



TDHCA Governing Board Meeting Transcript* from April 10, 2025

10:00 a.m. Central Time

*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 (ABSENT)

HOLLAND HARPER

CINDY CONROY

SPEAKERS:

Bobby Wilkinson

Michael Lyttle

Beau Eccles

Teresa Morales

Gavin Reid

Scott Fletcher

Naomi Cantu

Abigail Versyp

Cody Campbell

Joy Horak-Brown

Rosalio Banuelos

Brooke Boston

Megan Sylvester

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

2 Good morning. I'd like to call to order the meeting of
3 the Governing Board of the Texas Department of Housing
4 and Community Affairs. It is 10:05 in the morning on
5 April 10, 2025. We will start out as usual with the
6 roll call. Ms. Farias.

7

8 **Anna Maria Farias (0:00:23):**

9 Here.

10

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

12 Mr. Marchant.

13

14 **Kenny Marchant (0:00:25):**

15 I'm here, sir.

16

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

18 Mr. Thomas asked for an excused absence. Couldn't make
19 it today. Mr. Harper.

20

21 **Holland Harper (0:00:33):**

22 Here.

23

24

25 **Leo Vasquez III (0:00:34):**

26 Ms. Conroy.

27

28 **Cindy Conroy (0:00:35):**

29 Here.

30

31 **Leo Vasquez III (0:00:36):**

32 We have a quorum. Bobby is anxiously anticipating
33 leading us in the pledges. Please join him.

34

35 **Bobby Wilkinson (0:00:54):**

36 I pledge allegiance to the flag of the United States of
37 America and to the republic for which it stands, one
38 nation, under God, indivisible, with liberty and justice
39 for all. Honor the Texas flag. I pledge allegiance to
40 thee, Texas, one state, under God, one and indivisible.

41

42 **Leo Vasquez III (0:01:17):**

43 I'm still a little unsure about that second part. Well,
44 well done, Mr. Wilkinson. We have several couple of
45 resolutions that we, resolutions that we shall have Mr.
46 Lyttle read into the agenda. The first is a resolution
47 recognizing April as Fair Housing Month and we're

48 looking forward to next month of, with a resolution
49 recognizing May as Community Action Month. Mr. Lyttle.

50

51 **Michael Lyttle (0:01:49):**

52 Thank you, Mr. Chairman, and members. Mr. Wilkinson.
53 Before I read the Board resolutions, I did want to point
54 out that we have received a Fair Housing Month
55 proclamation signed by Governor Abbott as well so we
56 will include this with the records. And I'll now get to
57 the April Resolution which reads as follows:

58

59 Whereas April 2025 is Fair Housing Month and marks 57
60 years since the passage of the Federal Fair Housing Act
61 signed by US President Lyndon Baines Johnson on April
62 11, 1968.

63

64 Whereas the Fair Housing Act provides that no person
65 shall be subjected to discrimination because of race,
66 color, national origin, religion, sex, disability, or
67 familial status in the sale, rental, financing, or
68 advertising of housing and charges the Secretary of the
69 US Department of Housing and Urban Development with
70 administering HUD programs in a manner that meets the

71 requirements of the law and purposes of the Fair Housing
72 Act.

73

74 Whereas the Texas Department of Housing and Community
75 Affairs administers HUD and other housing programs that
76 promote the development and supply of safe, decent,
77 affordable housing for qualifying Texans.

78

79 Whereas, it is the policy of the Department to support
80 equal housing opportunity in the administration of all
81 of its programs and services, including encouraging
82 equitable lending practices for its homebuyer programs
83 and ensuring compliance with fair housing rules and
84 guidelines for its multi-family developments.

85

86 Whereas, the Department, through its programs,
87 workshops, trainings, and materials, seeks to educate
88 property managers, consultants, program administrators,
89 architects, contractors, developers, engineers, lenders,
90 real estate professionals, and others, about the
91 importance of their adherence to the requirements of the
92 Fair Housing Act.

93

94 Whereas, the Department encourages the development of
95 educational fair housing programs in local communities
96 throughout the state and is seeking to build new
97 opportunities for fair housing education and training.

98 And whereas, the Department and the State of Texas
99 support equal housing opportunity and housing choice in
100 accordance with the Fair Housing Act, not only during
101 Fair Housing Month in April, but throughout the entire
102 year.

103

104 Now, therefore, it is hereby resolved that the Texas
105 Department of Housing and Community Affairs recognizes
106 the significance of Fair Housing Month as an important
107 time to acknowledge, better understand, and support
108 equal housing opportunity and encourages the continued
109 commitment to fair housing in the state of Texas and
110 recognizes that in the pursuit of the goal and
111 responsibility of providing affordable housing and equal
112 upper house, equal housing opportunities for all, the
113 Governing Board of the Texas Department of Housing and
114 Community Affairs does hereby celebrate April 2025 as
115 Fair Housing Month in Texas and encourages all Texas
116 individuals and organizations, public and private, to
117 join and work together in this observance of the impact

118 and importance of affordable housing and equal housing
119 opportunity to the success of all Texans.

120

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

122 Excellent.

123

124 **Michael Lytle (0:05:04):**

125 The second resolution, recognizing May as Community
126 Action Month. Whereas Community Action agencies are
127 non-profit and units of local government organizations
128 designated under the Economic Opportunity Act of 1964 to
129 serve to ameliorate the effects of poverty and help
130 persons experiencing poverty to transition to self-
131 sufficiency. Whereas Community Action builds and
132 promotes economic stability and enhances stronger
133 communities and the opportunity to live in dignity.

134 Whereas nationally, Community Action has enhanced the
135 lives of millions by providing essential life-changing
136 services and opportunities.

137

138 Whereas Community Action serves 99 percent of America's
139 counties in rural, suburban, and urban communities and
140 works toward the goal of ending poverty in our lifetime.

141 Whereas Texas has a strong and vibrant network of

142 Community Action agencies to deliver Community Action to
143 Texans in need. Whereas Community Action will continue
144 to implement innovative and cost-effective programs to
145 improve the lives and living conditions of the
146 impoverished and continue to provide support and
147 opportunities for all eligible households in need of
148 assistance.

149

150 And whereas, the Texas Department of Housing and
151 Community Affairs and the State of Texas support the
152 Community Action Network in Texas in working to improve
153 communities and make Texas a better place to live, not
154 only during Community Action Month in May, but
155 throughout the entire year.

156

157 Now, therefore, it is hereby resolved that the Governing
158 Board of the Texas Department of Housing and Community
159 Affairs does hereby celebrate May 2025 as Community
160 Action Month in Texas and encourages all Texas
161 individuals and organizations, public and private, to
162 join and work together in this observance of the hard
163 work and dedication of Texas Community Action Agencies.

164

165

166 **Leo Vasquez III (0:06:42):**

167 Great. Thank you, Michael. How many people here are
168 not part of staff or? Okay. All in the back. Okay.

169 That's what I'm...

170

171 **Cindy Conroy (0:06:59):**

172 Kenny said he wants to (indiscernible) 0:07:00.

173

174 **Leo Vasquez III (0:07:01):**

175 I was going to say. I mean, yeah. Did we post this
176 meeting properly? Okay. Moving right along to the
177 Consent Agenda. Are there any items on the consent
178 agenda that a member of the Board or public wish to
179 remove from consent and move to action? Seeing none, I
180 will entertain a motion on the consent agenda.

181

182 **Anna Maria Farias (0:07:25):**

183 Mr. Chairman, I move the Board approve items 1 through
184 14 as described and presented in the respective board
185 action requests and reports.

186

187 **Leo Vasquez III (0:07:37):**

188 Thank you. Motion made by Ms. Farias. Is there a
189 second?

190

191 **Kenny Marchant (0:07:41):**

192 Second.

193

194 **Leo Vasquez III (0:07:41):**

195 Seconded by Mr. Marchant. All those in favor say aye.

196

197 **All (0:07:44):**

198 Aye.

199

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

201 Any opposed? Hearing none. Motion carries. Item 15 on
202 the agenda, the Executive Director's Report. Mr.
203 Wilkinson.

204

205 **Bobby Wilkinson (0:07:52):**

206 Yes, sir. Just a few items this month. In our
207 compliance monitoring area, Amy Hammond was asked to
208 join a virtual panel with the State of Georgia's
209 Compliance Team to be held next Tuesday. The State of
210 Georgia conducts an internal compliance boot camp for
211 their staff and when they ask the staff who they would
212 like as a guest panelist for the training, the staff
213 said Texas. They want to know how we manage compliance

214 in Texas and we will discuss rules and monitoring
215 processes.

216

217 Our staff received another invitation to speak, this
218 next one from the Southwestern Affordable Housing
219 Management Association. They reached out to Wendy and
220 asked for someone to present at their upcoming
221 conference April 23rd through the 25th in Fort Worth.
222 Wendy tapped Cara Pollei, Team Lead, to give two
223 compliance presentations outlining common compliance
224 issues found and guidance on HOTMA, which is the Housing
225 Through Modernization Act.

226

227 Moving on, at the Homeowners Assistance Fund. Big news.
228 Tomorrow the final HAF payments will be made. The bulk
229 of the stuff went out a long time ago, but we were
230 getting some returns and using those to pay overdue
231 property tax bills. HAF has provided assistance to
232 58,536 unique households with average assistance per
233 household totaling \$12,657.

234

235 A total of \$741.9 million in assistance has been paid to
236 date. The end is near. Finally, in the legislative
237 affairs world, today is a big day at the Capitol as the

238 House will be taking up Senate Bill 1, the General
239 Appropriations Act. A number of pre-filed amendments
240 that would impact our budget were filed and our
241 Legislative Affairs Team will be monitoring them
242 closely. As a reminder, Senate Bill 1 fully contains
243 our budget request which we made in our LAR, as well as
244 our capital budget items, so we remain hopeful on the
245 budget front. Some of the amendments are pre-filed.

246

247 It's like, give us a billion dollars for a rent relief
248 on a general revenue and stuff, so that those are
249 unlikely to get passed. And even when things do get
250 adopted on the House floor, they often get stripped out
251 in conference. But still, it's a, can be an exciting
252 time. You can see kind of where priorities are for
253 different members and such. We've been invited as a
254 resource witness for a couple bill hearings and have not
255 been called up.

256

257 I went to Senate Local Government a few days ago, and
258 Lyttle covered one and other people spoke, but we were
259 registered, but didn't have to, didn't have to say
260 anything. And Mr. Chairman, Board, I conclude my report
261 and I'm happy to answer any questions.

262

263 **Leo Vasquez III (0:10:32):**

264 So did you attend any interesting national housing and
265 federal reserve kind of things?

266

267 **Bobby Wilkinson (0:10:37):**

268 Oh, yeah, sure, sure. So as we announced a few months
269 ago, I'm on the Affordable Housing Advisory Board for
270 the Federal Home Loan Bank of Dallas. They just had
271 their annual conference, and it was pretty neat. Really
272 good speakers, and they closed out with Mack Brown
273 speaking and, you know, respected him, loved him as a
274 coach. Didn't really think of him as a motivational
275 speaker, but it was really polished and well done.
276 Yeah, I was ready to lead after that. Yeah.

277

278 **Leo Vasquez III (0:11:09):**

279 The staff will look forward to it.

280

281 **Bobby Wilkinson (0:11:11):**

282 Oh, yeah, yeah, yeah, yeah. He said don't yell at the
283 players, so that's good for you all. Thank you.

284

285

286 **Leo Vasquez III (0:11:18):**

287 Okay. Great. Mr. Marchant, you have a question?

288

289 **Kenny Marchant (0:11:20):**

290 Is there any legislation that is pending that would
291 have, that would have an effect on our operations?

292

293 **Bobby Wilkinson (0:11:30):**

294 Yes, yes, quite a few.

295

296 **Kenny Marchant (0:11:33):**

297 What of those do you think may see the light of day?

298

299 **Bobby Wilkinson (0:11:38):**

300 There's some, like, frankly, industry bills like that
301 would move the cap per development from \$2 million to \$3
302 million. That's a pretty big one. You would still, the
303 way it's written now, the Board could still go to \$3
304 million or not, or somewhere in between, or go to \$3
305 million for urban sub-regions, but not rural or not for,
306 you know, exempt at-risk, you'd have that kind of
307 rulemaking authority flexibility, but that, that's a
308 pretty big one. There's a migrant farm worker bill that
309 would kind of expand the scope of that program where we

310 inspect housing facilities that are provided by, you
311 know, farmers and their affiliates.

312

313 **Beau Eccles (0:12:26):**

314 Michael probably has a...

315

316 **Bobby Wilkinson (0:12:29):**

317 Yeah, we can, I'm blanking right now, but we have, like,
318 a chart. We can send you the full list.

319

320 **Kenny Marchant (0:12:34):**

321 Okay. So...

322

323 **Bobby Wilkinson (0:12:34):**

324 There's other ones, like...

325

326 **Michael Lyttle (0:12:36):**

327 State tax credit.

328

329 **Bobby Wilkinson (0:12:38):**

330 That would, yeah, would expand the state tax credit. I
331 don't know how likely that one is.

332

333

334 **Kenny Marchant (0:12:43):**

335 Maybe in the May meeting we'll be far enough along on
336 some of them till we're maybe passed or dead by then.

337

338 **Bobby Wilkinson (0:12:52):**

339 Yeah. That'd be a great time for us to bring it up.

340

341 **Kenny Marchant (0:12:53):**

342 Yeah, thanks.

343

344 **Bobby Wilkinson (0:12:54):**

345 There's a bill requiring security cameras in all tax
346 credit developments. There's a bill requiring backup
347 power for the, you know, elevator along with AC, with
348 backup power for at least one common area room.

349

350 **Beau Eccles (0:13:09):**

351 Water pressure.

352

353 **Bobby Wilkinson (0:13:10):**

354 Water pressure for, if it's four stories or above.

355 Those are retroactive as written so that would be
356 pretty, you know, it's a lift for the industry. We
357 would just ensure compliance.

358

359 **Kenny Marchant (0:13:20):**

360 Sure. Thanks.

361

362 **Leo Vasquez III (0:13:25):**

363 I assume this would be an appropriate time to tag on to
364 the Executive Director's Report and answering in Mr.
365 Marchant's question that while the Department cannot or
366 does not advocate or push any individual policy or law
367 amendment to legislation individually, board members
368 can. In my personal capacity, not as chairman of the,
369 this entity, I've actually been trying to work with
370 TAAHP and industry participants to advance a change in
371 the legislation to allow the Department to have multiple
372 9 percent competitive rounds throughout the year. So it
373 won't be just a one-time-per-year opportunity anymore.
374 We'll have at least two rounds as contemplated.

375

376 And we're, I'm putting forth legislation to allow for
377 flexibility in the statute for the Department to have
378 more than one round, so that we are working on figuring
379 out which bill to roll that into. But that should save
380 enormous headaches and time for applicants and
381 developers. And you don't have to hold your properties

382 for 18 months before you might have a chance to use
383 them.

384

385 If you mess up something on the first round, hey, you
386 don't have to wait a whole other year to reapply for
387 another round. I'm happy to answer questions after the
388 meeting for anyone who's interested in helping put that,
389 push that forward.

390

391 Okay. Are there any other questions or comments for Mr.
392 Wilkinson? If not, we will move on to Item 16 of the
393 agenda: Presentation, discussion, and possible action
394 on Inducement Resolution Number 25-016 for Multifamily
395 Housing Revenue Bonds regarding authorization for filing
396 an application for private activity bond authority for
397 Waters at Waterchase. Ms. Morales, and let me, I'm
398 sorry, before Teresa gets going, if anyone wishes to
399 speak, as a reminder, anyone wishing to speak on an
400 agenda item, if you'd come up to the first couple rows
401 so I know that we're, might have speakers, please make
402 sure you do so. Teresa.

403

404

405

406 **Teresa Morales (0:15:57):**

407 Good morning. Teresa Morales, Director of Multifamily
408 Bonds. Item 16 relates to an inducement resolution
409 previously adopted by the Board in October of 2024. The
410 Waters at Waterchase bond pre-application was submitted
411 last fall in preparation for the 2025 Private Activity
412 Bond program year. The maximum bond amount reflected in
413 that inducement resolution was \$15,450,000.

414

415 However, there has since been more refinement to the
416 scope of work that is planned for the existing
417 development which has had a resulting impact on
418 construction costs. The applicant has requested the
419 bond amount be revised to \$20 million to accommodate
420 these changes and provide additional flexibility. Staff
421 recommends approval of Resolution Number 25-016.

422

423 **Leo Vasquez III (0:16:50):**

424 Okay. Teresa, could you give us a little more. You
425 said there's a refinement of the scope. I mean, this is
426 a 33 percent increase that they're asking for, 30
427 percent, what...

428

429

430 **Teresa Morales (0:17:00):**

431 Sure. So...

432

433 **Leo Vasquez III (0:17:01):**

434 Why?

435

436 **Teresa Morales (0:17:03):**

437 So at the time of bond pre-application, there is minimal
438 information that's required to be submitted in order to
439 obtain an inducement resolution. What we're looking for
440 is just a maximum bond amount to be reserved. It
441 doesn't mean that that's the amount we're going to
442 reserve, but we can go up to.

443

444 So as that occurred last September, October, now we're
445 moving into the program year and they're completing
446 their third-party reports, one of which is a scope and
447 cost report that has a lot more detail on the scope of
448 work that's planned for the project and then taking into
449 account the costs associated with that scope of work at
450 this point in time.

451

452 And so that's when they realized that as those
453 construction costs have inched upward, then it puts that

454 they're meeting the 50 percent test potentially in
455 jeopardy, so they just want to have a little bit of
456 extra cushion at this point by the time the deal closes.

457 So it's not uncommon given the preliminary nature of
458 information that we have at the time of the pre-app.

459

460 **Leo Vasquez III (0:18:13):**

461 Is it uncommon to be that far off? I mean, this is just
462 since October, right? I mean that...

463

464 **Teresa Morales (0:18:18):**

465 Correct. It's not. No. And again, it's just a maximum
466 amount. It doesn't mean that we have to reserve \$20
467 million. It could be that at the time that we go to
468 file the application with the Bond Review Board, we
469 could file for \$18 million, or you know, we just need a
470 maximum amount.

471

472 **Leo Vasquez III (0:18:38):**

473 Okay. Do any other board members have questions on this
474 item. Hearing none, I'll entertain a motion on Item 16
475 of the agenda.

476

477

478 **Anna Maria Farias (0:18:55):**

479 Mr. Chairman, I move the Board approve Inducement
480 Resolution Number 25-016 and to proceed with the
481 application submission to the BRB for possible receipt
482 of state volume cap issuance authority under the Private
483 Activity Bond program for Waters at Waterchase, all as
484 described, conditioned, and authorized in the board
485 action request, resolutions, and associated documents on
486 this item.

487

488 **Leo Vasquez III (0:19:28):**

489 Thank you. Motion made by Ms. Farias. Is there a
490 second?

491

492 **Holland Harper (0:19:31):**

493 Second.

494

495 **Leo Vasquez III (0:19:34):**

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

497

498 **All (0:19:36):**

499 Aye.

500

501

502 **Leo Vasquez III (0:19:36):**

503 Any opposed? Hearing none. Motion carries. Item 17 of
504 the agenda: Presentation, discussion, and possible
505 action on Resolution Number 25-017 amending previously
506 adopted resolution relating to the issuance of
507 Multifamily Housing Revenue Bonds Series 2025A-1, A-2,
508 and Taxable Series 2025B. Ms. Morales.

509

510 **Teresa Morales (0:20:01):**

511 Item 17 seeks to amend bond Resolution Number 25-013,
512 previously adopted by the Board in January of this year
513 relating to The Ridge at Loop 12, which involves the new
514 construction of 300 units in Dallas. Since the original
515 approval, there has been more refinement of construction
516 costs and more due diligence by the lender and equity
517 investor as they prepare to present the transaction to
518 their respective committees for approval.

519

520 This has resulted in the need to amend the bond
521 resolution previously adopted to reflect updated terms
522 that are feasible for closing. The financing structure
523 involves a private placement with NewPoint Real Estate
524 Capital. The issuance of unrated debt by the Department
525 triggers a provision in our governing statute that

526 prevents the Board from delegating pricing and terms
527 which is allowed on publicly offered transactions that
528 are rated.

529

530 This outdated provision in our statute has proven
531 difficult for debt and equity partners to identify a
532 loan amount before the interest rate has been locked. A
533 creative yet compliant way we found to meet the
534 statutory requirement was to include a schedule that
535 identified possible loan amounts based on possible
536 interest rates, which is what we did in January.

537

538 Unfortunately, the volatility in the market since
539 January, combined with additional scrutiny on the
540 business side, has rendered the previous schedule no
541 longer feasible. Modifying this statutory provision is
542 included in the Department's cleanup bill this session.

543 I have my happy dance queued up in the event that the
544 bill passes. This requirement is government
545 inefficiency and unduly delays transactions from
546 closing, which in a volatile market, the passage of time
547 while waiting for the next board meeting can quickly
548 render a development infeasible.

549

550 Worth noting is that this restriction only applies to
551 TDHCA as a bond issuer; local issuers do not have this
552 same restriction. The schedule attached as Exhibit B to
553 the amended resolution has been updated across all
554 series of bonds and while the tax-exempt amount of bonds
555 we are issuing remains the same at \$50 million, the
556 taxable amount has decreased by \$2.2 million.

557

558 Staff recommends approval of Bond Resolution Number 25-
559 017 in the aggregate principal amount of \$59,702,000
560 with a specific amount of Series A-1, A-2, and Taxable
561 Series B based on the applicable all-in rate as further
562 specified on Exhibit B of the resolution.

563

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

565 So Teresa, bottom line, they're asking to reduce the
566 number, the amount of bonds that were...

567

568 **Teresa Morales (0:22:53):**

569 Taxable bonds. Correct.

570

571 **Leo Vasquez III (0:22:55):**

572 Overall, it's a reduction.

573

574 **Teresa Morales (0:22:56):**

575 Correct.

576

577 **Leo Vasquez III (0:22:57):**

578 All right. That sounds great.

579

580 **Cindy Conroy (0:22:59):**

581 I don't know if I've ever seen one.

582

583 **Leo Vasquez III (0:23:01):**

584 I was surprised. Oh, reduction. Do any board members
585 have questions for Ms. Morales on this request to reduce
586 the amount of bonds we're issuing? If not, I'll
587 entertain a motion on Item 17.

588

589 **Holland Harper (0:23:16):**

590 I move the Board approve the Resolution Number 25-017
591 amending the previously adopted bond resolution relating
592 to Multifamily Housing Revenue Bonds, The Ridge at Loop
593 12, Series 25, 2025A-1, Series 2025A-2, and Series 2000,
594 2025B, all as described, conditioned, and authorized in
595 the board action request, resolutions, and associated
596 documents on this item.

597

598 **Cindy Conroy (0:23:40):**

599 Second.

600

601 **Leo Vasquez III (0:23:40):**

602 Motion made by Mr. Harper, seconded by Ms. Conroy. All
603 those in favor say aye.

604

605 **All (0:23:44):**

606 Aye.

607

608 **Leo Vasquez III (0:23:45):**

609 Any opposed? Hearing none. Motion carries. Thank you,
610 Teresa.

611

612 **Teresa Morales (0:23:47):**

613 Thank you.

614

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

616 On that one you just had to highlight "reduce,"
617 (indiscernible - simultaneous speech) 0:23:53.

618

619 **Leo Vasquez III (0:23:53):**

620 I didn't know that, I almost fell out of my seat. Item
621 18: Presentation, discussion, and possible action on

622 the 2025 Department of Energy Weatherization Assistance
623 Program State Plan and Awards. Mr. Reid.

624

625

626 **Gavin Reid (0:24:07):**

627 Mr. Chairman, board members, good morning. Gavin Reid,
628 Planning Manager, Community Affairs. Each year, the
629 Department develops and submits a state plan to the US
630 Department of Energy to administer the Department of
631 Energy Weatherization Assistance Program in the State of
632 Texas. In February, a couple months ago, in the
633 February Board meeting, the Board approved the release
634 of the draft 2025 State Plan for public comment.

635

636 The comment period was open from February 21st to March
637 17th, and a public hearing was held on March 5th.

638 Public comment was received from one stakeholder and is
639 summarized and responded to by Staff in attachment B of
640 this Board action. Also, as part of the plan
641 development process, the Weatherization Assistance
642 Program Policy Advisory Council met to review the plan
643 and discuss the public comment and recommended in favor
644 of the plan.

645

646 For 2025, the Department will receive approximately \$9.1
647 million in total DOE WAP funds. This is the annual
648 funding for DOE weatherization. I'll also remind you
649 that we had, have other sources of weatherization
650 funding such as from LIHEAP. DOE funding provides for
651 the installation of weatherization measures to increase
652 the energy efficiency of eligible homes. The funds are
653 allocated to the 21 sub-grantees listed in Attachment A
654 according to the allocation formula written in the Texas
655 Administrative Code.

656

657 Examples of weatherization measures are caulking, attic
658 and wall insulation, ductwork, appliance replacement
659 such as HVAC water heater replacement, patching holes in
660 the home, and weather-stripping doors, among other
661 items. Funding also provides for state administration,
662 training, and technical assistance and a weatherization
663 readiness fund which serves to make homes that are
664 otherwise ineligible for DOE weatherization eligible.

665

666 Approving this action will grant authority to staff to
667 submit the state plan to DOE for their review, make any
668 changes required by DOE, and upon DOE's approval, issue
669 contracts to the 21 sub-grantees listed in Attachment A.

670 Contracts are to begin July 1, 2025, last a full year,
671 and end June 30, 2026. That concludes my remarks and if
672 you have any questions, I'll be happy to answer them.

673

674 **Leo Vasquez III (0:26:37):**

675 Okay. Thanks, Gavin.

676

677 **Gavin Reid (0:26:38):**

678 You're welcome.

679

680 **Leo Vasquez III (0:26:39):**

681 So this continuation of prior year's programs.

682

683 **Gavin Reid (0:26:43):**

684 Yes. Right.

685

686 **Leo Vasquez III (0:26:45):**

687 And how confident are we that the funds from the federal
688 government from DOE will continue the flow to this
689 program?

690

691 **Gavin Reid (0:27:00):**

692 Right. The numbers that are in the plan right now were
693 given to us from DOE, so that's the numbers that we're

694 going with, but I, we hear about as much as probably you
695 hear, but we haven't received anything official from
696 DOE. But if we do receive, like different numbers, like
697 a lessening of the funding, we will make adjustments in
698 the plan according to DOE guidance when and if they send
699 it to us. But as far as right now, they haven't
700 recommended any changes. They haven't notified us of
701 any changes, so we're going with the planning numbers
702 that they've given us, and that's the allocations in
703 Attachment A.

704

705 **Leo Vasquez III (0:27:44):**

706 Okay. And then related, I'll let you speak in a second.
707 The, are these reimbursed funds to the community groups
708 that are distributing them, or is this, here's your
709 available pot of money that we already have in hand, and
710 now you can spend this? Do you understand my
711 distinction?

712

713 **Gavin Reid (0:28:09):**

714 Kind of. I believe it's the latter, according to your
715 description, where we receive a new pot of money each
716 year based on this plan and their review of it, and then

717 we distribute it (indiscernible - simultaneous speech)

718 0:28:20.

719

720 **Leo Vasquez III (0:28:20):**

721 My biggest concern, and this, I think I discussed this
722 with Bobby, that we don't tell all these community
723 action groups, community partners, to spend the money on
724 weatherization, and then they submit an expense report
725 to us and we go to DOE, and then they say, oh, well, no,
726 the funds are cut off. So I want to make sure we've
727 received the funds from DOE and then we can, with
728 confidence --

729

730 **Gavin Reid (0:28:50):**

731 Right.

732

733 **Leo Vasquez III (0:28:50):**

734 -- tell each community group that...

735

736 **Gavin Reid (0:28:52):**

737 That is the case. That is the case.

738

739 **Leo Vasquez III (0:28:54):**

740 And Megan.

741

742 **Megan Sylvester (0:28:56):**

743 So we don't contract...

744

745 **Leo Vasquez III (0:28:57):**

746 Could you please identify yourself?

747

748 **Megan Sylvester (0:28:58):**

749 This is Megan Sylvester, and my role is federal
750 compliance counsel. So we don't contract with
751 subrecipients in this case or with anyone until we have
752 a contract with the federal government for the funds.

753 Now, could the federal government suspend those funds or
754 cut the funds? They could, right? But we're not
755 prospectively awarding and entering into funding
756 agreements with people that we don't have.

757

758 We are actually prohibited constitutionally from doing
759 that. And all of our contracts have things that we will
760 let the subrecipient know immediately if we become aware
761 of a funding shortage from the federal government. It
762 hasn't happened. I'm, I've been here 15 years. It has
763 happened once that that did happen and we were able to
764 move some other money from prior funding years to

765 reimburse an entity, but that is part of our contracting
766 process.

767

768 **Leo Vasquez III (0:30:04):**

769 Okay. Well, the two things, and this, I think there are
770 several items on the agenda today that I want to ensure
771 that we're not getting subrecipients to start spending
772 money in hopes of being reimbursed unless we have the
773 money in our coffers.

774

775 **Megan Sylvester (0:30:23):**

776 So that's not how it works for... right.

777

778 **Leo Vasquez III (0:30:26):**

779 I understand. I want to make sure that doesn't happen.

780

781 **Megan Sylvester (0:30:28):**

782 Like we don't necessarily have the funds locally, the
783 funds in some programs, we do have locally, and in other
784 programs they're kept at the treasury and you have to
785 draw down when you're ready to be reimbursed for them,
786 but we have contracts with the federal government for
787 all of, all, like, any funding we would put in a
788 subrecipient contract we would have the funding for.

789

790 **Leo Vasquez III (0:30:54):**

791 Okay. But contracts can be canceled as we are

792 learning...

793

794 **Megan Sylvester (0:30:58):**

795 And they can.

796

797 **Leo Vasquez III (0:30:59):**

798 Okay. All right. I just want to make sure that, it

799 just, I don't want the subrecipients to be left holding

800 the bag. I don't want the state left to be holding the

801 bag.

802

803 **Megan Sylvester (0:31:08):**

804 Bobby, did you have something else (indiscernible -

805 simultaneous speech) 0:31:11. You understand that?

806

807 **Leo Vasquez III (0:31:11):**

808 And then the final part about that, I've lost my train

809 of thought. Go ahead.

810

811

812

813 **Bobby Wilkinson (0:31:16):**

814 I was just going to say, across all our programs, all
815 our draws have been going through. We had one program
816 where there was a delay because they changed the
817 process. What we've seen is a reduction of staff in a
818 lot of the federal agencies we deal with, but we're
819 still getting our money so far so...

820

821 **Leo Vasquez III (0:31:32):**

822 And I just remembered my last, I want to make sure that
823 our contracts that we issue for any kind of pass-through
824 funds make clear that this isn't a blanket, you know,
825 here, we've authorized you a hundred thousand or a
826 million dollars for the next year. If that funding gets
827 cut off, this contract gets cut off.

828

829 **Megan Sylvester (0:31:54):**

830 All of our contracts say that the funding is contingent
831 on available funding from the federal government, that
832 are federal contracts. I mean, we deal with state
833 contracts too, but...

834

835

836

837 **Leo Vasquez III (0:32:03):**

838 Yeah. Okay. I just want to make sure we're doing that
839 across the board here.

840

841 **Megan Sylvester (0:32:07):**

842 Yes, sir.

843

844 **Leo Vasquez III (0:32:08):**

845 Thank you.

846

847 **Anna Maria Farias (0:32:12):**

848 Mr. Chairman, (indiscernible) 0:32:10 you've come to us
849 before to tell us how the money's spent. And as I
850 recall, I've been here now almost two and a half years.

851

852 **Gavin Reid (0:32:21):**

853 Yes.

854

855 **Anna Maria Farias (0:32:23):**

856 The contracts that deal with the Department of Energy,
857 your reports and others' reports is that they're quickly
858 spent. Am I correct on that?

859

860

861 **Gavin Reid (0:32:33):**

862 They have a year to spend that within that year. Right.

863

864 **Anna Maria Farias (0:32:35):**

865 Right. And they do it. I know that our experience when
866 I was in federal government, and I realized that right
867 now things are moving even faster, is they look at how
868 are the money spent and how quickly are they spent? And
869 I know for those that do a really incredible job, their
870 attitude is you're going to cut some funding and I hope
871 we get some of that.

872

873 And so far with Texas, you guys have been able, through
874 your watchful eyes, to make sure that those funds are
875 properly spent. And that's really what they're looking
876 at. So yes, there will be times that they go, pow,
877 that's it. But part of it was it was never properly
878 spent, so no one was hurt. On this one, Mr. Chairman, I
879 can see that if you're going to start spending money and
880 think, oh, the money's not there, so but you just keep a
881 watchful eye. But I do know from other reports that you
882 have given and others, Texas has spent their money quite
883 well and quite fast to the people that need the help the
884 most.

885

886 **Gavin Reid (0:33:46):**

887 Right.

888

889 **Leo Vasquez III (0:33:47):**

890 Okay. Thank you.

891

892 **Gavin Reid (0:33:48):**

893 That's correct.

894

895 **Anna Maria Farias (0:33:49):**

896 Just keep our fingers crossed.

897

898 **Leo Vasquez III (0:33:51):**

899 Okay, Captain. Are there any other questions for Mr.
900 Reid? If not, I'll entertain a motion on Item 18 of the
901 agenda. Everyone's having trouble working their little
902 books.

903

904 **Anna Maria Farias (0:34:06):**

905 All right. Mr. Chairman, I move the Board approve the
906 submission of the 2025 Department of Energy
907 Weatherization Assistance Program state plan to the
908 Department of Energy and upon its approval to contract

909 for the awards represented in the plan all as
910 authorized, conditioned, and described in the Board
911 action request, resolution, and associated documents on
912 this item.

913

914 **Holland Harper (0:34:35):**

915 Second.

916

917 **Leo Vasquez III (0:34:36):**

918 Thank you. Motion made by Ms. Farias, seconded by Mr.
919 Harper. All those in favor say aye.

920

921 **All (0:34:40):**

922 Aye.

923

924 **Leo Vasquez III (0:34:41):**

925 Any opposed? Hearing none. Motion carries. Thanks,
926 Gavin.

927

928 **Gavin Reid (0:34:44):**

929 Thank you.

930

931

932

933 **Leo Vasquez III (0:34:51):**

934 Item 19 of the agenda: Report on the closing of the
935 Department's Residential Mortgage Revenue Bonds 2025
936 Series A. Mr. Fletcher.

937

938 **Scott Fletcher (0:34:55):**

939 Good morning.

940

941 **Leo Vasquez III (0:34:57):**

942 What do you have for us today?

943

944 **Scott Fletcher (0:35:03):**

945 Scott Fletcher, Director of Bond Finance with TDHCA.
946 Good to see everyone. At the January board meeting, the
947 Department provided a report informing the Board of
948 intent to issue RMRB Series 25A tax exempt bonds in the
949 amount of \$175 million. The POS was published January
950 8. The retail order period was January 13.
951 Institutional order period was the 14th, with the BPA,
952 bond purchase agreement being signed that day. The deal
953 closed on February 12. Financing team included
954 Bracewell as bond counsel, McCall, Parkhurst & Horton as
955 disclosure counsel, Stifel Nicolaus as financial
956 advisor.

957

958 The underwriting team was led by Jefferies as book-
959 running senior manager. RBC and Morgan Stanley were co-
960 senior managers, with Ramirez, Piper, Wells Fargo,
961 JPMorgan, and Loop Capital Markets as co-managers. The
962 25A bonds were issued for the primary purpose of
963 providing funds for the purchase of mortgage-backed
964 pass-through certificates, funding loans for down
965 payment assistance and closing cost assistance, and to
966 pay lender compensation related to the mortgage
967 allowance.

968

969 25A bonds were structured to maximize premium received
970 while keeping mortgage rates as low as possible, fixed
971 rate, and tax exempt. The bond structure included par
972 serial bonds, par discount and premium term bonds and a
973 premium planned amortization class or PAC bond.

974

975 The par amount of the 25A bonds sold was \$175, \$175
976 million. Premium received was \$6.2 million for a total
977 proceeds of \$181,238,101.05. The premium funded down
978 payment and closing cost assistance for loans originated
979 through this bond issue, as well as a portion of lender

980 compensation. Issuer contribution on this deal was 3.8
981 million.

982

983 The RMRB made 120, sorry, RMRB 25A made \$123 million
984 available for assisted loans providing 3 or 4 points of
985 down payment assistance and closing cost assistance in
986 the form of 30-year, the DPA, in the form of 30-year
987 non-amortizing, 0 percent interest second lien loans
988 that are due on sale or refinance of the first mortgage.

989

990 This issue also provided approximately \$52 million for
991 unassisted loans providing zero points in down payment
992 assistance at a lower rate than the assisted loans.

993 Eligible loan types were FHA, VA, and USDA RD loans.

994 Mortgage rates offered on these funds in non-targeted
995 area were initially 6 and 1/8 for the unassisted loans,
996 6 5/8 for the 3-point DPA, and, 7 percent for the 4
997 percent DPA loans.

998

999 Department made targeted area loans available at an
1000 eighth of a point lower. Reservations went very quickly
1001 on this. We were fully funded at full spread by mid-
1002 March. I'll end my comments here and take any questions
1003 from the Board regarding this past issuance.

1004

1005

1006 **Leo Vasquez III (0:38:15):**

1007 Thanks. I know you're going to talk about a couple
1008 other things here, so some of these, I know you're going
1009 to talk about a couple other things, but what is
1010 happening now to bond pricing and lower yields that
1011 could potentially help our financing our cost structures
1012 going forward?

1013

1014 **Scott Fletcher (0:38:42):**

1015 I wish I had a good answer for that. Right now, things
1016 are really all over the place. It's, you know, we've
1017 got, we're having 30 and 50 basis point moves on MMD,
1018 which is the municipal market data. If we were pricing
1019 this week, we probably would just pause our pricing.
1020 Normally, you get these events where markets are moving
1021 and there is a price where bonds will clear in the
1022 market. If, I think if we were pricing right now, I
1023 don't think that we would find buyers, and so we would
1024 pause at this point.

1025

1026 You know, how you manage that, it's a great question.

1027 You know, as I think when I first started here, what,

1028 two and a half years ago, the response was you, in
1029 volatile markets, where you don't have certainty or
1030 stability in your rates, you issue at, in lower amounts
1031 more frequently, right? And that way you can buy and
1032 sell in the same market.

1033

1034 When you've got markets moving by, you know, 50, 60
1035 basis points a day and, it makes it a little bit harder
1036 to do that. But, you know, I think where we are right
1037 now, you know, we feel like things are going to kind of
1038 calm down a little bit, and well we can talk about that
1039 more certainly on the, as we talk about, you know, our
1040 upcoming issuance.

1041

1042 But ultimately, what we're looking at is, you know,
1043 we've moved to a continuous lending program. I have
1044 about \$50 million in mortgage loans already committed
1045 for this next deal. There's a risk on that side of the
1046 trade as much as there's a risk on the other side of the
1047 trade, right? And so, you know, there are things that
1048 we can do when we issue then.

1049

1050 Whereas right now we're looking at doing \$187 million
1051 tax exempt and \$62 million in taxable, we can shift that

1052 and do no taxable, right? That brings our cost of
1053 borrowing down because we're relying 100 percent on the
1054 tax-exempt issuance. Things go the other way. You
1055 could layer in more taxable. And so it really is how
1056 you manage on both sides of that trade.

1057

1058 We also have the ability to hedge the pipeline risk,
1059 where we know that we have loans, we know at what rates
1060 we've committed to make those loans. We anticipate what
1061 our fallout rates are on those loans and so we can
1062 manage that going in by doing transactions in the TBA
1063 market, which would hedge that risk on the mortgage
1064 loans. Right now, we're really going to, we're trying
1065 to manage the risk of what we built up through how we
1066 issue on the next deal.

1067

1068 **Leo Vasquez III (0:41:19):**

1069 So exciting times.

1070

1071 **Scott Fletcher (0:41:20):**

1072 It's interesting times.

1073

1074

1075

1076 **Bobby Wilkinson (0:41:24):**

1077 Was this our last issuance with Stifel or is it going to
1078 be the new one?

1079

1080 **Scott Fletcher (0:41:27):**

1081 It, correct, Bobby. The last, this was our, 25A was our
1082 last transaction with Stifel. We transitioned to CSG as
1083 our FA. They're our FA for this upcoming deal and I
1084 have a couple comments in my prepared remarks about that
1085 as well.

1086

1087 **Leo Vasquez III (0:41:48):**

1088 Okay. Mr. Marchant?

1089

1090 **Kenny Marchant (0:41:53):**

1091 Do the people there... I'm sorry... The people that
1092 reserve the bond, do they pay a reservation fee?

1093

1094 **Scott Fletcher (0:42:04):**

1095 We do not charge a reservation fee. We don't charge a
1096 reservation fee to the borrower or the lender, we make
1097 those funds available and recognizing that, for whatever
1098 reason, not all of those loans will come through. You
1099 know, we've discussed putting a reservation fee on for

1100 the lenders, just to say if you're going to make a loan,
1101 we want to make sure that loan is a good loan. It's a
1102 loan that's going to come through.

1103

1104 And in various markets, it probably would be helpful to
1105 have such a situation in place. But we've not wanted to
1106 do that, recognizing that in the FHA space, there are a
1107 lot of things that can fall out. And so we try to
1108 manage the risk on our side rather than put that on our
1109 partners.

1110

1111 **Kenny Marchant (0:42:49):**

1112 Is that common practice?

1113

1114 **Scott Fletcher (0:42:51):**

1115 It's common practice in the FHA space, yeah. We
1116 typically don't have a reservation fee. And you know,
1117 one of the things, Mr. Marchant, that we've changed is
1118 moving to a continuous lending program. And when we
1119 move to a continuous lending program, what that means is
1120 as the market moves, we'll adjust our rates. So we're
1121 kind of always lending on market. We're always tracking
1122 to what we have in terms of the pending asset versus

1123 where we're going to fund and create the liability, what
1124 that spread is.

1125

1126 And how we used to do this, we would basically do, we'd
1127 lock in our liability, right? We borrowed the money at
1128 X and then we'd set the rate. We'd put our max spread
1129 in if we could, and we'd set our rate and we'd leave it
1130 there. We couldn't adjust it if the market went up, and
1131 we certainly could lower it if the market went down but
1132 it's costing us money.

1133

1134 Making these changes where we now are, trying to tie our
1135 activity to the market gives us a little bit more
1136 flexibility because we can hedge on either side of the
1137 trade. And what would happen and what we saw, and why
1138 we ran through so much volume on our bond loans is
1139 because we would do, we'd set the rate, we'd lock it,
1140 rates would move up and we were the cheapest trade in
1141 town, and so we'd get a ton of volume. And that's
1142 great, that's, it helps people.

1143

1144 By the same token, we've run out of funds and now we,
1145 now somebody else wants to buy a house and they qualify
1146 for the program, but there are no funds available

1147 because we ran out and we're not going to commit more
1148 funds until we get another bond issue.

1149

1150 This, what this, the changes that we've made have really
1151 made it so we've levelled the playing field. We've not,
1152 we're not getting picked off. We're not, you know,
1153 we're not overcharging anyone. We're still working
1154 within federal guidelines, but we're spreading that risk
1155 and we're managing that risk over time. We're making
1156 program funds available to any borrower anytime they
1157 find a house that they, that's the right house for their
1158 family.

1159

1160 And so that's a change that, you know, I think there's
1161 risk either way, either way you manage that. I'd rather
1162 manage the risk dynamically than lock myself in and kind
1163 of create this roller coaster of available, not
1164 available, high rates, low rates. Not, we're way below
1165 the market. We're way, it doesn't make sense to do it
1166 as (indiscernible - simultaneous speech) 0:45:14.

1167

1168 **Kenny Marchant (0:45:14):**

1169 No. No, we don't charge a reservation rate.

1170

1171 [laughter]

1172

1173 **Scott Fletcher (0:45:23):**

1174 You ask me the time and I will tell you how to make a
1175 watch.

1176

1177 **Leo Vasquez III (0:45:29):**

1178 So that was Item 19 on the agenda. Did you tell us
1179 about 20 on the agenda, the report?

1180

1181 **Scott Fletcher (0:45:34):**

1182 20 is yes, I...

1183

1184 **Leo Vasquez III (0:45:35):**

1185 Very similar, I think.

1186

1187 **Scott Fletcher (0:45:37):**

1188 Are you ready for 20?

1189

1190 **Leo Vasquez III (0:45:38):**

1191 Please. Let's continue.

1192

1193

1194

1195 **Scott Fletcher (0:45:39):**

1196 Excellent. So let's see. 25 RMRB 25BC, the Governing
1197 Board Resolution 2504 authorized up to \$1.1 billion of
1198 mortgage revenue bond issuance by the Department for
1199 fiscal year 2025. That was approved on October 10th of
1200 2024. After this issuance, and I need to check my math
1201 on this, the Department will have around, let's call it
1202 around \$625 million of issuance authority remaining. I
1203 didn't do the math on my, I think that's right, but,
1204 well, don't quote me. On January 14th, as I just said,
1205 we issued \$175 million of RMRB Series A bond settled on
1206 February 12th. All funds reserved by mid-March.

1207

1208 Market, obviously, as you indicated, Chairman, is
1209 experiencing considerable volatility. However,
1210 conditions remain relatively conducive to the issuance
1211 of an additional series of tax-exempt and taxable
1212 mortgage revenue bonds under the Department's RMRB trust
1213 indenture to finance mortgage loans for very low, low,
1214 and moderate-income home buyers. We currently estimate
1215 mortgage rates around 50 basis points lower than our
1216 Ginnie Mae TBA rates. It's a little bit tighter than
1217 we've had on some previous, more recent, previous deals.

1218

1219 Demand remains strong. As such, Staff is looking to
1220 issue RMRB Series 25B, which is non-AMT tax exempt and
1221 25 Series C taxable revenue bonds. The bonds, the 25B
1222 bonds, the tax-exempt portion will be issued in a
1223 maximum amount par amount of \$187.5 million. Total bond
1224 proceeds will not exceed \$202.5 million. The C bonds,
1225 the taxable bonds, will be issued in an amount not to
1226 exceed \$62.5 million with total bond proceeds including
1227 the premium of \$67.5 million. And then we are actually
1228 going to be using, utilizing \$22.655 million in recycled
1229 volume cap for this, for this deal. Let's see.

1230

1231 **Leo Vasquez III (0:48:16):**

1232 I'm sorry, how much on the recycle?

1233

1234 **Scott Fletcher (0:48:19):**

1235 22.6 million.

1236

1237 **Leo Vasquez III (0:48:20):**

1238 Okay.

1239

1240 **Scott Fletcher (0:48:22):**

1241 I think we had \$26 some odd million on the last deal,
1242 too. So that's just...

1243

1244 **Leo Vasquez III (0:48:26):**

1245 Nice little extra.

1246

1247 **Scott Fletcher (0:48:28):**

1248 Yeah, so we've saved about, we've saved about 40 some
1249 odd million in volume cap since we started doing this on
1250 the two deals ago.

1251

1252 **Bobby Wilkinson (0:48:34):**

1253 And that number will grow over time?

1254

1255 **Scott Fletcher (0:48:36):**

1256 That number should continue to grow because you know as
1257 prepayments happen, which and we have a lot of bonds
1258 outstanding, we can keep tapping those funds for 10
1259 years so it builds up over time. And as we continue to
1260 issue we'll continue to have recyclable volume cap.

1261

1262 Proceeds for the 25B bonds will be used to pay mortgage
1263 certificates and related costs, to purchase mortgage
1264 certificates and related costs, fund DPA loans and pay a
1265 portion of the cost of issuance of the 25B bonds.

1266

1267 The 25C bonds, the taxable bonds will be used to
1268 purchase mortgage certificates and pay related costs and
1269 to pay a portion of the cost of issuance. The 25B bonds
1270 are expected to be offered as traditional RMRB mortgage
1271 revenue bonds, par serial bonds, par and premium term
1272 bonds and a premium PAC. 25C bonds expected to be
1273 offered, that's the taxable, as par serials, par terms,
1274 and a modest premium on the PAC.

1275

1276 Issuing the 25C bonds as taxable allows the Department
1277 to supplement and manage its volume cap balance. And
1278 depending on market conditions, as we discussed,
1279 proceeds of the 25B and 25C bonds may change and
1280 proceeds may be invested in a GIC or until expended,
1281 otherwise proceeds will be invested in overnight
1282 obligations that meet indenture requirements.

1283

1284 Mortgage loans on this will be 30-year fixed-rate loans
1285 guaranteed by FHA, VA or USDA pulled into Ginnie Mae
1286 MBS, mortgage-backed securities. Initially, borrowers
1287 will have the choice of unassisted loans with no down
1288 payment assistance or a DPA amount of either 3 or 4
1289 points. DPA will be offered again as repayable 0
1290 percent interest non-amortizing 30-year second lien,

1291 that is due on sale or refinance of the first loan. DPA
1292 amounts and options will be subject to modification in
1293 response to borrower demand or market conditions.

1294

1295 The issuance of \$187.5 million of the 25B bonds will
1296 provide \$187.5 million in par amount for mortgage loans
1297 to be originated. The issuance of \$67.5 million of the
1298 C bonds will provide \$67.5 million in par amount for
1299 mortgage loans to be originated. Associated down
1300 payment assistance, lender compensation, and servicing
1301 fees for the second loans are expected to total
1302 approximately \$9.5 million. RBC will be the senior,
1303 book-running senior manager, with Jefferies and Morgan
1304 Stanley as co-seniors. Co-managers will be JPMorgan,
1305 Ramirez, Piper Sandler, Wells, and Loop.

1306

1307 Timing, we started taking reservations on this deal in
1308 March. It was around March 20th. April 28th, the POS
1309 should be released. We're expecting to price the bonds,
1310 March, or I'm sorry, May 5th and 6th, doing retail and
1311 institutional order periods. Bond closing expected to
1312 be June 10th. Contribution by the Department projected
1313 to be \$6.3 million, will not exceed \$10 million.

1314

1315 Those funds will be used to fund a portion of the down
1316 payment assistance, closing cost assistance, and costs
1317 related to the acquisition of qualifying mortgage loans
1318 and to pay for all or a portion of the cost of issuance
1319 for the 25B and C bonds. The contribution will be
1320 funded from amounts on deposit in the RMRB indenture. I
1321 have a summary here. Staff will continue to work with
1322 the Department's financing team to ensure economic
1323 viability of the 25B and 25C bonds.

1324

1325 Depending on market conditions or other factors, the
1326 amount of these bonds, the bonds issued may be less than
1327 described herein and it is possible that one bond series
1328 may be viable and the other not, in which case staff
1329 would move forward with the series that makes economic
1330 sense.

1331

1332 A couple notes. This is our first deal with our new
1333 financial advisor, CSG. The process has been absolutely
1334 seamless so far. They've been, they've proven to be a
1335 really great partner. We're very happy to have them on
1336 board.

1337

1338 Our FA fees on this deal are \$49,500 for the issuance
1339 fee and \$25,000 for the structuring fee. Our previous
1340 FA fee and structuring fee would have totaled, for this
1341 deal would have totaled \$375,000.

1342

1343 As discussed previously, the Department has moved to a
1344 continuous program and as I said originally earlier, we
1345 have already issued approximately \$50 million in loan
1346 reservations, not issued the loans, but we have \$50
1347 million in reservations on this deal already. That
1348 concludes my prepared comments and I welcome any
1349 additional questions.

1350

1351 **Leo Vasquez III (0:53:49):**

1352 The DOGE team would be proud of your revision of cost
1353 structures on this and the Board is as well, so I think
1354 you have 90 days reprieve to get all this stuff done in
1355 a state, relatively calm basis. It sounds like your
1356 timeframe will work out really well on the
1357 (indiscernible) 0:54:10.

1358

1359 **Scott Fletcher (0:54:11):**

1360 You know, I think so. I'm optimistic that it will. You
1361 know, we're going to be. We track the market, we watch

1362 it every day, we make adjustments, we adjust our rates
1363 on a daily basis. We are, we're looking at where we can
1364 issue the debt, we're looking at what our spreads are.
1365 We also have the ability to push yield between deals.
1366 We've been working with Bracewell and are very close to
1367 finalizing some work regarding zero participations,
1368 where we can transition and carry some yield forward to
1369 next, to future deals.

1370

1371 And it's all part of utilizing everything that's
1372 available within federal tax law to manage the risk and
1373 maintain the spread. And all of that is about making,
1374 keeping the program viable, financially viable, so that
1375 you can keep these programs available for the borrowers
1376 that need them.

1377

1378 **Leo Vasquez III (0:55:08):**

1379 Yeah. Great. Any other questions? Mr. Harper?

1380

1381 **Holland Harper (0:55:11):**

1382 Mr. Fletcher, it's flowcharted? I mean when you send
1383 this to us and there's 250 pages of bond packages, it's
1384 riveting, and it seems very complicated. Is this
1385 flowcharted? Do you have this flowcharted in your

1386 organization where you say, okay, this is what we're
1387 going to do with this? Obviously, there's lots of
1388 decisions made based on the market rates of what you've
1389 got.

1390

1391 **Scott Fletcher (0:55:33):**

1392 Absolutely, I can certainly do that. It's not as
1393 complicated as it sounds. And I actually was telling my
1394 wife as we were going to dinner last night, I'm like,
1395 you know, I have been using these base reports that were
1396 written however long ago and I just update the numbers,
1397 and I'm like I need to write a better report, like I
1398 need to write better reports for the Board. So going
1399 forward you're going to get more concise and...

1400

1401 **Holland Harper (0:55:59):**

1402 Flowchart, spreadsheet. This is what we're doing, this
1403 is the decision making we're going for.

1404

1405 **Scott Fletcher (0:56:04):**

1406 Show you where the spread is. Show you the math.

1407

1408 **Holland Harper (0:56:07):**

1409 Thank you.

1410

1411 **Leo Vasquez III (0:56:09):**

1412 Would you encourage the condensed historical portion?

1413

1414

1415 **Kenny Marchant (0:56:15):**

1416 Do you have, if the Board, is it within the purview of
1417 the Board to issue a below market rate and for, let's
1418 say, we offered a first-time home buyer rate, not a down
1419 payment assistance, not just a 50. I mean would you say
1420 that most of these loans the homeowners are getting a 50
1421 basis points lower than the market?

1422

1423 So if you're, if you're a mortgage broker and you've got
1424 a reservation on our funds and you've got a reservation
1425 here and there, they're steering them to our money
1426 because it's 50 percent, 50 basis points lower and they
1427 get some assistance money. Is that the attractiveness
1428 of our tranche of money?

1429

1430 **Scott Fletcher (0:57:11):**

1431 Yeah. There are a couple pieces to that. Number one,
1432 we are competing with the entire world, right? So we're
1433 looking at what's otherwise available in the

1434 marketplace. We are competing with ourselves and we're
1435 competing with other state agencies.

1436

1437 **Kenny Marchant (0:57:29):**

1438 What I'm talking about is a targeted mortgage program
1439 that helps the worker in Paris, Texas, that wants to buy
1440 a house but he just can't, but he could if the interest
1441 rate was 2 percent lower or you had a graduated interest
1442 rate that, you know, went from 4, 5, 6 and we built the
1443 points into our cost, and we really targeted this not
1444 to, we weren't competing with other lenders out there.
1445 They're just saying, okay. Let's plug this here and
1446 here. I'm talking about a program that, that really
1447 induces buyers and really helps them buy a house, that,
1448 that's really, how would we absorb that?

1449

1450 **Holland Harper (0:58:21):**

1451 We've kind of talked about this. We're going to meet
1452 May about first home buying. We kind of talk to Cody,
1453 and we talked to, how do we get where the effort for the
1454 bonds are going to what we really want to accomplish as
1455 first home buyer?

1456

1457

1458 **Scott Fletcher (0:58:33):**

1459 So on the bond loan program, where we issue debt and we
1460 fund mortgage loans, those are exclusively first-time
1461 home buyers and veterans. And to the degree, I mean,
1462 what you've laid out is frankly exactly what we do. We
1463 are, by federal law, capped at 1 and 1.125 spread on our
1464 deals. Now you can go, okay, could we work for less?
1465 Absolutely. But we need to maintain the program. We
1466 need to make sure that funds are available. We need to
1467 make sure that we're generating revenue on that
1468 activity. And then those funds are used to also support
1469 the down payment assistance.

1470

1471 We use that revenue that comes in from those deals to
1472 fund down payment assistance. That's why we make those
1473 issuer contributions. So we are effectively doing two
1474 things. We're effectively using tax exempt bonds to
1475 provide a below market mortgage rates when the market
1476 allows that, right? And we're still using

1477

1478 (indiscernible - simultaneous speech) 0:59:34.

1479

1480

1481

1482 **Kenny Marchant (0:59:35):**

1483 So it sounds to me like this will be a question for the
1484 May rules meeting, and if you could be just prepared to
1485 discuss that a little bit more at that maybe...

1486

1487 **Holland Harper (0:59:44):**

1488 To add to what Mr. Marchant says. I'd love to know
1489 who's buying what we've got today and where are they
1490 pushing that? So if I'm buying these bonds up and I'm
1491 pushing it, how do I get those community banks or
1492 whoever is out there to drive what we want to accomplish
1493 in Texas specifically. And where is that, where's that
1494 money going today?

1495

1496 **Scott Fletcher (1:00:06):**

1497 Yeah. And I can certainly put together something that,
1498 a report on that that makes it very concise and very
1499 simple. We have all of that data. It is, it, I, and
1500 I'd feel remiss because that is what we do, and we
1501 should be providing that information to you so that you
1502 can see clearly that what you're laying out is exactly
1503 what we are doing and it's exactly why we're here.
1504 Just, I'll show you how and where.

1505

1506 **Leo Vasquez III (1:00:35):**

1507 Yeah, I'd love to discuss this more and I know just, but
1508 we have, in order to keep going here. The one other
1509 piece that you can answer another time, are we
1510 effectively 100 percent subscribed to with our offerings
1511 of, are we limited on how much of these single, the
1512 first-time home buyers' mortgages we can issue? Or we
1513 add a cap that they've already, we have enough mortgages
1514 that account for 100 percent of what we could
1515 effectively issue. Does that make sense?

1516

1517 **Scott Fletcher (1:01:12):**

1518 I'm not sure I understand the question. I apologize.

1519

1520 **Leo Vasquez III (1:01:14):**

1521 If we can issue a billion dollars in first time
1522 homebuyer mortgages, do we have a billion dollars of
1523 mortgages that or applied to, for?

1524

1525 **Scott Fletcher (1:01:25):**

1526 Yeah. The answer to that is I think the restriction
1527 that we've had is really just timing of coming to market
1528 and trying to manage that flow.

1529

1530 **Leo Vasquez III (1:01:41):**

1531 But now we're doing the continuous?

1532

1533 **Scott Fletcher (1:01:42):**

1534 We asked for \$1.1 billion in authorization. I want to
1535 push to that number. I want to get to that number. A
1536 little bit of that is rate dependent. A little bit of
1537 that is demand dependent. You know, we are consistently
1538 below what's otherwise available in the marketplace and
1539 that can change certainly in a very low-rate
1540 environment.

1541

1542 But we also do our TBA program where we fund the down
1543 payment assistance. That is a significant additional
1544 amount of mortgage loans that we make to buyers that are
1545 qualified but not necessarily first-time buyers. So
1546 I'll put together a report for the Board and try and
1547 answer all of these questions, and then if there's
1548 anything else that is kind of left, we can fill those
1549 gaps.

1550

1551 **Leo Vasquez III (1:02:31):**

1552 Great. Great. Thanks, Scott, for that report, you
1553 just...

1554

1555 **Scott Fletcher (1:02:35):**

1556 Sorry for the long report.

1557

1558 **Leo Vasquez III (1:02:36):**

1559 For the record number 20 that he just now discussed was
1560 presentation and discussion regarding the pending
1561 issuance of Texas Department of Housing and Community
1562 Affairs Residential Mortgage Revenue Bond, Series 2025B
1563 and Series 2025C.

1564

1565 **Scott Fletcher (1:02:51):**

1566 Thank you.

1567

1568 **Leo Vasquez III (1:02:52):**

1569 And then some. Great. Thanks. By the way, everyone,
1570 the last couple items are listed on the agenda have been
1571 pulled so we are fast approaching the end. Item 21:
1572 Presentation, discussion, and possible action regarding
1573 a HOME-ARP Allocation Plan Third Amendment to adjust the
1574 criteria for nonprofit capacity building and operating
1575 cost assistance and align the 2025 nonprofit capacity
1576 building and operating NOFA. Ms. Cantu.

1577

1578 **Naomi Cantu (1:03:24):**

1579 Thank you. Naomi Cantu, HOME-ARP Director. The HOME-
1580 ARP Division is presenting to the Board the, our HOME-
1581 ARP Allocation Plan Third Amendment to Submit to HUD for
1582 Approval. The Third Amendment changes the nonprofit
1583 capacity building operating or what we call "NCO"
1584 eligibility. The proposed change would expand the
1585 geographic areas by raising the percentage from, of
1586 rents from only the top 10 percent to the top 20 percent
1587 of the counties in Texas.

1588

1589 This would lower the rents from about \$1,000 to \$902 in
1590 fair market rent for a one-bedroom apartment. The
1591 result would result in a competition for nonprofits
1592 located in or serving 64 counties instead of 45 counties
1593 without the amendment. The NCO NOFA was originally
1594 released in January 2025 for \$750,000. The NCO funds
1595 were intended to be competitively awarded to nonprofits
1596 that anticipate submitting an application for a HOME-ARP
1597 non-congregate Shelter Project within nine months.

1598

1599 After several requests from nonprofits that were located
1600 in areas not eligible to apply, Staff suspended the NOFA
1601 in March 2025 and is now proposing this amendment. If

1602 the Third Amendment is approved today, the 2025 NCO NOFA
1603 is anticipated to be revised and reinstated in mid-April
1604 2025 with an anticipated acceptance period in May
1605 through June of this year. HUD has 45 days to review
1606 the amendment. Any questions?

1607

1608 **Leo Vasquez III (1:05:05):**

1609 Any questions for Ms. Cantu? I have actually a,
1610 surprising, I have a couple. Can you give us some
1611 examples of what types of operating capacity and what
1612 are we actually going to do with the funds?

1613

1614 **Naomi Cantu (1:05:23):**

1615 So this is for general operating funds and then capacity
1616 building. It's specifically in relation to non-
1617 congregate shelter. So it's supposed to support the
1618 nonprofit as they are working towards creating an
1619 application for non-congregate shelter distinction. It
1620 can't be used to create the application, but it can be
1621 do, use things like research about shelters in general
1622 or look at kinds of developments that work for shelters,
1623 and then also just general operating, which is funding
1624 that is not associated with a particular program. So a
1625 lot of administrative functions.

1626

1627 **Leo Vasquez III (1:06:05):**

1628 So these are some pretty flexible funds.

1629

1630 **Naomi Cantu (1:06:07):**

1631 Yes. Mm-hmm.

1632

1633 **Leo Vasquez III (1:06:08):**

1634 Okay. What kind of dollars are we talking about?

1635

1636 **Naomi Cantu (1:06:11):**

1637 It's \$750,000 but the goal is that they will then apply
1638 for non-congregate shelter funding which we have about
1639 \$14 million anticipated in that pot. So they must be
1640 awarded the way that our allocation plan is written,
1641 they must be awarded the nonprofit capacity building
1642 operating to then apply for the non-congregate shelter
1643 funding.

1644

1645 **Leo Vasquez III (1:06:39):**

1646 Okay. And then final question, which was similar to the
1647 earlier about the federal fund, I mean the, will these
1648 funds, have they been sent to us, to the Department
1649 already? Or is this, how's the timing going to work?

1650 How can we assure the recipients, the ultimate
1651 recipients, that they'll get the funds that we award?

1652

1653 **Naomi Cantu (1:07:05):**

1654 So we have considered that. As TDHCA staff said
1655 earlier, we have in our contracts that it is pending
1656 federal funding. We do have a grant agreement from HUD,
1657 right? From 2021 for the funding. Like you said,
1658 contracts can be canceled. And so we have not heard
1659 from HUD, just like weatherization has not heard from
1660 DOE. And we're going forward as best we can, and we're
1661 hoping to lock down these funds to be able to spend them
1662 as quickly as possible.

1663

1664 **Leo Vasquez III (1:07:43):**

1665 Okay. Great. Any other questions. Ms. Farias?

1666

1667 **Anna Maria Farias (1:07:47):**

1668 Capacity building. Out of this \$750,000, how much of it
1669 is going for administrative costs?

1670

1671 **Naomi Cantu (1:07:58):**

1672 So they would need to spend money both in operating and
1673 capacity building the way that our NOFA is written so

1674 that we can be the most flexible with the kinds of
1675 funding and the award mechanisms. Usually, we don't
1676 have a direct allocation. Like, we're not saying 50
1677 percent and 50 percent, but we do need some of the money
1678 spent in both categories. Does that help?

1679

1680 **Anna Maria Farias (1:08:33):**

1681 It hasn't helped DOGE but give it a try. That's very
1682 easy.

1683

1684 **Leo Vasquez III (1:08:41):**

1685 Again, any other questions on Item 21 of the agenda? If
1686 not, I'll entertain a motion on Item 21 of the agenda.

1687

1688 **Holland Harper (1:08:50):**

1689 I move the Board approve the HOME-ARP Plan Third
1690 Amendment adjusted 2025 NCO NOFA, all as authorized,
1691 conditioned, and described in the Board action request,
1692 resolution, and associated documents to this item.

1693

1694 **Cindy Conroy (1:09:02):**

1695 I'll second.

1696

1697

1698 **Leo Vasquez III (1:09:09):**

1699 Motion made by Mr. Harper. Seconded by Mr., Ms. Conroy.

1700 All those in favor say aye.

1701

1702 **All (1:09:07):**

1703 Aye.

1704

1705 **Leo Vasquez III (1:09:08):**

1706 Any opposed? Hearing none, motion carries.

1707

1708 **Naomi Cantu (1:09:12):**

1709 Thank you.

1710

1711 **Leo Vasquez III (1:09:13):**

1712 Thank you, Naomi. Moving right along.

1713

1714 Item 22: Presentation, discussion, and possible action

1715 regarding a waiver of 10 TAC Section 23.50 (f) (1)

1716 relating to the cumulative limitation on Tenant-Based

1717 Rental Assistance. Ms. Versyp.

1718

1719 **Abigail Versyp (1:09:30):**

1720 Good morning, Chairman Vasquez, members of the Board.

1721 I'm Abigail Versyp, Director of Single Family and

1722 Homeless Programs. And I'm here to present the next two
1723 items which are related. The item in front of you right
1724 now is a waiver that conforms to the next item, which is
1725 a proposed amendment to the HOME Tenant-Based Rental
1726 Assistance Program rule. The TBRA program provides a
1727 subsidy to eligible low-income households on a monthly
1728 basis for a portion of their rent.

1729

1730 The amount of the subsidy is different for each
1731 household and it's based on the Section 8 Housing Choice
1732 Voucher calculation. The objective is to limit the
1733 family's rent burden to 30 percent of their household
1734 income, but their rent may be more or less than that,
1735 depending on the unit they choose to rent, what the fair
1736 market rent is in their area, and their household
1737 income. Sometimes their portion of the rent was going
1738 to exceed 30 percent of their income based on those
1739 factors, but 30 percent is the rule of thumb we use.
1740 That's why we're shooting for.

1741

1742 Unlike the Section 8 Housing Choice Voucher program, the
1743 TDHCA TBRA program requires families that are being
1744 assisted to participate in a self-sufficiency plan.
1745 While the goal of the plan is self-sufficiency, it is

1746 dependent on the family circumstances, and it should
1747 always identify and take steps towards securing
1748 permanent housing that's going to be affordable to the
1749 family.

1750

1751 For many families, this means that the family is going
1752 to work with a training, or an educational program
1753 intended to help them earn more money over the course of
1754 that term of assistance, which is up to five years. For
1755 other families where increasing income isn't really
1756 feasible, their time spent on TBRA might look more like
1757 budgeting and securing a long-term source of affordable
1758 housing like Section 8.

1759

1760 We are, we currently require that any household assisted
1761 for more than three years show that they're on a waiting
1762 list for a Section 8 Housing Choice Voucher or a similar
1763 program that's going to provide permanent assistance to
1764 make rent affordable for that family. We are finding
1765 that even with the allowance of 60 months of TBRA under
1766 certain conditions, some families, especially those on
1767 fixed incomes due to disability, are still waiting for a
1768 voucher when their TBRA term expires, and they're, that

1769 makes them unable to secure that permanent affordable
1770 housing solution that they need.

1771

1772 The waiver as presented would waive the term limitation
1773 for assistance under the TBRA program for certain
1774 households with disability where the following condition
1775 conditions are met: All adult household members are
1776 persons with disabilities; the total household income
1777 doesn't exceed the substantial gainful activity level
1778 set by the Social Security Administration, and where all
1779 income or where more than 50 percent of the income
1780 coming from the household is due to a disability benefit
1781 that's a fixed benefit.

1782

1783 We also are reserving this for households where their
1784 total household income is less than 50 percent of AMFI,
1785 which makes them meet a stricter definition than the
1786 federal HOME program requires, 50 percent is what's
1787 considered very low income and we also want to make sure
1788 that those circumstances aren't expected to change
1789 during the term of assistance. This extension would
1790 provide a much-needed lifeline for those that are on a
1791 fixed income due to disability but who continue to meet
1792 the eligibility requirements for TBRA.

1793

1794 It is written narrowly so that the funding is still
1795 preserved for those that are truly unable to afford
1796 unassisted housing. The waiver, as presented, would not
1797 violate any federal regulation for the HOME program
1798 which doesn't put an overall term cap on the use of
1799 Tenant-Based Rental Assistance. So thank you and I'm
1800 here for any questions that you might have.

1801

1802 **Leo Vasquez III (1:13:28):**

1803 Okay. Just to clarify this item and the next one, so
1804 one of these is that we are waiving the rule.

1805

1806 **Abigail Versyp (1:13:39):**

1807 Correct. This...

1808

1809 **Leo Vasquez III (1:13:42):**

1810 The next one, we are publishing a change in the rule so
1811 we don't have to keep waiving it.

1812

1813 **Abigail Versyp (1:13:45):**

1814 That's correct. So the waiver would take effect
1815 immediately if the Board approves the waiver. That way
1816 we can go ahead and reach out to our administrators and

1817 let them know that this is available for the tenants
1818 they have right now, that are soon to be made to exit
1819 the program because they met their term limit. So the
1820 waiver holds for either six months or until the rule is
1821 adopted, whichever comes earlier. So if the waiver is
1822 passed, it would apply for six months. If the rule is
1823 not passed, the waiver still expires in six months.

1824

1825 **Leo Vasquez III (1:14:21):**

1826 Great. Okay. That's, and then just to also further
1827 clarify, so this 60-month period, it doesn't make any
1828 sense to kick people out of the program after 60 months
1829 if they still have these, all these issues and meet
1830 these criteria.

1831

1832 **Abigail Versyp (1:14:35):**

1833 Yeah. The Tenant-Based Rental Assistance is meant to be
1834 a temporary program and what HUD does to ensure that is
1835 they only allow us to sign a contract for 24 months at a
1836 time with any family. So each time a family signs, each
1837 time a family is assisted for 24 months, we have to
1838 restart the whole process with HUD. It's not a
1839 continuation like Section 8. So it's a new contract.
1840 It's a new assistance term every 24 months.

1841

1842 We can renew it if funding remains available but there's
1843 been a term limitation on TDHCA's HOME program
1844 historically because the participation in its self-
1845 sufficiency plan is intended to get people off of
1846 assisted housing or into a more permanent solution for
1847 them within a short period of time. This should be a
1848 stopgap. Or that's how it's interpreted right now.

1849 That's subject to change.

1850

1851 **Leo Vasquez III (1:15:33):**

1852 And this is focused on people with disabilities.

1853

1854 **Abigail Versyp (1:15:36):**

1855 This, right. So this would extend for folks that are,
1856 that have disabilities, that are on a fixed income, that
1857 there's not really a foreseeable path to increasing
1858 household income through earned income, yes.

1859

1860 **Leo Vasquez III (1:15:49):**

1861 Okay. Exactly. So it's focused on that really specific
1862 need that...

1863

1864

1865 **Abigail Versyp (1:15:53):**

1866 It's a really specific population. Yes.

1867

1868 **Leo Vasquez III (1:15:55):**

1869 Okay. Great. Any other board members have questions?

1870

1871 **Holland Harper (1:15:58):**

1872 Do you think it's what, I mean, you just stated kind of
1873 a statement that you'd like to, that they're supposed to
1874 be getting off this, but you don't think that's really
1875 happening because where these people are in their
1876 situation, correct?

1877

1878 **Abigail Versyp (1:16:08):**

1879 I think that for these households, their self-
1880 sufficiency plan looks very different than a household
1881 that is able to participate in a training program.

1882 Right. So yes, for these households, we do expect that
1883 they may need assistance with their housing for the rest
1884 of their life. Yes.

1885

1886 **Holland Harper (1:16:26):**

1887 Fair enough. And while we're talking, you know, as
1888 we're, and this question is to Bobby and the rest of

1889 staff, what is the most successful homelessness program
1890 out there? What is working? So in research and in
1891 books and in the theory and the \$100 million that Texas
1892 spend, plus all the rest of everything we do, what is
1893 working? What is really working? And how can this,
1894 what research should this board be doing? And I'm not,
1895 I'm only just, I'm not, I'm asking this for help.

1896

1897 **Abigail Versyp (1:16:57):**

1898 Oh, I'm just thinking, yeah.

1899

1900 **Holland Harper (1:17:00):**

1901 What should we be doing as a board to help Texas fix
1902 this problem? What do you recommend we read and study
1903 so we can make a change?

1904

1905 **Abigail Versyp (1:17:11):**

1906 As far as homelessness goes, Tenant-Based Rental
1907 Assistance isn't specifically geared toward homelessness
1908 --

1909

1910 **Holland Harper (1:17:16):**

1911 No, it isn't.

1912

1913 **Abigail Versyp (1:17:17):**

1914 -- but it can be used for that. And we see that a lot.

1915

1916 **Holland Harper (1:17:19):**

1917 And Ms. Cantu's report, the one before, which I did not
1918 ask, it goes for all these things --

1919

1920 **Abigail Versyp (1:17:22):**

1921 Right.

1922

1923 **Holland Harper (1:17:24):**

1924 -- but it doesn't give me a warm and fuzzy that we're
1925 making huge leaps and changes in this market.

1926

1927 **Abigail Versyp (1:17:29):**

1928 It's an extremely, I mean, it's a very complex and
1929 difficult problem, right? So when you look at
1930 homelessness, you're looking at oftentimes, the end
1931 result of the failure of other systems. So you're
1932 looking at failure of educational system, failure of the
1933 justice system, failure of the healthcare system. And
1934 so when you get to homelessness, you're basically, like
1935 in hospice for crisis, right? And so you can get out of
1936 that, but it's a challenge.

1937

1938 **Holland Harper (1:17:57):**

1939 So my question...

1940

1941 **Abigail Versyp (1:17:58):**

1942 And there are many trains of thought, do you make
1943 people... Do you make people participate in services
1944 before you put them into housing, or do you put them in
1945 housing and allow them that stability in order to help
1946 them succeed in their other programs, right? There.

1947

1948 **Holland Harper (1:18:13):**

1949 So without...

1950

1951 **Abigail Versyp (1:18:14):**

1952 It all, they all need support during housing.

1953

1954 **Holland Harper (1:18:24):**

1955 So without taking, to my question, and you don't have to
1956 answer this now, but you guys have my number, I'm pretty
1957 easy to get a hold of, what book, what theory, what
1958 studies, what research out there is moving the needles
1959 to positive? And what should me personally and this
1960 board be reading so we can change the model and go move,

1961 do something better? And that's my question, that's my
1962 challenge to the staff is, listen, I like to read, and I
1963 like to make the world a better place, so.

1964

1965 **Abigail Versyp (1:18:47):**

1966 I absolutely do. I mean, I have recommendations about
1967 literature that you can read that will help. I don't
1968 have a, there are some studies. There were some studies
1969 in King County, especially during the pandemic, about
1970 what they found to be effective for actually moving
1971 people from chronic street homelessness into a permanent
1972 solution that was working. I don't recall the name of
1973 the, names of these studies off the top of my head, but
1974 there is some literature that I'm happy to send.

1975

1976 **Holland Harper (1:19:17):**

1977 Thank you.

1978

1979 **Leo Vasquez III (1:19:18):**

1980 Ms. Farias?

1981

1982 **Anna Maria Farias (1:19:18):**

1983 Mr. Chairman. When you talk about the people that are
1984 disabled, of course, obviously they're not going to go

1985 and get a job somewhere else very quickly. I remember
1986 when I was the Assistant Secretary of Fair Housing being
1987 in San Francisco, the last trip I took, which of course
1988 had completely changed from what we used to know it.
1989 And when you talk about disabled and homelessness, what
1990 I saw two blocks from Union Square, which at one time
1991 was one of the best and one of the most elite, was a lot
1992 of homeless but these were homeless veterans.

1993

1994 **Abigail Versyp (1:20:00):**

1995 Right.

1996

1997 **Anna Maria Farias (1:20:01):**

1998 And when it goes to the issue of what has worked? One
1999 of the things that we knew from the stories told to us
2000 by family members of the homeless veterans was it was
2001 not because of education, it was not because of health,
2002 lack of health. They have a home to go to, but they're
2003 so broken, morally. And so whatever they saw in the war
2004 that none of us can ever imagine, and they said they
2005 have a home, too, but they can no longer live under
2006 these rules. And I have to decide on my children or my
2007 elder parents, and my brother or sister that might harm
2008 them. And I know that for Texas, we have some of the

2009 best programs as far as helping the veterans. And I
2010 know that from a lot of veteran friends of ours. So as
2011 we just sit around saying what works so that we can put
2012 all the money there.

2013

2014 **Abigail Versyp (1:21:04):**

2015 Right.

2016

2017 **Anna Maria Farias (1:21:05):**

2018 And the sad part about it was, you know, everything is
2019 local and those are some of the most heart-wrenching
2020 issues that we had to deal with. And it was always this
2021 question, tell me what works? And the answer was,
2022 sometimes it's haphazardly and it's not because the feds
2023 are not trying or the state is not trying, but the
2024 homeless issue is just the most complicated one.

2025

2026 **Abigail Versyp (1:21:37):**

2027 I agree. And there, there's not a silver bullet, right?
2028 Or we, there's not a silver bullet in each family. Each
2029 person needs something different. There are some themes
2030 that are overarching that are true, that make it
2031 sustainable. Services are the thing that makes it

2032 sustainable. But it is a complex issue, and it is
2033 different for everybody.

2034

2035 **Bobby Wilkinson (1:22:03):**

2036 So that would, our dollar amounts for actual like
2037 unsheltered chronic homelessness are pretty small
2038 percentage of our budget. All the action happens local
2039 government or the continuum of care nonprofits that get
2040 money directly from HUD. So our ability to influence
2041 policy is actually pretty limited. That could change
2042 over time. Senator Tan Parker had some roundtables
2043 since last fall. I thought that was a signaling that
2044 maybe there was going to be some state money passed
2045 through to us on, you know, shelter construction, et
2046 cetera. And as far as what methods work best, it's a
2047 lot of fighting about that.

2048

2049 We'll get some stuff together and send it to you. I
2050 think also if you have some extra time, we could tour
2051 Haven For Hope in San Antonio. That's one model that's,
2052 like, centralized. It's got low barrier and then more
2053 services-oriented portion. Mobile Loaves and Fishes,
2054 Community First, locally in Austin is another one, good
2055 one.

2056

2057 His is pretty niche though. It's like a retirement home
2058 for long-time chronically homeless so like people who've
2059 been on the street for years and years and years, and
2060 they get in with him and then that's where they die, you
2061 know, within community or whatever. So two totally
2062 different models, both work in a way. I don't know that
2063 that really answers your question on what we do to solve
2064 homelessness, you know, across the board.

2065

2066 **Leo Vasquez III (1:23:30):**

2067 In the City of Houston region, Coalition For The
2068 Homeless and such has some fairly effective programs
2069 that statistically have been some of the best.

2070

2071 **Bobby Wilkinson (1:23:41):**

2072 And it was not centralized. They had a scattered site,
2073 where they were getting people units in all kinds of
2074 places just working it, right?

2075

2076 **Abigail Versyp (1:23:49):**

2077 That's right. And they had, they also had a really
2078 systemic approach to clearing out encampments. So a
2079 Houston area Coalition For The Homeless is a model for

2080 many communities in the nation for what they've been
2081 able to do.

2082

2083 **Bobby Wilkinson (1:24:00):**

2084 Whereas maybe Austin is a little slower to clear out
2085 encampments possibly.

2086

2087 **Leo Vasquez III (1:24:05):**

2088 They were.

2089

2090 **Abigail Versyp (1:24:06):**

2091 Anecdotally, yes.

2092

2093 **Leo Vasquez III (1:24:07):**

2094 Yeah.

2095

2096 **Abigail Versyp (1:24:08):**

2097 That seems to be correct.

2098

2099 **Leo Vasquez III (1:24:09):**

2100 Okay. Mr. Campbell, do you have (indiscernible -
2101 simultaneous speech) 1:24:10.

2102

2103

2104 **Cody Campbell (1:24:11):**

2105 If I may, Cody Campbell, Director of Multifamily, as has
2106 Been mentioned, the city of Houston has been nationally
2107 one of the most effective municipalities in terms of
2108 addressing homelessness. One of the organizations in
2109 the city that has housed a significant number of those
2110 people is New Hope Housing.

2111

2112 And the Executive Director happens to be Joy Horak-
2113 Brown, who by sheer coincidence is with us today. And
2114 so either today or in future discussions, I do believe
2115 that bringing folks like Joy into this conversation
2116 about what has worked and what have they done to most
2117 effectively get people out of homelessness, folks like
2118 that would be a great person to speak with. And again,
2119 she's here today. Joy, if you have anything to add to
2120 this conversation. Thank you.

2121

2122 **Joy Horak-Brown (1:24:59):**

2123 Well, good morning, Chairman Vasquez, and members of the
2124 Board. What a wonderful pop-up opportunity this is for
2125 me. And let me say, first of all, you have done a great
2126 deal already at this department. New Hope Housing is
2127 the leading provider of supportive housing in the state

2128 of Texas. We have 1,001, to be precise, studio
2129 efficiency apartment homes for formerly homeless
2130 individuals, 70 percent of those apartment homes are for
2131 the formerly chronically homeless. And every single one
2132 of those studio efficiency apartment homes was funded by
2133 this department. So thank you.

2134

2135 And in addition to that, we have 181, two- and three-
2136 bedroom apartment homes for formerly homeless families.
2137 Again, thank you. You are doing this work and doing it
2138 in an important way. And in all of our other
2139 developments, including one we're working to put
2140 together now in Wheatley, it's called, we have set
2141 asides for varying populations. Wheatley will have a
2142 set aside for women fleeing domestic violence.

2143

2144 Our other properties have set asides that varying social
2145 service agencies work to bring people into our
2146 buildings, not the chronic or street homeless
2147 necessarily in that regard, but those who are right on
2148 the edge, because the real answer to this is to keep
2149 people off the street in the first place.

2150

2151 And these apartment homes that you fund at this
2152 department, particularly at 50 percent AMI and below,
2153 and most definitely at 30 percent AMI and below, that is
2154 exactly what those apartment homes are doing. And this
2155 is off the top of my head because this is quite an
2156 unexpected opportunity but one of the things you could
2157 look at would be incenting developers to set units aside
2158 for specific populations, a certain percentage of units.
2159 And that can get really complicated because you put a
2160 box and you give it a point, and everyone checks it and
2161 maybe it works and maybe it doesn't.

2162

2163 And how long do you hold units vacant because they have
2164 to be rented, right? Under the tax credit program, and
2165 to keep something feasible. But you could begin to
2166 think about and to look at some ideas like that, that
2167 would help you help the homeless and help people from
2168 being on the street in the first place. I've been doing
2169 this work since 1996. I do it locally, I do it
2170 statewide, and I work nationally on this.

2171

2172 I'm now a co-chair of a group called Homeless to Housed
2173 out of the Urban Land Institute, which is the premier
2174 global institute that concerns itself with land use.

2175 ULI is taking a hard look at this, so please consider me
2176 a resource and let me know what I can do to be helpful
2177 to you. Thank you. Thank you very much.

2178

2179

2180 **Leo Vasquez III (1:28:17):**

2181 Thank you, Joy. Good to see you.

2182

2183 **Anna Maria Farias (1:28:18):**

2184 Bobby? Can I ask Bobby a question? When you talked
2185 about the program in San Antonio, we know all about
2186 that. And part of the reason why it has been very
2187 successful is because he always said, you can come,
2188 we'll help you in our program, but you must be in a
2189 program if you're an alcoholic or a drug addict, you
2190 must try and help yourself. You can't just say, I need
2191 a home. And he's been very successful. And at one
2192 time, there was this huge controversy between that and
2193 the program, and Housing First.

2194

2195 And I know that because when I worked with Secretary
2196 Carson, the very first thing he would ask was, what kind
2197 of medical program is there, these people going to? And
2198 the other side would say, no, it's Housing First. And

2199 he said, okay. You're missing the point. I'm the one
2200 that makes the decision which way the money's going to
2201 go, you know?

2202

2203

2204 **Joy Horak-Brown (1:29:22):**

2205 Well, I would say, you know, I have my favorites in
2206 terms of the programs and my favorite is Housing First.
2207 And I've been doing this a long time and I've done a lot
2208 of different programs, but everything is necessary.
2209 There isn't just one solution. People are complex,
2210 every single one of us. I am, all of you, I'm looking
2211 at and we are fully functional. And as people are less
2212 and less functional, frankly, they become more complex.
2213 So many different solutions. I don't say that any one
2214 of them is right or wrong. I say they're all needed.
2215 Permanent housing is the solution.

2216

2217 You're not homeless when you run out of money so much as
2218 you're homeless when you run out of friends. And so you
2219 need that housing, and you need those services. And we
2220 must continue to work on this problem, to look at all
2221 the solutions that are available and to be certain that
2222 we fund them. Because as you pointed out, and I met

2223 with Secretary Carson on several occasions, it's always
2224 all about the money.

2225

2226 And we could have plenty of the type of housing that we
2227 have that serve the formerly unhoused and those at
2228 severe risk if there were simply more money available.
2229 I know how to do this. Other know, others know how to
2230 do this. We just continue to need your help and your
2231 engagement and your concern. And I thank you for that.
2232 Thank you.

2233

2234 **Leo Vasquez III (1:30:59):**

2235 Thank you, Joy. Okay. Just since I know we're at the
2236 end of the, near the end of the agenda, allowed more
2237 flexibility in the discussion here today. But someone
2238 help me. Are we still on 22 or 23?

2239

2240 **Beau Eccles (1:31:17):**

2241 23.

2242

2243 **Abigail Versyp (1:31:17):**

2244 22.

2245

2246

2247 **Leo Vasquez III (1:31:19):**

2248 Okay. 20, because they're very similar. Okay. So 22
2249 of the agenda as presented by Ms. Versyp. I will
2250 entertain a motion for Item 22 of the agenda.

2251

2252

2253 **Holland Harper (1:31:30):**

2254 I move the Board grant the proposed waiver of 10 TAC
2255 Section 23.5 F-1, all as authorized, conditioned, and
2256 described in the Board action request and resolution of
2257 this item.

2258

2259 **Leo Vasquez III (1:31:44):**

2260 Is there a second, Ms. Conroy?

2261

2262 **Anna Maria Farias (1:31:46):**

2263 I'll second.

2264

2265 **Leo Vasquez III (1:31:47):**

2266 Okay. Motion made by Mr. Harper, seconded by Ms.
2267 Conroy. All those in favor say aye.

2268

2269 **All (1:31:50):**

2270 Aye.

2271

2272 **Leo Vasquez III (1:31:51):**

2273 Any opposed? Hearing none. Motion carries. Now,
2274 presentation, discussion and possible action on an order
2275 proposing amendments to the 10 TAC Chapter 23, Section
2276 23.50, Tenant-Based Rental Assistance general
2277 requirements, and directing their publication for public
2278 comment in the Texas Register. So Ms. Versyp, this is
2279 the fix to the rule, not just the waiver of the rule.

2280

2281 **Abigail Versyp (1:32:15):**

2282 That's correct. So thank you, Chairman. This is the
2283 rule amendment that allows the waiver we just discussed
2284 before delving into some other really important issues,
2285 to be proposed for public comment and published in the
2286 *Texas Register*. It would allow the continuation of TBRA
2287 to these, the same population that was just approved
2288 under the waiver.

2289

2290 I do have one minor correction for the Board item
2291 itself. The item states that the comment period will
2292 end on May 25, 2026, but it should read May 25, 2025. I
2293 apologize for this error. The dates in the preamble for
2294 the publication for the Texas Register included in your

2295 packet have the correct date. It was just listed
2296 incorrectly on the bar itself. So please let me know if
2297 you have additional questions on this item.

2298

2299 **Leo Vasquez III (1:33:02):**

2300 Any questions for Ms. Versyp on Item 23? If not, I'll
2301 entertain a motion for Item 23.

2302

2303 **Holland Harper (1:33:12):**

2304 I move the Board approve the proposed amendments to 10
2305 TAC Section 23.5 of the TDHCA's rules regarding Tenant-
2306 Based Rental Assistance general requirements for
2307 publication in the Texas Register for public comment,
2308 all as described, conditioned, and authorized in the
2309 Board action request, resolution, and associated
2310 documents on this item.

2311

2312 **Anna Maria Farias (1:33:30):**

2313 Second.

2314

2315 **Leo Vasquez III (1:33:31):**

2316 Motion made by Mr. Harper, seconded by Ms. Farias. Is
2317 there, all in favor?

2318

2319 **All (1:33:35):**

2320 Aye.

2321

2322 **Leo Vasquez III (1:33:37):**

2323 Any opposed? Hearing none. Motion carries.

2324

2325 **Abigail Versyp (1:33:39):**

2326 Thank you, Abigail.

2327

2328 **Leo Vasquez III (1:33:42):**

2329 Item 24: Presentation, discussion, and possible action
2330 on an order adopting the amended 110 TAC Chapter 10
2331 Subchapter E, Post Award and Asset Management
2332 requirements, and directing its publication for adoption
2333 in the Texas Register. Mr. Banuelos.

2334

2335 **Rosalio Banuelos (1:33:57):**

2336 Good morning. Rosalio Banuelos, Director of Asset
2337 Management. The Board approved the publication for
2338 public comment of the proposed amendments to 10 TAC
2339 Subchapter E concerning post award and asset management
2340 requirements at the meeting on December 12, 2024. The
2341 proposed amendments were published in the December 27,
2342 2024, issue of the *Texas Register* and made available for

2343 public comment from December 27, 2024, through January
2344 27, 2025. Public comment was received, and Staff has
2345 provided a recent response to these comments in the
2346 preamble included in the Board packet for this item.

2347

2348 The comments received were regarding the proposed change
2349 to Section 10.406 related to ownership transfers that
2350 would result in a property tax exemption. The
2351 commenters expressed concern regarding the requirement
2352 for documentation of continued support from a
2353 municipality or the county for changes to the ownership
2354 structure that result in property tax exemptions.

2355

2356 In response to the public comments, the proposed
2357 amendment to 10 TAC Section 10.406 was revised to
2358 identify that the requirement for documentation of
2359 continuing support from the municipality or the county
2360 only applies to competitive housing tax credit
2361 developments for the addition of a public facility
2362 corporation, a housing finance corporation, or a public
2363 housing authority that will result in a property tax
2364 exemption prior to the issuance of IRS Forms 8609.

2365

2366 Additional language was added to identify that a letter
2367 of support from a city manager is also acceptable.
2368 These changes are in line with what has been requested
2369 informally for these types of requests recently. Other
2370 than that, no other changes were made to the rules. The
2371 Board packet for this item also includes a blackline
2372 version of the amended 10 TAC Subchapter E that reflects
2373 changes proposed by the Department after consideration
2374 of the public comment.

2375

2376 Staff recommends approval for the publication for
2377 adoption of the amended rules in the Texas Register, and
2378 I am available for questions.

2379

2380 **Leo Vasquez III (1:35:50):**

2381 Thank you, Rosalio. Are there any questions on this
2382 item? The, just to clarify, I mean, there, there's been
2383 lots of discussion between Staff and industry and such,
2384 too.

2385

2386 **Rosalio Banuelos (1:36:03):**

2387 Correct. Yes. There have been multiple discussions
2388 about this. The public comment had asked for either a
2389 roundtable, but I believe that there were subsequent

2390 meetings about this, and we ended up going with what we
2391 had been doing informally.

2392

2393 **Leo Vasquez III (1:36:20):**

2394 Yeah, I know. There's been lots of good discussion and
2395 communication on it and there's also legislation pending
2396 that could help clarify more around HFCS.

2397

2398 **Rosalio Banuelos (1:36:31):**

2399 That is correct. That is my understanding.

2400

2401 **Leo Vasquez III (1:36:33):**

2402 Okay. Mr. Marchant?

2403

2404 **Kenny Marchant (1:36:36):**

2405 In this wording, you're saying that if the property tax
2406 exemption requires a resolution of support from the
2407 municipality or a letter of support from the mayor or
2408 city manager, to me, I mean, if you have a, if you
2409 require a resolution of support from the municipality,
2410 period, then you have accomplished all the other and you
2411 make sure it's done in a public hearing. And there is
2412 no walk-around.

2413

2414 I mean, the mayor could be for it, or the city manager
2415 could be for it, and then the city council never know
2416 about it because they could circumvent the resolution
2417 being presented to the city... I am most comfortable
2418 with just putting a period behind that. Is anybody
2419 following me on that?

2420

2421 **Holland Harper (1:37:48):**

2422 I concur with that because the city manager is an
2423 executive, nothing against the executives, but the, when
2424 it goes, the council has to go through board before
2425 the...

2426

2427 **Kenny Marchant (1:37:58):**

2428 All of those people. In a formal action.

2429

2430 **Leo Vasquez III (1:38:02):**

2431 Well, correct me if I'm wrong, but I think the intent
2432 was that some, and when there is a city manager,
2433 typically that city manager is the one that signs the
2434 resolution or the letter on behalf of city council. I
2435 mean, that...

2436

2437

2438 **Kenny Marchant (1:38:16):**

2439 Having been a previous...

2440

2441 **Leo Vasquez III (1:38:18):**

2442 As a CEO, rather than having the chairman of the board

2443 sign, it's the executive director or the city manager

2444 that would sign.

2445

2446 **Rosalio Banuelos (1:38:27):**

2447 And in addition to that.

2448

2449 **Kenny Marchant (1:38:28):**

2450 In lieu of resolution presented to the city council. So

2451 in other words, you could, you don't have to have a

2452 resolution of city council or municipality, you can just

2453 go get a letter from the mayor or a letter from the city

2454 manager.

2455

2456 **Rosalio Banuelos (1:38:50):**

2457 Part of the reason why this came up is because there was

2458 concern about the municipalities being informed of these

2459 changes. A lot of times, they were just coming to us

2460 for approval and those at the local level did not

2461 realize it until the property came off the tax roll.

2462

2463 **Kenny Marchant (1:39:08):**

2464 That's why I would, unless I'm misreading this, I would
2465 just put a period behind a resolution of support for the
2466 municipality, period, not give them two other ways to do
2467 it. The mayor may or, mayor may or may not inform the
2468 council and the city manager may or may not. But the
2469 county, if you have a resolution with the city council,
2470 all of them will know it and the public will know it.

2471

2472 It'll be published publicly, and if there's inputs from
2473 the public about this. The complaint that I think any
2474 of us have got is that, you know, they don't realize
2475 this is happening to them. And I think they should,
2476 whether it be a city or a county.

2477

2478 **Bobby Wilkinson (1:40:02):**

2479 But do you think that's a change that could be made at
2480 this point in the process or do, would we need to
2481 publish again?

2482

2483 **Kenny Marchant (1:40:09):**

2484 Okay. I'm sorry, I think, can we make it at this point?

2485

2486

2487 **Bobby Wilkinson (1:40:14):**

2488 I mean, you can make it. I don't know if we can make it
2489 right now or if we need to publish again for formal
2490 comment. It's just a matter of time. Like, how much
2491 time will it take?

2492

2493 **Kenny Marchant (1:40:23):**

2494 Yeah. Well I'd defer to your, Mr. Chairman, I mean,
2495 that's, that's what I like...

2496

2497 **Leo Vasquez III (1:40:29):**

2498 I can, I hear your concern. I guess I just hadn't
2499 contemplated the, a city manager trying to slip
2500 something by his bosses...

2501

2502 **Kenny Marchant (1:40:38):**

2503 Well, I don't conceive that in a city like Dallas or
2504 Houston, but it, I can see, well, I have never been a
2505 city manager, but I've been all the rest, and I've seen
2506 city managers take it upon themselves to run cities
2507 without the consent and direction.

2508

2509

2510

2511 **Beau Eccles (1:41:04):**

2512 Rosario, just looking at what, the version that's
2513 included in the rule.

2514

2515 **Kenny Marchant (1:41:09):**

2516 Yeah. Is that the red...

2517

2518 **Beau Eccles (1:41:11):**

2519 I can see it's stricken from one section. That's how it
2520 was published as a rule.

2521

2522 **Rosalio Banuelos (1:41:16):**

2523 For public comment.

2524

2525 **Beau Eccles (1:41:18):**

2526 And that published rule included a resolution of support
2527 or letter of support from the county judge, and it also,
2528 that was for ETJs, but in the municipality it was...

2529

2530 **Rosalio Banuelos (1:41:32):**

2531 The mayor.

2532

2533

2534 **Beau Eccles (1:41:35):**

2535 A resolution or letter of support from the mayor.

2536

2537 **Kenny Marchant (1:41:38):**

2538 Or a city manager.

2539

2540 **Rosalio Banuelos (1:41:39):**

2541 City manager was added after the fact.

2542

2543 **Beau Eccles (1:41:41):**

2544 City manager was added after the fact. But it was never

2545 published as only accepting a letter of support or a

2546 resolution.

2547

2548 **Rosalio Banuelos (1:41:49):**

2549 Correct.

2550

2551 **Kenny Marchant (1:41:50):**

2552 Okay. You understand my concern. How would you fix it?

2553

2554 **Beau Eccles (1:41:55):**

2555 That was to determine the scope. If it is creating a

2556 new obligation that has not been published, I think it

2557 would need to be published again but that's certainly

2558 within to just say publish it for comment and then bring
2559 it back, as you are suggesting.

2560

2561 **Kenny Marchant (1:42:10):**

2562 That would be my request.

2563

2564 **Rosalio Banuelos (1:42:14):**

2565 And to clarify as it relates to the county, I guess the
2566 same thing, eliminate the county judge from that.

2567

2568 **Kenny Marchant (1:42:22):**

2569 Well, in my opinion, you should get a letter from the
2570 commissioners' court.

2571

2572 **Rosalio Banuelos (1:42:28):**

2573 And that's the question is, are we looking for that?

2574

2575 **Kenny Marchant (1:42:30):**

2576 And that would be advertised, and you have a formal vote
2577 and...

2578

2579

2580

2581

2582 **Leo Vasquez III (1:42:33):**

2583 So just the resolution from the commissioners' court,
2584 period and not do, "or letter of support from the county
2585 judge."

2586

2587 **Kenny Marchant (1:42:40):**

2588 And that'd be my position.

2589

2590 **Leo Vasquez III (1:42:42):**

2591 And then earlier the, from resolution support from the
2592 municipality...

2593

2594 **Kenny Marchant (1:42:46):**

2595 If there's disregard, then I'd, I'll defer but...

2596

2597 **Holland Harper (1:42:49):**

2598 I concur with that.

2599

2600 **Leo Vasquez III (1:42:51):**

2601 Period, comma.

2602

2603 **Kenny Marchant (1:43:01):**

2604 If we're going to republish. I mean I, it's just been
2605 my experience that the most open way to do it is post it

2606 publicly, have a presentation, have a vote. All minds
2607 are clear. And we, it gives us the back, I mean we're
2608 granting these and they're, this stuff's coming off the
2609 tax roll. They just need to be aware it's happening.

2610

2611 **Rosalio Banuelos (1:43:27):**

2612 And I guess to clarify, this would still only apply to 9
2613 percent developments prior to 8609. So it's the subset
2614 of developments that we have been bringing to the Board
2615 previously.

2616

2617 **Kenny Marchant (1:43:38):**

2618 Not the fours.

2619

2620 **Rosalio Banuelos (1:43:41):**

2621 We have not done it for the fours.

2622

2623 **Kenny Marchant (1:43:42):**

2624 Yeah. Yes.

2625

2626 **Rosalio Banuelos (1:43:43):**

2627 Okay.

2628

2629

2630 **Leo Vasquez III (1:43:44):**

2631 Yeah. I mean, I actually, again, I hadn't contemplated
2632 a mayor or county judge trying to do this without
2633 support from the whole council or commissioners' court.
2634 But I see what you, you mean, I see your point. I'd
2635 support the...

2636

2637 **Kenny Marchant (1:44:00):**

2638 At least one-third of the mayors, any given time we're
2639 lame ducks. I mean they can mess...

2640

2641 **Leo Vasquez III (1:44:09):**

2642 I'm getting the sense that three, at least three of the
2643 five of us is, are agree with that point. And I don't
2644 really think based on the discussions I've heard with
2645 industry, this still fits in the what they were agreeing
2646 to, I mean, or everyone was agreeing. It's just the
2647 transparency to make sure everyone knows what's
2648 happening. I mean that, that's going to happen, so.

2649

2650 **Kenny Marchant (1:44:37):**

2651 So I would request that we do that if we table this re-
2652 advertise it.

2653

2654 **Leo Vasquez III (1:44:44):**

2655 Well...

2656

2657 **Kenny Marchant (1:44:45):**

2658 Or do we have...

2659

2660 **Leo Vasquez III (1:44:46):**

2661 Hang on. Can we I mean, Beau, I guess? So, could we
2662 strike the language saying require a, keep the language,
2663 require a resolution of support from the municipality,
2664 comma, and then scratch from, scratch the, "or a letter
2665 of support from the mayor or city manager," and then if
2666 it's not in a municipality, leave in the, a resolution
2667 of support from the commissioners' court then, period.

2668 So strike the rest of "or a letter of support from the
2669 judge.

2670

2671 **Kenny Marchant (1:45:25):**

2672 Think that would cover everything in the state.

2673

2674 **Leo Vasquez III (1:45:30):**

2675 So we're just asking for a resolution from the city
2676 council or...

2677

2678 **Kenny Marchant (1:45:34):**

2679 Commissioners' court.

2680

2681 **Leo Vasquez III (1:45:35):**

2682 From the commissioners' court. Not just one of these
2683 individuals on their own. Not the or...

2684

2685 **Kenny Marchant (1:45:41):**

2686 That's, that'd be my suggestion.

2687

2688 **Leo Vasquez III (1:45:43):**

2689 Can we, what if we strike that, those extra parts, do
2690 we, is this a item that we can then publish for final?
2691 I know this is adopt to propose, right? So we have to,
2692 we would have to republish it. And then what would be
2693 the timing on when we could adopt.

2694

2695 **Rosalio Banuelos (1:46:06):**

2696 Can the motion today be made for approval to release for
2697 public comment? So.

2698

2699 **Leo Vasquez III (1:46:11):**

2700 Well, I guess we'd have to do a new public comment,
2701 right? So what would be the timing? Does anyone, pull

2702 up the calendar and figure out, I mean what's the timing
2703 on...

2704

2705 **Bobby Wilkinson (1:46:22):**

2706 Hurry up.

2707

2708 **Leo Vasquez III (1:46:24):**

2709 Who wants this one?

2710

2711 **Beau Eccles (1:46:26):**

2712 Probably June, right?

2713

2714 **Brooke Boston (1:46:28):**

2715 Sorry. Brooke Boston. One of my hats is the, in charge
2716 of rules. So there's a requirement with *Texas Register*
2717 that when from the time you start putting a rule out,
2718 you only have six months to get it through its whole
2719 process or you kind of have to start over again at the
2720 beginning. So I'll have to research this further with
2721 *Texas Register* to be exactly sure we're following their
2722 requirements.

2723

2724 But if we published, as proposed today, I think we're,
2725 maybe within that six months, but it's going to be close

2726 because we, you know, there's a lot of timing from the
2727 time you guys take an action, then it takes another 10
2728 days before it can even post with Register, and then it
2729 usually has to be in for 30 days before you, we'd have
2730 it back to you for adoption again.

2731

2732 **Leo Vasquez III (1:47:18):**

2733 And then a follow-up question, is there any legislation
2734 pending that we know is processing through the system
2735 right now, that would preclude all this anyhow?

2736

2737 **Bobby Wilkinson (1:47:31):**

2738 No, this is different than the PFC HFC bills that are at
2739 the ledge right now.

2740

2741 **Leo Vasquez III (1:47:38):**

2742 But they're not going to be addressing similar, this...

2743

2744 **Bobby Wilkinson (1:47:41):**

2745 This won't be affected by it, so far unless I think it's
2746 amended. Beau, you don't think we can make the change
2747 right now? I mean, people had opportunity to comment on
2748 the overall subject of it.

2749

2750 **Beau Eccles (1:47:59):**

2751 The, I think the problem is that we're striking stuff
2752 that was originally proposed, but what we're striking it
2753 from is something that we've already added because of
2754 public comment. So it's already like one removed from
2755 the subject and we're striking something that was put
2756 out for publication, but not commented on in the context
2757 of this being with, you know, 9 percent prior to 8609s.
2758 So I just think it's a little further removed from what
2759 was actually, it's too far removed from what was
2760 actually published initially for comment.

2761

2762 **Bobby Wilkinson (1:48:43):**

2763 Okay. In the meantime we've been requiring this kind of
2764 stuff informally.

2765

2766 **Beau Eccles (1:48:48):**

2767 Yeah.

2768

2769 **Bobby Wilkinson (1:48:51):**

2770 So we can continue.

2771

2772

2773

2774 **Kenny Marchant (1:48:52):**

2775 So have we had an opportunity to view this language
2776 before this meeting, and then another meeting?

2777

2778 **Leo Vasquez III (1:49:02):**

2779 It was published, a comment before.

2780

2781

2782 **Bobby Wilkinson (1:49:04):**

2783 Yes, it was in a previous board book. This is, we
2784 changed it...

2785

2786 **Kenny Marchant (1:49:07):**

2787 (Indiscernible) 1:49:06 at that point. Okay. So if we
2788 go ahead and adopt this, but and formally enforce it,
2789 can we then next time around make sure that the language
2790 can, can we go through that again and not affect this
2791 round because it's too late to publish? To republish?

2792

2793 **Beau Eccles (1:49:31):**

2794 I, I'm not sure what you mean by if we adopt and
2795 informally.

2796

2797

2798 **Kenny Marchant (1:49:35):**

2799 No, adopt, adopt.

2800

2801 **Beau Eccles (1:49:37):**

2802 Yes.

2803

2804 **Kenny Marchant (1:49:38):**

2805 But as Bobby said, in practice, we do what we talked
2806 about, and that is...

2807

2808 **Bobby Wilkinson (1:49:47):**

2809 No. If you adopted this now, if someone has a letter
2810 from a mayor, you can't say that's not good enough.

2811

2812 **Kenny Marchant (1:49:53):**

2813 But, and I'm saying that next time, are, do we adopt
2814 this every year?

2815

2816 **Rosalio Banuelos (1:49:58):**

2817 No.

2818

2819 **Bobby Wilkinson (1:49:59):**

2820 No, sir.

2821

2822 **Kenny Marchant (1:50:02):**

2823 Yeah, will it affect the... If we change this now, will
2824 it affect the round that we're, the next round?

2825

2826 **Leo Vasquez III (1:50:10):**

2827 Not if we keep operating like we have. This was just to
2828 clarify, codify what we're, what in effect we've been
2829 doing --

2830

2831 **Kenny Marchant (1:50:21):**

2832 Yeah.

2833

2834 **Leo Vasquez III (1:50:22):**

2835 -- since the last legislative session. Okay. There's
2836 another...

2837

2838 **Kenny Marchant (1:50:26):**

2839 I kind of feel like we're going around the block to get
2840 things supported but...

2841

2842 **Leo Vasquez III (1:50:31):**

2843 All right. Can we adopt this as written and then next
2844 month, start to file an amendment to this rule?

2845

2846 **Kenny Marchant (1:50:42):**

2847 Yes. Yes.

2848

2849 **Leo Vasquez III (1:50:43):**

2850 And then striking that extra part.

2851

2852 **Kenny Marchant (1:50:44):**

2853 I'm perfectly open.

2854

2855 **Leo Vasquez III (1:50:46):**

2856 I mean it's bureaucratic, but I mean it's, that's, we're
2857 (indiscernible - simultaneous speech) 1:50:50.

2858

2859 **Megan Sylvester (1:50:51):**

2860 Megan Sylvester, and my role is Deputy General Counsel,
2861 and I also work with Brooke on the rules.

2862

2863 **Leo Vasquez III (1:50:55):**

2864 Good to meet you.

2865

2866 **Megan Sylvester (1:50:58):**

2867 One of the options that you could do is adopt it as,
2868 this last part is written.

2869

2870 **Leo Vasquez III (1:51:02):**

2871 As presented here.

2872

2873 **Megan Sylvester (1:51:06):**

2874 So we added the city...

2875

2876 **Unidentified Speaker (1:51:06):**

2877 Manager.

2878

2879 **Megan Sylvester (1:51:06):**

2880 The city manager. So you could take that part out
2881 because that was put in as a result of public comment.
2882 And then you would just have, if you wanted to adopt it
2883 today, the two options with the city council or the...

2884

2885 **Unidentified Speaker (1:51:20):**

2886 Mayor.

2887

2888 **Megan Sylvester (1:51:23):**

2889 Or the mayor.

2890

2891 **Unidentified Speaker (1:51:20):**

2892 That's a good point.

2893

2894 **Bobby Wilkinson (1:51:25):**

2895 So and then we could start the process again to get rid
2896 of the mayor, and the judge.

2897

2898 **Megan Sylvester (1:51:30):**

2899 Correct. And, but that would allow all the other
2900 changes that were made by this rule to go forward.

2901

2902

2903 **Bobby Wilkinson (1:51:34):**

2904 Okay.

2905

2906 **Leo Vasquez III (1:51:35):**

2907 Are you good with that?

2908

2909 **Bobby Wilkinson (1:51:36):**

2910 Yeah.

2911

2912 **Beau Eccles (1:51:37):**

2913 Yeah.

2914

2915 **Leo Vasquez III (1:51:38):**

2916 Okay. So someone clarify then this, so we will have a
2917 motion to accept this, to adopt this change with the

2918 exception of the words "or city manager." Everything
2919 else stays the same because the "or city manager" was
2920 added with public comment and we don't have to and then
2921 we will start another process to --

2922

2923 **Kenny Marchant (1:52:14):**

2924 Restrict...

2925

2926 **Leo Vasquez III (1:52:15):**

2927 -- assuming we adopt this without the words "or city
2928 manager," later we can take the words mayor or county
2929 judge.

2930

2931 **Beau Eccles (1:52:29):**

2932 Or letter of support from...

2933

2934 **Leo Vasquez III (1:52:33):**

2935 Yeah. Well. Okay. Yeah. Do we do that right now or
2936 we, that's a whole 'nother, we got to start that all
2937 next month?

2938

2939 **Beau Eccles (1:52:38):**

2940 That's the next month. But you can get rid of "or city
2941 manager" today.

2942

2943 **Leo Vasquez III (1:52:42):**

2944 Okay.

2945

2946 **Beau Eccles (1:52:43):**

2947 Yeah.

2948

2949 **Leo Vasquez III (1:52:44):**

2950 So lawyers are okay with that?

2951

2952 **Beau Eccles (1:52:50):**

2953 Yes. Now you just need to have a motion.

2954

2955 **Leo Vasquez III (1:52:56):**

2956 Okay.

2957

2958 **Beau Eccles (1:52:57):**

2959 Correctly.

2960

2961 **Leo Vasquez III (1:52:58):**

2962 Mr. Harper, would you care to make a motion on...

2963

2964 **Holland Harper (1:53:00):**

2965 Right.

2966

2967 **Leo Vasquez III (1:53:02):**

2968 But you're really good at this and you've got that
2969 voice.

2970

2971 **Holland Harper (1:53:03):**

2972 Yeah. Right. See if I can pull this off.

2973

2974 **Leo Vasquez III (1:53:21):**

2975 I think it's the same motion just adding with the caveat
2976 that we delete the words "or city manager."

2977

2978 **Holland Harper (1:53:26):**

2979 Okay.

2980

2981 **Holland Harper (1:53:32):**

2982 I move the Board adopt the proposed amendments to 10 TAC
2983 Chapter 10 Subchapter E of the TDHCA's rule regarding
2984 Post Award and Asset Management Requirements, all as
2985 described, conditioned, and authorized in the board
2986 action request, resolutions, and associated documents on
2987 this item subject to, we're going to delete the support
2988 of the city manager is also acceptable.

2989

2990 **Leo Vasquez III (1:54:02):**

2991 So we're deleting... Your motion is to delete the words
2992 "or city manager." That's it. Period. And that's all
2993 we need to get rid of, the words "or city manager."

2994

2995 **Holland Harper (1:54:14):**

2996 I was doing my best here with the (indiscernible)
2997 1:54:17, so.

2998

2999 **Leo Vasquez III (1:54:19):**

3000 Let's get Mr. Fletcher back up here to answer this one.

3001

3002 **Bobby Wilkinson (1:54:28):**

3003 I think (indiscernible) 1:54:29.

3004

3005 **Leo Vasquez III (1:54:30):**

3006 Were they (indiscernible) 1:54:31 scared to make the
3007 motion to say just as is and without the words "or city
3008 manager."

3009

3010 **Bobby Wilkinson (1:54:34):**

3011 I mean, I think this motion works.

3012

3013

3014 **Leo Vasquez III (1:54:36):**

3015 Are you good with this?

3016

3017 **Bobby Wilkinson (1:54:37):**

3018 Yeah.

3019

3020 **Leo Vasquez III (1:54:38):**

3021 Are you good with this motion? And we all know what the
3022 intent was.

3023

3024 **Beau Eccles (1:54:41):**

3025 I think so, I think that it's...

3026

3027 **Holland Harper (1:54:42):**

3028 Let me rephrase that. All right. I'd move to, I'd move
3029 the Board adopt the proposed amendment to 10 TAC Chapter
3030 10 Subchapter E of TDHAC rules regarding post award and
3031 asset management requires, subject to the deletion of
3032 "or"...

3033

3034 **Kenny Marchant (1:54:58):**

3035 "Or city manager."

3036

3037

3038 **Holland Harper (1:55:00):**

3039 "Or city manager."

3040

3041 **Anna Maria Farias (1:55:01):**

3042 Second.

3043

3044 **Leo Vasquez III (1:55:02):**

3045 All as described, conditioned, okay.

3046

3047 **Holland Harper (1:55:04):**

3048 All as described and authorized in the board action

3049 request, resolutions, and associated documents on this

3050 item.

3051

3052 **Leo Vasquez III (1:55:08):**

3053 Motion made by Mr. Harper. Seconded by Ms. Farias. Are

3054 we good with this?

3055

3056 **Beau Eccles (1:55:12):**

3057 Yes.

3058

3059 **Leo Vasquez III (1:55:14):**

3060 Okay. All right. Motion made and seconded. All those

3061 in favor say aye?

3062

3063 **All (1:55:19):**

3064 Aye.

3065

3066 **Leo Vasquez III (1:55:20):**

3067 Aye. Any opposed? Motion carries. And we have, we can
3068 do further cleanup. I appreciate the concern
3069 highlighted by Mr. Marchant and Mr. Harper. Items 25
3070 and 26 of the agenda had been withdrawn for this
3071 meeting. Is that correct, still? Yes. Okay. So the
3072 Board has addressed the posted agenda items. Now is the
3073 time of the meeting when members of the public can raise
3074 issues with the Board on matters of relevance to the
3075 Department's business or make requests that the Board
3076 place specific items on future agendas for
3077 consideration. Is there anyone who would like to
3078 provide public comment at this time?

3079

3080 Great. It's still 12:00. I can hear the bell. This,
3081 the next scheduled meeting of the Governing Board is
3082 10:00 a.m., on Thursday, May 8, 2025, here at the State
3083 Highway Building. There will be a rules committee
3084 meeting the day before so keep looking for agenda

3085 postings for further details. And with that it is noon,
3086 12:01.

3087

3088 **Beau Eccles (1:56:32):**

3089 It'll be an afternoon.

3090

3091 **Leo Vasquez III (1:56:33):**

3092 It'll be an afternoon meeting the day before. Again
3093 we'll post...

3094

3095 **Kenny Marchant (1:56:36):**

3096 (Indiscernible) 1:56:37. One is my thought process if
3097 somebody has, wants to go in, it needs to be
3098 (indiscernible) 1:56:45 in 30 minutes...

3099

3100 **Cindy Conroy (1:56:46):**

3101 How long do you think this meeting will last?

3102

3103 **Kenny Marchant (1:56:49):**

3104 I think it would last about four hours.

3105

3106 **Cindy Conroy (1:56:52):**

3107 Okay.

3108

3109 **Leo Vasquez III (1:56:53):**

3110 Okay. So the afternoon before the next meeting, which
3111 would be May 7th.

3112

3113 **Kenny Marchant (1:56:58):**

3114 Can I request clarification of who's on that committee?

3115 Any member...

3116

3117 **Leo Vasquez III (1:57:02):**

3118 Every board member can show.

3119

3120 **Kenny Marchant (1:57:04):**

3121 (Indiscernible) 1:57:05.

3122

3123 **Leo Vasquez III (1:57:18):**

3124 12:02. Thank you for being here. Meeting is adjourned.

3125 * * * * *

3126

3127

3128

3129

3130