permit. We already paid for it. We bought
3752 the land, we cleared all the environmental requirements
3753 for TDHCA. Just the market crashed, the pricing went

3754 down. Brandon James has committed to closing this deal
3755 in the first quarter of next year, so we're ready to go.

3756

3757 **Leo Vasquez III (2:04:27):**

3758 Okay. So this plan should work.

3759

3760 **Noor Jooma (2:04:29):**

3761 Yeah. It should work. I'm knocking myself out for next
3762 year's round. Like Cody said, we have never failed a 10
3763 percent test in the 15 years I've been doing business.

3764 Always on time. Everything has been time. In fact, our
3765 last score was 99, NSPIRE score. So I've been
3766 experienced, I just had a hard time. Sorry about that.

3767

3768 **Leo Vasquez III (2:04:51):**

3769 Okay. Thank you. Mr. Harper, would you care to make a
3770 motion?

3771

3772 **Holland Harper (2:04:57):**

3773 Love to. I move the Board approve the requested
3774 treatment on the application for force majeure for

3775 Sweetwater Station, whoa. That's not what I was, I
3776 move the Board approve the requested treatment of the
3777 application force majeure for Pioneer Crossing at
3778 Brownwood with a 10 percent placed in service date of
3779 July 1, 2026, all as described, conditioned, and
3780 authorized in the Board action request, resolution, and
3781 associated documents in this item.

3782

3783 **Anna Maria Farias (2:05:26):**

3784 Second.

3785

3786 **Leo Vasquez III (2:05:27):**

3787 Okay. Motion made by Mr. Harper as conditioned.

3788 Seconded by Ms. Farias. All those in favor say aye.

3789

3790 **All Board Members (2:05:35):**

3791 Aye.

3792

3793 **Kenny Marchant (2:05:38):**

3794 Was there something you were...

3795

3796 **Beau Eccles (2:05:39):**

3797 That necessarily would create a placed in service

3798 deadline of December 31, 2027?

3799

3800 **Cody Campbell (2:05:48):**

3801 No. The board would be in this case, imposing a shorter

3802 deadline, which I have.

3803

3804 **Leo Vasquez III (2:05:53):**

3805 They'll come back. We all agree on this case they'll

3806 come back.

3807

3808 **Beau Eccles (2:05:57):**

3809 But only the placed in service deadline was discussed in

3810 the motion.

3811

3812 **Cody Campbell (2:06:02):**

3813 No. The 10 percent test.

3814

3815 **Leo Vasquez III (2:06:02):**

3816 No.

3817

3818 **Holland Harper (2:06:03):**

3819 The 10 percent is July 1st, 2026.

3820

3821 **Beau Eccles (2:06:06):**

3822 Okay. And we're just presuming then that the existing
3823 placed in service deadline will remain the same.

3824

3825 **Cody Campbell (2:06:16):**

3826 Mr. Harper, is that the intention of your motion?

3827

3828 **Holland Harper (2:06:19):**

3829 No. I think that they're going to come back with their
3830 investor. I fully expect this applicant to come back
3831 with two things. One, they're going to have credit,
3832 they're going to have an investor for their credits,
3833 which hopefully is better than 71 cents, because it
3834 sounds pretty terrible. They're going to come back with
3835 a Gantt chart which shows construction timeline, finish,
3836 and the rest.

3837

3838 If that construction timeline says, hey, that's going to
3839 be February of '27, or it's going to be March of '27,
3840 they're going to ask for a force majeure with that. I
3841 do not, personally, staff and applicants, if you're
3842 going to ask for force majeure, I want a Gantt chart, I
3843 want a CPM. I want to know when you're starting, when
3844 you're going to finish so we can hold you accountable.
3845 This specific one does not have one in the Board
3846 application.

3847

3848 So we are asking for a 10 percent in place service on
3849 July 1st for the applicant to get the investors and the
3850 rest of those pieces together and they'll ask for
3851 another force majeure coming back.

3852

3853 **Leo Vasquez III (2:07:09):**

3854 With more dates, certain on when the...

3855

3856

3857

3858

3859 **Beau Eccles (2:07:14):**

3860 Just a point of clarification, then. With a force
3861 majeure granted and credits reissued, would there be
3862 naturally a new placed in service deadline?

3863

3864 **Cody Campbell (2:07:26):**

3865 If the Board did not impose a stricter deadline like Mr.
3866 Harper is doing, then it would be December of 2027. But
3867 the Board, under the rules, does have the authority to
3868 issue that shorter deadline, and it sounds like that's
3869 what we're doing.

3870

3871 **Beau Eccles (2:07:41):**

3872 Is that naturally done by placing an earlier 10 percent
3873 deadline?

3874

3875 **Cody Campbell (2:07:49):**

3876 No. Mr. Harper's motion said the 10 percent and placed
3877 in service deadline of July 2026. And so they will have
3878 to be back prior to get that extended.

3879

3880 **Beau Eccles (2:08:00):**

3881 Okay. I didn't hear that second placed in service got
3882 on.

3883

3884 **Kenny Marchant (2:08:06):**

3885 Has Mr. Harper's motion been seconded?

3886

3887 **Leo Vasquez III (2:08:09):**

3888 Oh, yeah, it was and we started voting, but I'm holding
3889 off. Now, that we're repeating this out loud, would you
3890 be amenable still? Because we're effectively, as of
3891 today, December 11, 2025, if this was just a normal
3892 force majeure, we'd be taking back the '24 extended
3893 credits and giving them a new 2025 credits.

3894

3895 **Cody Campbell (2:08:38):**

3896 Yes, sir.

3897

3898 **Leo Vasquez III (2:08:40):**

3899 And those 2025 credits would have the 10 percent test by
3900 July 1st.

3901

3902 **Cody Campbell (2:08:44):**

3903 2026, yes, sir.

3904

3905 **Leo Vasquez III (2:08:46):**

3906 Of '26. And placed in service deadline naturally

3907 occurring for a 2025 credit of December 31, '27.

3908

3909 **Cody Campbell (2:08:55):**

3910 Yes, sir.

3911

3912 **Ajay Thomas (2:08:57):**

3913 That's how the motion read.

3914

3915 **Leo Vasquez III (2:08:59):**

3916 Is that the intended motion? That's...

3917

3918 **Holland Harper (2:09:02):**

3919 That's fine. That was not really my intended motion.

3920 My intended motion is they come back.

3921

3922 **Leo Vasquez III (2:09:07):**

3923 Yeah. I understand that.

3924

3925 **Holland Harper (2:09:08):**

3926 Because you're going to give them a free out of jail

3927 free card. Not being mean to you, but you don't have

3928 your investor. You don't have your investor to get the

3929 rest of it together, so my point...

3930

3931 **Leo Vasquez III (2:09:189):**

3932 Well, if they don't come back to us with all that by

3933 July 1st...

3934

3935 **Holland Harper (2:09:22):**

3936 By the 10th, they're being default, and it's going to

3937 come back to us.

3938

3939 **Leo Vasquez III (2:09:25):**

3940 Well, but if we do the, basically, force majeure, no

3941 matter how you don't call it, that will be the

3942 requirement. And I would imagine that the Board, if

3943 they don't meet that July 1, '26 10 percent test, we
3944 will probably be not, we'll be so frustrated with this,
3945 we will probably not grant yet another force majeure.

3946

3947 **Cody Campbell (2:09:53):**

3948 So that actually raises an interesting issue. Staff can
3949 extend the 10 percent test. We impose a much shorter 10
3950 percent test deadline than what is allowable federally.
3951 As I said earlier, federally, it can go through one year
3952 from when I sign the carryover. So let's say I sign it
3953 tomorrow, we could federally go until one year from
3954 tomorrow.

3955

3956 The QAP has that July 1st date. Staff can, and on
3957 occasion does under the rules, extend the 10 percent
3958 test that extra couple of months to keep them from
3959 having to come back to the Board.

3960

3961 And so, Mr. Harper, if your concern is that the Board
3962 wants to see that this development has an investor and
3963 is ready to move forward prior to July of next year,

3964 then either, and, Beau, I would have to ask you if this
3965 is allowable, either the Board in its motion would have
3966 to prohibit staff from administratively extending that
3967 10 percent test, in which case if they don't get it,
3968 they just fail, or they would need to beat that earlier
3969 placed in service deadline, which you initially read in
3970 your motion of July, which would then necessitate them
3971 coming back. One or the other.

3972

3973 **Holland Harper (2:11:05):**

3974 Well, since time is money, let's just do the force
3975 majeure with an added value of you can't waive the 10
3976 percent off.

3977

3978 **Cody Campbell (2:11:14):**

3979 Extend. Okay.

3980

3981 **Holland Harper (2:11:15):**

3982 And that way it makes everything clean. Can y'all get
3983 this done before July 1 of '26?

3984

3985 **Michael Beard (2:11:25):**

3986 This does have TDHCA funds in it, so once we get a
3987 committed investor, it will take a minimum of four
3988 months to close. Just going through due diligence in
3989 this process with multiple deals, that's kind of how
3990 it's gone.

3991

3992 That being said, Noor has represented that if we don't
3993 get an investor committed before the 10 percent test is
3994 due, he's going to return the credits because the gap on
3995 this is just too much to overcome. And that's where
3996 we're at. And he already returned the deal last month.
3997 We're at the point where some rural deals are not going
3998 to pencil out in today's market, just want to let you
3999 know.

4000

4001 **Leo Vasquez III (2:12:11):**

4002 Okay. So we're withdrawing the original...

4003

4004

4005

4006 **Holland Harper (2:12:14):**

4007 I'm going to reset my first one with the second. Let's
4008 try this again. You ready?

4009

4010 **Leo Vasquez III (2:12:18):**

4011 Yes. Let's...

4012

4013 **Holland Harper (2:12:19):**

4014 Okay. I move the Board to approve the requested
4015 treatment of the application of force majeure for
4016 Pioneer Crossing Brownwood with a new placed in service
4017 deadline of December 31, 2026.

4018

4019 **Leo Vasquez III (2:12:33):**

4020 7.

4021

4022 **Holland Harper (2:12:33):**

4023 7, correction. And I remove the ability for staff to
4024 waive the 10 percent rule, all as described,
4025 conditioned, and authorized in the Board action request,
4026 resolution, and associated documents in this item.

4027

4028 **Beau Eccles (2:12:51):**

4029 By waive the 10 percent rule, do you mean extending it?

4030

4031 **Leo Vasquez III (2:12:53):**

4032 We're extending the 10 percent rule.

4033

4034 **Beau Eccles (2:12:56):**

4035 And that the 10 percent test date is July 1, 2026?

4036

4037 **Holland Harper (2:13:02):**

4038 Yes.

4039

4040 **Beau Eccles (2:13:03):**

4041 Okay. Great. Is there a second on that?

4042

4043 **Anna Maria Farias (2:13:07):**

4044 Second.

4045

4046

4047

4048 **Leo Vasquez III (2:13:08) :**

4049 Okay. Motion made as specified by Mr. Harper. Seconded
4050 by Ms. Farias. All those who understand and are in
4051 favor say aye.

4052

4053 **All Board Members (2:13:18) :**

4054 Aye.

4055

4056 **Leo Vasquez III (2:13:19) :**

4057 Okay. Any opposed? Hearing none, motion carries as
4058 presented.

4059

4060 **Noor Jooma (2:13:23) :**

4061 Thank you.

4062

4063 **Leo Vasquez III (2:13:24) :**

4064 All right. Thank you all for, did someone say, have
4065 items been pulled yet?

4066

4067 **Joshua Goldberger (2:13:31) :**

4068 Yes. Item 30 has been pulled.

4069

4070 **Leo Vasquez III (2:13:33):**

4071 Okay. 30 pulled. Is 31 still on?

4072

4073 **Joshua Goldberger (2:13:38):**

4074 31 still on.

4075

4076 **Leo Vasquez III (2:13:40):**

4077 Okay. All right. Item 30 pulled. Item 31 of the

4078 agenda. Presentation, discussion, and possible action

4079 on a request for return and reallocation of tax credits

4080 for Westwind of Plainview. This is also known as a

4081 force majeure request, even though it's not specified.

4082 Mr. Goldberger.

4083

4084 **Joshua Goldberger (2:13:58):**

4085 Yes. Josh Goldberger again. Item 31 concerns Westwind

4086 of Plainview, a 58-unit development located in

4087 Plainview, which is up in the panhandle of Hale County.

4088 The development received an award of 9 percent housing

4089 tax credits in 2024, which established a placed in
4090 service deadline December 31, 2026.
4091
4092 Since receiving its award, the development has
4093 experienced several delays that will likely cause the
4094 owner to miss that deadline. The most significant delay
4095 occurred when the plan approval process with the City of
4096 Plainview was held up due to a water utility easement
4097 issue that was not resolved until June of 2025. It's
4098 almost a year after the award.
4099
4100 Unfortunately, while this permitting process was
4101 underway, the equity market in Texas contracted. As we
4102 have discussed in prior meetings, the equity markets
4103 shifted quite drastically this year and demand for rural
4104 developments in particular has declined, leaving only a
4105 few participants. As a result of these broader market
4106 trends, the project ultimately lost its investor,
4107 causing further delays.
4108

4109 After shopping the deal for a few months, the developer
4110 identified a path forward with the original investor,
4111 who expects to be able to place the deal in a fund in
4112 early 2026. This would allow the development to close
4113 out its financing and begin construction.

4114

4115 Based on the developer's prior experience with this
4116 group, it takes at least three months to close these
4117 funds once all due diligence is submitted for review.
4118 This projected timeline is closing at around March of
4119 '26, which extends past the 10 percent deadline and
4120 would not allow sufficient time to complete construction
4121 by the placed in service deadline.

4122

4123 Considering a 15-month construction timeline, the
4124 applicant has requested a one-year extension to December
4125 31, 2027. Staff recommends approval. A representative
4126 the applicant is present should you have any specific
4127 questions.

4128

4129

4130 **Leo Vasquez III (2:15:52):**

4131 Okay. Maybe I missed. What are the items still pending
4132 that need to be secured to finalize this?

4133

4134 **Joshua Goldberger (2:16:01):**

4135 I believe they just need to close with their investor.

4136 They're permit ready, they own this site.

4137

4138 **Leo Vasquez III (2:16:07):**

4139 And has the investor been identified?

4140

4141 **Joshua Goldberger (2:16:09):**

4142 Yes.

4143

4144 **Leo Vasquez III (2:16:14):**

4145 Okay. Yeah. Michael, come back up here. Say your name
4146 again.

4147

4148 **Michael Beard (2:16:17):**

4149 Michael Beard, BETCO Consulting. I'm here representing
4150 the developer who wished he could be here, but

4151 unfortunately has a family emergency. The difference in
4152 this one is substantial. AHP is not a syndicator. They
4153 are a direct investor into tax credit funds and they are
4154 the committed investor for this deal. They just do not
4155 have any open funds for 2025, but they do have them
4156 earmarked for Q1 2026 to place them.

4157

4158 They've worked with AHP for 10-plus developments. They
4159 have a great relationship. Their primary contact did
4160 retire this year, so they had to kind of reallocate and
4161 reshuffle, but they've been reassigned. They are
4162 literally closing a deal by the end of the month, almost
4163 an identical development team. They're going to be the
4164 GC on this.

4165

4166 But for this transaction, they have AHP committed to
4167 close Q1 of next year. And for this product, it takes
4168 us three months to go through due diligence and 15
4169 months to build out. We've done this multiple times.
4170 They're very good at what they do. And they already

4171 have two other developments in this exact same city.

4172 Happy to answer any other questions you have.

4173

4174 **Leo Vasquez III (2:17:30):**

4175 So Q1 means...

4176

4177 **Michael Beard (2:17:33):**

4178 It means...

4179

4180 **Leo Vasquez III (2:17:33):**

4181 I know it means March 31st, but does it mean February

4182 15th or do you have any more specific timeline?

4183

4184 **Michael Beard (2:17:40):**

4185 So we expect to have a signed LOI with AHP before March,

4186 placing this deal through close no more than three

4187 months after that. And the 10 percent test would be due

4188 in July, just like the other ones. We would be meeting

4189 it at that point.

4190

4191

4192 **Leo Vasquez III (2:18:01):**

4193 So you're saying now, as you've redefined here, so an
4194 LOI by the end of March. You don't have an LOI already.

4195

4196 **Michael Beard (2:18:11):**

4197 You see the materials, the credit price that they've
4198 offered, and they've claimed that they can place it in
4199 Q1 of 2026. Robert Johnson, unfortunately, did not
4200 clarify exactly when that fund will be, but he did
4201 clarify he will place it in Q1 of 2026 at a price of, I
4202 believe, 83 cents.

4203

4204 So outside of that, unfortunately, he couldn't be here.
4205 But again, they are a direct investor. They do not need
4206 to shop this. So when they're committing to that,
4207 they're committing.

4208

4209 **Leo Vasquez III (2:18:45):**

4210 And I'm sorry to be nitpicky about this, but because
4211 then you're saying after you get an LOI sometime in the

4212 first quarter, then they still have to wait three months
4213 to do due diligence.

4214

4215 **Michael Beard (2:18:56):**

4216 So that's if we get the LOI in January. Then it's still
4217 Q1, within three months, we have our construction
4218 lender, we have our firm lender. We are doing due
4219 diligence with them on another transaction right now.
4220 So we're just going to roll over the exact same stuff
4221 for that as far as financials and REO schedules and all
4222 of that.

4223

4224 Worst-case scenario, if we get everyone officially
4225 signed in by the end of Q1, we will still close by end
4226 of Q2. And that is when we would need to meet our 10
4227 percent test, and it still allots us more than enough
4228 time to place in service by the end of the year 2027
4229 with the 15-month build out schedule.

4230

4231 **Leo Vasquez III (2:19:40):**

4232 Again, it's a '24 award, so this is the first and...

4233

4234 **Michael Beard (2:19:42):**

4235 This is the first force majeure.

4236

4237 **Leo Vasquez III (2:19:44):**

4238 First and last force majeure on this project.

4239

4240 **Michael Beard (2:19:47):**

4241 That's the plan.

4242

4243 **Kenny Marchant (2:19:50):**

4244 Mr. Chairman, can I ask a question?

4245

4246 **Leo Vasquez III (2:19:51):**

4247 Please, Mr. Marchant.

4248

4249 **Kenny Marchant (2:19:53):**

4250 Several times today it's been cited that the contraction

4251 of the market for buying the tax credits. Is that the

4252 contraction is taking place or is it the fact that the

4253 loan, it's a rural loan and it's a smaller loan?

4254

4255 **Michael Beard (2:20:08):**

4256 It's really a credit sizing issue that's affected rural
4257 developments more than urban markets. Is that you
4258 either, most funds are looking for very unique
4259 characteristics to drive the CRA demand or something to
4260 that effect. But if you've got a boilerplate rural deal
4261 with a fairly small amount of credit ask, it costs just
4262 as much for them to place that as it does for them to
4263 place a bigger deal.

4264

4265 And so they don't go for them if they don't need to meet
4266 any other previous requirement when they can get 9
4267 percent yields and other assets right now. And that's
4268 causing a problem. But hopefully that goes away.
4269 Hopefully, it goes back down to, like you said, energy
4270 credits are burning off, interest rates are declining.
4271 That has an inverted effect on yields.

4272

4273 Ideally it will get better very soon, but luckily,
4274 specifically in this deal. It's a very unique

4275 characteristic for AHP. They don't shop for this. They
4276 are not beholden to outside investors. They directly
4277 invest.

4278

4279 **Kenny Marchant (2:21:13):**

4280 So they directly...

4281

4282 **Michael Beard (2:21:15):**

4283 They're the direct investor.

4284

4285 **Kenny Marchant (2:21:16):**

4286 They're the underwriter. They're underwriting this.

4287

4288 **Michael Beard (2:21:18):**

4289 Yes. So when they say this is the price...

4290

4291 **Kenny Marchant (2:21:19):**

4292 They're going to eat it if they can't place it.

4293

4294

4295

4296 **Michael Beard (2:21:21) :**

4297 Right. So if they can't place it, they're not going to
4298 even offer you a chance. But they've said we have it,
4299 and then again, this developer is also GC, and he's the
4300 GC on a deal that they are closing in less than two
4301 weeks with this exact same investor.

4302

4303 And they went to him first because they know he's
4304 preferential for them, and he's only used them for the
4305 past decade, so it's got a great back pattern. We think
4306 we,, we know we will get it done. We just need a little
4307 bit of time.

4308

4309 **Kenny Marchant (2:21:51) :**

4310 Thank you.

4311

4312 **Leo Vasquez III (2:21:56) :**

4313 Okay. So like the previous one, if we approve this, you
4314 still got the July 1st deadline that staff could extend,
4315 but, you could also say don't extend it beyond that,
4316 just to incentivize everyone to get it done, right?

4317

4318 **Holland Harper (2:22:20):**

4319 I think this one's pretty clean.

4320

4321 **Leo Vasquez III (2:22:22):**

4322 Okay. All right. Does any other board member have

4323 questions on this? Would Ms. Farias like to make a

4324 motion?

4325

4326 **Anna Maria Farias (2:22:30):**

4327 Yes. Mr. Chairman, I move the Board approve the

4328 requested treatment under an application of the force

4329 majeure rule to Westwind of Plainview with a new placed

4330 in service deadline of December 31, 2027, all as

4331 described, conditioned, and authorized in the Board

4332 action request, resolution, and associated documents on

4333 this item.

4334

4335 **Holland Harper (2:22:54):**

4336 Second.

4337

4338 **Leo Vasquez III (2:22:55) :**

4339 Motion made by Ms. Farias. Seconded by Mr. Harper. All
4340 those in favor say aye.

4341

4342 **All Board Members (2:22:59) :**

4343 Aye.

4344

4345 **Leo Vasquez III (2:23:00) :**

4346 Any opposed? Hearing none, motion carries. Okay. That
4347 was 31. What are we on next?

4348

4349 **Joshua Goldberger (2:23:07) :**

4350 32.

4351

4352 **Leo Vasquez III (2:23:07) :**

4353 Okay. 32's still here. Okay. All right. Item 32.

4354 Presentation, discussion, and possible action on a

4355 request for return and reallocation of tax credits for

4356 The Residence at Red Cedar. This is another force

4357 majeure request.

4358

4359 **Joshua Goldberger (2:23:20):**

4360 It is indeed.

4361

4362 **Leo Vasquez III (2:23:21):**

4363 Mr. Goldberger.

4364

4365 **Joshua Goldberger (2:23:23):**

4366 Item 32 concerns The Residence at Red Cedar, a 32-unit
4367 development located in Corsicana in Navarro County. The
4368 development received an award of 9 percent housing tax
4369 credits in 2024, which established a place in service
4370 deadline of December 31, 2026.

4371

4372 Following the award and during the engineering and
4373 design coordination phase, the development team
4374 encountered a significant infrastructure issue that was
4375 not identified during the feasibility study and was not
4376 disclosed in any early conversations with the City of
4377 Corsicana. Project engineers discovered that the fire
4378 hydrant closest to the site, along with the line that
4379 was feeding it, was not functioning, leaving the

4380 development with no readily available time point for
4381 water.

4382

4383 The city is now requiring that the project construct an
4384 extended waterline loop of more than 1800 feet along
4385 with a booster system to address low pressure. This has
4386 resulted in more than 500,000 in excess costs and
4387 required multiple rounds of additional design and
4388 engineering provisions.

4389

4390 In addition to these issues with of the water supply,
4391 credit pricing is also lowered significantly throughout
4392 the state. At the time of application, the applicant
4393 received equity pricing of around 87 cents. Since then,
4394 it steadily declined into the mid-70s. This decrease in
4395 pricing, in addition to the excess costs, has created a
4396 funding gap that the applicant is currently working to
4397 address. The developer has worked to value engineer the
4398 site and is also pursuing soft funds from various
4399 entities.

4400

4401 The most promising source of funds is currently the
4402 Federal Home Loan Banks for the housing program for
4403 which the developer will be able to apply in 2026.
4404 Approval of this item would provide the time needed to
4405 apply for those funds.

4406

4407 So given all these circumstances, the applicant has
4408 requested a one-year extension of the placed in service
4409 deadline to December 31, 2027. Staff recommends
4410 approval. And a representative of the applicant is
4411 present should you have any specific questions.

4412

4413 **Leo Vasquez III (2:25:21):**

4414 Do they own the property?

4415

4416 **Joshua Goldberger (2:25:23):**

4417 They do own the property.

4418

4419 **Kenny Marchant (2:25:27):**

4420 But they don't have fire on it.

4421

4422 **Joshua Goldberger (2:25:23):**

4423 Yeah. I believe that situation is still...

4424

4425 **Leo Vasquez III (2:25:32):**

4426 Okay. Okay. Let's go ahead and...

4427

4428 **Kenny Marchant (2:25:39):**

4429 Is Corsicana considered rural?

4430

4431 **Holland Harper (2:25:42):**

4432 Yeah.

4433

4434 **Leo Vasquez III (2:25:43):**

4435 It should be.

4436

4437 **Cindy Conroy (2:25:43):**

4438 It is, yeah.

4439

4440 **Leo Vasquez III (2:25:44):**

4441 It should be, yeah.

4442

4443 **Joshua Goldberger (2:25:46):**

4444 It is.

4445

4446 **Kenny Marchant (2:25:46):**

4447 Under our...

4448

4449 **Joshua Goldberger (2:25:47):**

4450 Under our rules (indiscernible) 2:25:48.

4451

4452 **Leo Vasquez III (2:25:50):**

4453 That's where they change the speed limit every like...

4454

4455 **Cindy Conroy (2:25:53):**

4456 2 feet.

4457

4458 **Leo Vasquez III (2:25:53):**

4459 2 feet. Yeah. Pay real attention here.

4460

4461 **Cindy Conroy (2:25:54):**

4462 5, 15 miles.

4463

4464 **April Engstrom (2:25:58):**

4465 My name is April Engstrom. I'm with Overland Property
4466 Group. Here today about The Residence at Red Cedar.
4467 You've said it all, summed it up really nicely. But
4468 yes, we do own land and we also have building permit
4469 approval that we received and submitted, I believe, in
4470 March of this year.

4471

4472 So, yeah, basically there's, found out late in the game
4473 that there's no water to the site, which has resulted in
4474 an expensive issue and we need time to troubleshoot. So
4475 even if we were to start construction tomorrow, we'd be
4476 really up against the clock, so we just want to make
4477 sure that we get out of it and don't end up in a pinch
4478 we are in.

4479

4480 **Holland Harper (2:26:40):**

4481 Just out of curiosity, when did you find this out?
4482 Because it's pretty, and usually when you do civil, flow
4483 tests are the first thing you're doing.

4484

4485 **April Engstrom (2:26:47):**

4486 Yeah. I found it out probably early this year. I wish
4487 I could tell you exactly why we didn't know sooner. In
4488 pre-development meetings, we were told by the city to
4489 use this hydrant and I think maybe we just trusted a
4490 little bit too liberally and didn't verify quickly
4491 enough. But then once we did verify, there was a lot of
4492 time spent trying to figure out if that truly was the
4493 case, if it was really dead or if it was just blocked.
4494 Trying to work with the city, coordinate just a lot of
4495 back and forth.

4496

4497 And then, okay, where's the next tie in? Where are
4498 adjacent properties tying into? Because these places
4499 are getting water. So the investigative process,
4500 unfortunately, was just cumbersome and time intensive.
4501 And then when we finally found another hydrant or the
4502 nearest one, it's like, oh, well, that water pressure is
4503 low. It's active, but it's really low. And then
4504 there's a whole bunch of engineering investigation that

4505 has to go into what we would need to do to make that
4506 hydrant work.

4507

4508 Engineering stuff is my least favorite aspect of this
4509 job. Complicated and a little over my head sometimes,
4510 but, yeah, also to it, we've developed over 80
4511 properties at this point, I think, and this might be a
4512 first for us, this issue. At least in my case, it was
4513 just a matter of not knowing what I didn't know,
4514 unfortunately.

4515

4516 **Holland Harper (2:28:15):**

4517 Thank you.

4518

4519 **Bobby Wilkinson (2:28:17):**

4520 Do you have water in your water lines in Paris?

4521

4522 **Holland Harper (2:28:19):**

4523 No. It's the first thing you do. So when you buy a
4524 property, obviously you're going through those. The
4525 first thing engineering's going to do is do a flow test

4526 on the meters to know how much volume is in that deals.

4527 They determine how much they've got.

4528

4529 **April Engstrom (2:28:29):**

4530 Yes. Going forward, absolutely.

4531

4532 **Holland Harper (2:28:31):**

4533 Sounds like y'all had a bust early. This lasted almost

4534 a year.

4535

4536 **Leo Vasquez III (2:28:36):**

4537 Okay. Putting the water line aside, you're still

4538 waiting for the lock in investors for your funding?

4539 What...

4540

4541 **April Engstrom (2:28:45):**

4542 Well, we have really great relationships with the

4543 investors that we use routinely, so we can get a deal

4544 signed up relatively quickly. That's no problem. But

4545 we don't like to send them a deal that has a really big

4546 gap that needs to be addressed. We want to send them a
4547 deal that pencils.

4548

4549 And so right now, we don't have LOIs just because I
4550 can't present them a deal that actually works right now.
4551 But we've been in contact with a couple of our primary
4552 investors, and they're aware, so we've just been keeping
4553 in touch. So getting an LOI investor isn't the hard
4554 part. It's getting numbers that work and pricing that
4555 works.

4556

4557 **Kenny Marchant (2:29:27):**

4558 Do you have to put the water line in before you can
4559 start construction? Does the city want this project?

4560

4561 **April Engstrom (2:29:37):**

4562 They supported it with a resolution of support, but
4563 they're not, they don't have funding available. They're
4564 not going...

4565

4566

4567 **Kenny Marchant (2:29:44):**

4568 They're not going to help.

4569

4570 **April Engstrom (2:29:45):**

4571 They're not going to help, no.

4572

4573 **Kenny Marchant (2:29:47):**

4574 But they'll let you go to a certain stage without having

4575 it in. They should be able.

4576

4577 **April Engstrom (2:29:52):**

4578 Yeah. It is interesting that they did issue building

4579 permit approval without that.

4580

4581 **Kenny Marchant (2:29:57):**

4582 Without water.

4583

4584 **April Engstrom (2:29:59):**

4585 Yeah. But...

4586

4587

4588 **Kenny Marchant (2:30:01):**

4589 Because they have to do flow tests on the plumbing

4590 (indiscernible) 2:30:04.

4591

4592 **April Engstrom (2:30:05):**

4593 Right. Yeah. And they don't do the flow test or

4594 anything. That's for our engineers to do, but I think

4595 it would probably come pretty early on in the

4596 construction process.

4597

4598 **Kenny Marchant (2:30:14):**

4599 But the city want, they've done a, they're not trying to

4600 block you. They're just...

4601

4602 **April Engstrom (2:30:18):**

4603 No, no, no. I don't think it's anything fishy like

4604 that. I think they were, I want to say a little more

4605 hands off. Some cities, you need to really lobby them

4606 for support, and some cities are just super supportive.

4607 This city was just kind of like, sure, they're kind of

4608 hands off, but they gave us a resolution of support.

4609 This might be a little out of control.

4610

4611 **Leo Vasquez III (2:30:44):**

4612 Okay. Again, my concern is just having some more

4613 tangible dates that we know when this is going to start.

4614 All right. So just like you've heard the other

4615 discussions that we just had, if we grant this today,

4616 I'm not convinced that you're going to have by July 1st

4617 all of your funding and everything ready to go to meet

4618 whatever those tests are.

4619

4620 **April Engstrom (2:31:13):**

4621 Sure. I think once we apply for the AHP grant, I think

4622 we'll have a pretty good indication whether or not we'll

4623 be successful in obtaining those funds or with a

4624 consultant and everything like that, just to make sure

4625 we pull out all the stops to be competitive to receive

4626 that funding. So I think we would know either way by

4627 early July.

4628

4629 Plus, if we had to be placed in service by the end of
4630 2027, we would really ideally need to be starting in
4631 July. So it's kind of a non-negotiable. I don't know
4632 that we return, and we may not, but I don't know if
4633 we've returned credits in the 23 years we've been around
4634 on a deal that we've already had the reservation and
4635 everything. So for us, it's not an option and we'll do
4636 everything to make sure it doesn't come to that.

4637

4638 **Leo Vasquez III (2:31:59):**

4639 I'm just concerned with the confidence that the
4640 department has of us not seeing you again at the end of
4641 '26, asking for yet another extension.

4642

4643 **April Engstrom (2:32:10):**

4644 Right. I understand. Yeah. Yeah, it's hard. I think
4645 we're going to close and complete this deal at the end
4646 of the day because we always do and that's how we stay
4647 in business. And for us, closing and constructing a
4648 deal is the preferred route. It's not good for us to
4649 have to return credits or for us to let a deal linger

4650 like this. It's not our M.O. It's not standard. It
4651 benefits us in no way whatsoever.

4652

4653 **Leo Vasquez III (2:32:45):**

4654 Okay. Understand. Do any other board members have
4655 questions? Staff's recommending to allow the change.

4656 Okay. I'll entertain a motion on Item 32.

4657

4658 **Anna Maria Farias (2:33:02):**

4659 Mr. Chairman, I move the Board approve the requested
4660 treatment under an application of the force majeure rule
4661 to The Residence at Red Cedar with a new placed in
4662 service deadline of December 31, 2027, all as described,
4663 conditioned and authorized in the Board action request,
4664 resolution, and associated document on this item.

4665

4666 **Holland Harper (2:33:27):**

4667 Second.

4668

4669

4670

4671 **Leo Vasquez III (2:33:28) :**

4672 Motion made by Ms. Farias. Seconded by Mr. Harper. All
4673 those in favor say aye.

4674

4675 **All Board Members (2:33:33) :**

4676 Aye.

4677

4678 **Leo Vasquez III (2:33:33) :**

4679 Any opposed? Hearing none, motion carries.

4680

4681 **April Engstrom (2:33:36) :**

4682 Thank you. Thanks a lot.

4683

4684 **Leo Vasquez III (2:33:41) :**

4685 And is Item 33 still on?

4686

4687 **Joshua Goldberger (2:33:43) :**

4688 It is pulled from the agenda.

4689

4690

4691

4692 **Leo Vasquez III (2:33:44) :**

4693 Item 33 is pulled from the agenda. Very good. Let's
4694 just make sure we've made clear to staff that let's
4695 start early in '26 reinforcing to all these developers,
4696 especially the ones that we've given extensions or force
4697 majeurees to that barring extraordinary circumstances
4698 come to early July meeting, we're going to be
4699 disinclined to provide yet another extension.

4700

4701 **Joshua Goldberger (2:34:28) :**

4702 Understood.

4703

4704 **Leo Vasquez III (2:34:30) :**

4705 Need to get them actually started...

4706

4707 **Holland Harper (2:34:32) :**

4708 Chairman, you look at all of this 10 percent starts to
4709 have to happen on July 1st with people that don't have
4710 their credits put together. Could be dangerous for
4711 those guys.

4712

4713 **Kenny Marchant (2:34:43):**

4714 Yeah. Mr. Chairman, can I ask...

4715

4716 **Leo Vasquez III (2:34:46):**

4717 Yeah. Mr. Marchant.

4718

4719 **Kenny Marchant (2:34:47):**

4720 I don't know if this is a question for you or Cody, but

4721 since most of our agenda today were rural projects,

4722 correct?

4723

4724 **Joshua Goldberger (2:34:58):**

4725 I think that was the case today, yes.

4726

4727 **Kenny Marchant (2:34:59):**

4728 Needed force majeure because of the pretty common

4729 issues, right? So is there anything that we can put or

4730 begin to entertain in the QAP that if it's a rural

4731 project, and I don't know if we can discriminate or not,

4732 but we do force these projects because they end up in a

4733 certain region, right?

4734

4735 Is there a way in the QAP that we can help facilitate
4736 some of these force majeure ahead or head them off at
4737 the pass earlier? And just begin to think about that
4738 because I'm really for rural projects and most of these,
4739 I don't think I would have gone with if it was an urban
4740 project. But is there anything we, the question is, is
4741 there anything we can do in the rules and then the QAP
4742 that will help rural projects?

4743

4744 **Cody Campbell (2:36:02):**

4745 So the Texas government code requires 20 percent of our
4746 tax credits to go to rural areas.

4747

4748 **Kenny Marchant (2:36:08):**

4749 Okay.

4750

4751 **Cody Campbell (2:36:08):**

4752 They have a chunk of the pie that's...

4753

4754

4755 **Kenny Marchant (2:36:09):**

4756 But not 20 percent of our agenda today was...

4757

4758 **Cody Campbell (2:36:12):**

4759 That is correct.

4760

4761 **Kenny Marchant (2:36:13):**

4762 It was almost 100 percent of our agenda.

4763

4764 **Cody Campbell (2:36:15):**

4765 And so we have written into and the Board has approved

4766 for the next QAP, the ability for staff to

4767 administratively approve a six-month extension. Now

4768 that doesn't discriminate between urban and rural.

4769 That's applicable to every one of them.

4770

4771 **Kenny Marchant (2:36:26):**

4772 Okay. Would that have addressed many of these?

4773

4774 **Leo Vasquez III (2:36:32):**

4775 These we reissued.

4776

4777 **Cody Campbell (2:36:32):**

4778 It would have, I bet some of them would have taken it
4779 and it would have prevented them from ultimately having
4780 to come back. I can't promise that none of them would
4781 have hadn't...

4782

4783 **Kenny Marchant (2:36:43):**

4784 I don't know if that's contrary to what Your intent is,
4785 Mr. Chairman, but is it the intent that they just don't
4786 get their act together and they need to get it together,
4787 or that the Board has to consider the force majeure?

4788

4789 **Holland Harper (2:36:57):**

4790 I think that what's happened to rural, Mr. Marchant, is
4791 they can't overcome the legal fees because their
4792 projects aren't big enough, and so they're getting
4793 bushwhacked on credits.

4794

4795

4796

4797 **Kenny Marchant (2:37:06):**

4798 Yeah. And I just wonder if there's a way in the QAP we
4799 can give them any assistance in the timeline, and that
4800 that is an opening into question.

4801

4802 **Leo Vasquez III (2:37:17):**

4803 And some of these are federal dates that are at issue.

4804

4805 **Kenny Marchant (2:37:19):**

4806 Yeah.

4807

4808 **Leo Vasquez III (2:37:20):**

4809 So it's not really, we may have some flexibility like we
4810 do, but these were force majeure taking them back and
4811 then reissuing them to start the clocks again.

4812

4813 **Kenny Marchant (2:37:26):**

4814 I guess the question is, is there any more flexibility
4815 that we could explore?

4816

4817

4818 **Cody Campbell (2:37:34):**

4819 So we do limit the, as I mentioned earlier, federally
4820 they have until a year after I sign the carryover to
4821 meet their 10 percent test. We had officially set that
4822 at July 1st. We could for rural deals give them some
4823 extra time there.

4824

4825 **Kenny Marchant (2:37:50):**

4826 Well, if we could consider that when the next QAP comes
4827 up and have that discussion.

4828

4829 **Cody Campbell (2:37:55):**

4830 Certainly.

4831

4832 **Kenny Marchant (2:37:56):**

4833 That's all I'm asking.

4834

4835 **Cody Campbell (2:37:56):**

4836 Thank you.

4837

4838

4839 **Kenny Marchant (2:37:57):**

4840 Thanks.

4841

4842 **Leo Vasquez III (2:37:58):**

4843 Okay. Thanks, Mr. Marchant. And I want to say to
4844 everyone who's still here and then my fellow board
4845 members, thank you for, let me allow for more extended
4846 discussion today on some of these. I know it got a
4847 little tedious, but I think there's good transparency in
4848 discussion. Everyone knows what we're thinking or has a
4849 better idea, probably going to think.

4850

4851 Okay. So now the Board has addressed the posted agenda
4852 items. It's the time the meeting with members of the
4853 public can raise issues with the Board on matters of
4854 relevance to the Department's business or make requests
4855 that the Board place specific items on future agendas
4856 for consideration.

4857

4858 Is there anyone who would like to provide public comment
4859 at this time? Okay. See none. The next scheduled

4860 board meeting of the Governing Board is at 10:00 a.m. on
4861 Thursday, January 15, 2026, right here in the Greer
4862 State Highway Building. And it's at 10 a.m. It being
4863 that the agenda is complete, it's 1:13, and we stand
4864 adjourned.

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