

MR. CONINE: Any other questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Appreciate it. State Representative Jose Menendez, who I would like to publicly thank for all of his hard work during the legislative session that just got finished, especially on the exchange program that we so desperately needed to get passed. Representative Menendez was a very valuable contributor to that effort. And it looks like you may have to go to work again here shortly, go into another little short session. I am sure your work is not finished. Thanks for being with us.

MR. MENENDEZ: Chairman Conine, I appreciate you and the rest of the Board. I thank you as always for you all's commitment. But I tell you, we could not have had the successful session that we did without the commitment of your staff. Michael -- Director Gerber and Michael Lytle, Kevin Hamby. Your whole team was phenomenal in their support and in every direction that we asked.

It is great when you can see -- you know, I can remember being in this room, was it six months or so ago, talking about the stimulus dollars, and what we could do, and what we would need to do. And we just walked outside, and had a few conversations and we were able to get some stuff done at the Lege counsel.

And had it not been for the importance of the program, I don't think we would have gotten that bill done with all of the stress and tension that was going on at the end of the session, but Senator West was able to help get that bill through the Senate when the Senators were having trouble with some

of our House Bills. So I think there is plenty of credit to go around.

My reason for coming before you all today, and I guess, for the record, my name is Jose Menendez, State Representative, is because I have a little bit of a concern. And I am apologizing for being a little bit late. The session, the last three weeks of the session, we were in from 10:00 a.m. to 12:00 midnight every day, if not later.

And so when I looked up yesterday at the exchange round table, which I want to thank you and your staff for hosting, and I started listening to the issues with the TCAP application, I am a little concerned that through good intentions -- and I believe that the staff and the Board's intentions on the policy on TCAP were creating a loan program so that we can have some returns so that we can revolve it and maybe stretch it out further. I believe those intentions are valid and they're good.

I think though, it is going to have the unintended consequence of really not attracting more equity investment into the State. And I think what I would like to see if it is possible, even though the rule has been adopted and promulgated, if maybe through your legal department and your underwriting, you can look at a way to tweak the rule in such a way that the lending community can see that it really won't be -- it won't have maybe the same position in line as their loan or superior.

I believe that maybe some of the credit analysts out there might see a state loan as foreclosable to have superior position to theirs, and it would really have the net effect of increasing the requirement for TCAP dollars. And so otherwise, reducing the amount of newness we could possibly

put out. And so I am concerned.

I would love to work with you all in any way possible. I don't think you need me. There is nothing I can really do. But I think that through your underwriting team and Mr. Gouris and Mr. Hamby and the Board's direction, hopefully there can be some tweaking of the policy in working with the lending community that we can help possibly increase the price of the tax credits by them seeing less of a risk. I think the risk is seen as increased when you say that the TCAP dollar is going to be a hard foreclosable loan.

And that is just a concern that this is maybe not the best time to do that. Because of the fact that even in a great city like San Antonio, where it made the top ten list of cities to do well during this recession, Mutual of Omaha recently told someone when they were asking them to look at investments in the city -- they said look, if it is not downtown or in the Stone Oak, we don't want to have anything to do with it. And if you are familiar with San Antonio at all, Stone Oak is booming, fast growing, expensive part of our city where we could help redistribute growth throughout the rest of the city.

But they are not even willing to look at a city that is doing well. It has Toyota on the south side. That is still boom -- jobs are still there. And we have jobs all over the west side, and all over the city. So I believe that dynamic would be similar in Houston and Dallas and Austin. So I am just concerned that through a good intention we may actually be causing something that might hurt us.

The other thing that we might consider -- I would love for you all to consider -- is that the bond deals don't score real well under this current

system. And maybe you could allow for some of the TCAP funding to be used in some of the bond deals, so that you know, they carry -- traditionally, they will carry less of a debt load. And maybe it makes a little more sense to work things out there.

I want to appreciate -- yesterday during the meeting, it came out that one of the reasons why you wanted to have both the exchange available and the TCAP bill was to provide the most flexibility possible. I appreciate that. I think that is smart. I think that is entrepreneurial and it is a business oriented approach.

I think though that, I would hate for us to create a scenario where someone who is in a position of having to risk hundreds of thousands of dollars or not -- or just say, I am not in. I am not playing. I am not going to go out there. The risk is too great to get involved. They won't even apply, because they don't know what which direction they are going to go in, because the uncertainty is just too great.

And so I just want to come up, and I had had a few folks in the room last night express a desire. And it was people I normally don't hear from; lawyers and people who normally don't step up. But they said, you know, the comments you made at the round table are necessary, they thought, for the Board to hear, because it is a policy decision. And you are the policy makers for this Agency. So I think we need to look at from a policy perspective, what is it we want to get?

And I think what we need at this time, in my anecdotal conversations with folks that have affordable units in my district, I ask them

how is your vacancy? And they go, we are full. We have 100 people coming through; 30 percent of them have been foreclosed on. They have lost their home. And so we normally don't have any units available at any time. They have a waiting list. And that is in a fast growing middle class part of San Antonio over by Seaworld. And so that is an affordable place.

And so that need is greater. I believe it is only going to get greater for some time. And so I think that maybe this is the time to just loosen it up a little bit, because the credit crunch is so tight. And you can always come back and tighten it.

And then the last thing I want to say is that I am here to help in any way possible. Michael, Director Gerber and I talked last night about, I have a friend who works for Vice President Biden. And if we can talk in any way to the administration to help us with the IRS. That deadline, is really not a common sense deadline on how the money -- they should actually be a little more clear. I know that Congressman Frank has issued a letter on when the funds need to be expended on the tax exchange program. And any way that I can help, please feel free to call on me in any capacity.

Because I just think that it would be a shame for us to not collect units that are necessary on the ground, not to put people to work who need jobs. As we all know, the housing boom is over, and the construction boom is over. And there are a lot of people who would like to get to work. And so I think it is a perfect use of the stimulus dollars, and I think that with your guidance that you can do it, you can find that balance between.

Another thing is, yesterday I heard something that concerned

me. Someone on staff had mentioned the word, we don't want to create a windfall for the development community. I agree. Nobody wants to create a windfall for anybody. All I say is, let's just fill enough of that TCAP money in there, just to make the deal feasible. Just close the gap, so that they can close the deal, because the tax credits have fallen through the floor.

It is not about a windfall. And I think you probably know very well that there are many people in this room who are just barely holding on. And so I don't think -- this is definitely not about enriching any one person or group or company or any of that. It is just about making deals possible.

And with that, I appreciate your indulgence. I know I went over my time limit. And if you have any questions, I would be happy.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: We thank you for again, all of your hard work. We hear you. And we want to be flexible enough to make sure the program works for everybody.

MR. MENENDEZ: Exactly. Thank you.

MR. CONINE: Thank you. We appreciate it. Dianna Lewis.

MR. GERBER: Mr. Chairman, while the next, while Dianna is coming up, I would just like to acknowledge while Representative Menendez is incredibly helpful, so is Representative Yvonne Davis and Tatiana Florin and Michael Gibson are here from her staff. And also Senator Royce West. His staff is just incredibly helpful. And I know Julie Franks will be here a little later today.

MR. BEGGERT: Thank you.

MR. CONINE: State Representative Jose Menendez.

MR. MENENDEZ: Good morning.

MR. CONINE: Good morning.

MR. MENENDEZ: So good to see so many of my good friends up there. As always, I want to thank you for your service.

My name's Jose Menendez. I'm state representative for District 124 in San Antonio. And I know you have a busy agenda, but I feel that the dire times necessitated by being here, and I'll have a couple of items to talk about today.

First of all, I want to start with some general items that have to do with statewide impact. And I think that because of the terrible economy and the fact that we had so many allocations that weren't able to close just recently I think it would be interesting and I think it would be a good policy if you extended the proportionality of the \$2 million cap that you have in place today.

I know that you have an exception that you have in place in order to assist an inexperienced nonprofit, and I was thinking that possibly the Board could consider expanding that proportional allocation of the cap for at least the next cycle so that if there are folks out there with stronger financials and folks with weaker financials that possibly by bringing other parties into a deal with shared allocation that they would be able to get their deals closed.

Yesterday I heard at a roundtable from someone I respect very much -- I believe that he works very hard on behalf of the Department --

when Mr. Gouris said that they feel very positively about the application because 57 allocation applications were turned in.

And I had to -- at the time I mentioned that I have to respectfully disagree with his -- I guess his assertion of whether it's a good -- the policies have been received well by their applications because I think you just have to look to the fact that so many applications recently weren't able to close.

So they applied because they're going to apply because that's what they do. The affordable housing need is there, and there are folks who want to build affordable housing, and they're going to apply under whatever rules the Board adopts. It doesn't necessarily mean that they're the best rules.

And I know that you're working very hard with HUD and the -- many of the unreasonable time lines that the IRS has put out, the Treasury's put out, and I respect that tremendously.

I just think that we are in uncharted waters economically as a nation. And I think that this Board and this state and this Department has been presented with an opportunity -- a huge opportunity. Close to half a billion dollars when you combine the cap and the tax credit allocation assistance and the Exchange money -- and this is all dollars that we could put to use in terms of jobs.

And when yesterday I made the comment that when I first presented House Bill 4275 I was able to get 96 votes. And I just felt under -- you know, 96 votes under most circumstances is a very, very good support out

of 150 members in an evenly divided House. But we knew that we wanted 100 so we could get immediate effect so we wouldn't have to wait till September 1.

And so when I asked some of my colleagues to reconsider their position -- I talked about the jobs, I talked about the economic impact, I talked about what this could do for the state. And on the second round when I had a good colleague -- good friend of mine from San Angelo, Drew Darby, join me, and Charlie Howard from Harris County -- from Fort Bend County join me in the argument for this proposed bill to take these tax credit Exchange dollars in the assistance program and put it to work we were able to get 139 votes -- close -- very, very close to -- 139 to 6. Six people voted against it in my opinion because maybe they didn't understand it or because they didn't appreciate affordable housing.

I guess what that says to me is the Texas House and I believe the Senate really would like to see us put Texans to work. And in the last few days I have heard from architects who are having to take out second mortgages who've worked on nine projects who haven't been paid, who are having to lay off people, who are having family members come to work.

And so, you know, this impacts everybody. This is not just my constituents who are working out of the back of their pickups because, you know, the Sheetrockers and the framers and all those folks who get -- you know, you get approximately 300 people on a per project basis working for an extended period of time.

So here we have an opportunity. And I would like to see what

we could do as a state. And I put it in your able hands to make it as easy and as quick as possible to close on these deals. We heard from a former lender yesterday that it was going to be very difficult for the lending institutions to close on these deals regardless of what we do.

And so I think that instead of focusing on worse case scenario and worrying maybe too much about what the federal government will do to us if we don't exactly dot every I and cross every t if maybe we interpret something a little differently than they do, I think the -- what we should focus on did we do the right thing -- did we do the right thing.

And I know that this Board always wants to do the right thing and has the common sense to approach this from what's best for Texas and all Texans.

And my last item that I want to bring up -- and I bring it up last because in my past visits here I've been very parochial. And I've tried to expand my interest in housing to a statewide approach. But this is a situation that I'm very concerned -- and I've got a copy of this letter for everybody on the Board and I'll be sharing it with my colleagues and the Governor and the Lieutenant Governor. And I want to read this into the record, please.

And it states: "Dear Mr. Gerber, I'm very concerned to learn that the Texas Department of Housing and Community Affairs has proposed to adopt overly restricted rules in the allocation of the tax credit assistance program funds provided as a part of the American Recovery Investment Act.

"Not only has the Department continued to utilize a disproportionate formula to determine regional percentages, but even more

troublesome is the determination of the priorities for the awards of these TCAP funds to eligible developments.

"The TDHCA's prioritization of 9 percent tax credit priorities as being more qualified than a 4 percent private activity bond financed development for the allocation of these emergency funds is -- defies logic in my opinion.

"The rationale that a 9 percent deal scores higher than a 4 percent application as expressed by Mr. Gouris is insupportable, if for no other reason that the 4 percent applications are not scored in the first place. So the analogy, I don't understand its application.

"The current policy appears to unfairly penalize regions such as San Antonio that have successfully utilized the 4 percent PAB financing with local gap funding investment to fill the void left by inequitable regional allocation formulas from past years.

"The overall intent of TCAP by Congress is to ensure that sorely needed affordable housing properties are not irretrievably lost because of this crisis. Since the federal stipulations place no such restrictions on the awards TDHCA's decision to do so is subjective and unnecessary.

"The summaries in the policy puts an estimated 300 construction jobs per site at risk just in the San Antonio region, in addition to the delay or even loss of some 450 to 500 housing units.

"I strongly urge the Board of Directors to revise the supplemental policy by allowing any eligible application within a given region to be considered equally for an allocation from the region's allotment and

ultimately for any follow-on awards to be made from unused TCAP.

"If there is a preponderance of 9 percent applications within a given region then those should receive a larger share of that allocation. But by no means should other equally qualified developments be denied simply because of the original source of funding -- financing.

"I'd appreciate your attention on this very important matter and look forward to continuing to work with TDHCA to meet the growing needs for safe quality affordable housing for all Texans."

And, Mr. Chairman and members of the Boards, my reason for bringing this up is that 9 percent financing hasn't been working very well in our region. We really haven't had these 9 percent transactions do very well. They're not many of them in San Antonio's region.

So the 4 percent transactions that are currently -- the city of San Antonio is involved with -- one of them is owned by the San Antonio Housing Trust Finance Corporation and the other one would be owned by the Housing Authority.

And in talking to the new CEO of the Housing Authority our waiting list in San Antonio sits around 20,000 people on our Housing Authority waiting list. And these applications are at risk and they're shovel ready projects that the city and the local community are 100 percent behind.

And I just think there's an opportunity here, because if the funds -- if these two projects aren't funded and a collapse occurs there is no guarantee that our region will get any of these job-creating funds and they could go to other parts of the state.

And so I just think that we -- you know, whether I agree or don't agree with how the formulas work out we do have a regional allocation for a purpose so that every region gets some needed affordable housing.

And so here's a situation where I just -- I don't understand and I don't necessarily agree. And I'm not in an antagonistic or an angry position at this time. I just want to see how we can make things work out so that every region gets what it needs, and particularly when you have the local community working hand in hand putting some skin in the game to make these deals work.

And that's pretty much it other than the fact that I continue to be a little worried about getting the TCAP and the tax Exchange money out and getting the state to work. And I want to continue to place myself in a position to volunteer to help this Board in any way possible.

I think that you have a great staff that's working very hard with the same human resources, but yet a hundred times more money from the federal government and very few concrete direction from the federal government, changing sometimes weekly or sometimes daily, and that was evident.

But I think we -- we're all in this together -- everybody in this room and, unfortunately, the 25 million Texans we all represent. And those are the folks that I'm most concerned about -- the folks that are -- you know, we saw yesterday the State may have to borrow \$2 billion for unemployment. And we have an opportunity here to take some of our own tax dollars and put them to work.

You know, I think Texas is always a net contributor to the federal government. We rarely get to see all of our money come back. Here we have some of our money back and I'd like to see us put it to work to put people to work. And, Mr. Chairman, members of the Board, I make myself available for any questions and I'll give you a copy of my letter here.

MR. CONINE: Appreciate your testimony. Any questions of the witness?

(No response.)

MR. CONINE: Now, from my calculations, Representative Menendez, we're probably getting ready to inject over a billion dollars into the economy and over 10,000 units to be built all across the state. That's a heck of a jolt, if you will, for a lot of jobs and a lot of folks that, you know, just need a plumbing job or an electric job or whatever the case may be.

MR. MENENDEZ: Exactly.

MR. CONINE: And we're doing our darndest to make sure that it's done in a fair and equitable manner. And we will take your letter under advisement.

MR. MENENDEZ: I understand, and I appreciate that. And one last comment -- yesterday -- or last couple of days I've had a brief chance to review the policy on the exchange on the sliding scale. And let me tell you, I think between me and many housing authorities, we'd love nothing to do than serve as many 30 percent folks as we can.

My concern is that it's going to mess up the ratio on the debt-to-equity -- on the income-to-debt ratio -- you know, you lose money on a

200 -- you know, say the 30 percent average rent is going to be about \$250 bucks a month in some regions, and it costs \$3,900 to operate that unit, but you're going to collect 3,000, you know, it becomes a net loss to the project and may mess up their ratios.

And so I'd like to see us maybe incentivize the 30 percent in a different way that doesn't cause us -- it's a good intention, it just may not get us the numbers there to be able to close these deals where they still need -- maybe need the 83 cents on the exchange.

And I'm here for -- what I love about Texas is that we believe in a fair process and a fair profit. And we're a capitalist state. And everybody -- and we allow folks to take a risk, and if they do the right thing they can help people. But I just don't want to put people in a position where they -- we're going to set them up for failure. And so I think we need to be careful on what we propose. So thank you very much for your attention.

MR. CONINE: Thank you. Appreciate it.

Larry Stevens?

MR. STEVENS: Good morning, Chairman.

MR. CONINE: Good morning.

MR. STEVENS: Members of the Committee, thank you for your service. My name's Larry Stevens, 2812 Calico Rock, Fort Worth. I'm president of the Crossing and Fossil Creek Homeowners Association. I'm here to speak about the Sedona Ranch Development. I believe it's 09264 in there.

We had presented at the public hearing in Dallas -- a number

parameters. They certainly have gotten an education through this process, I think, and hopefully the next time through it'll tidy up pretty nice and neat hopefully.

Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

Let's take a 10 minute break if we could right now.

(Whereupon, a short recess was taken.)

MR. CONINE: Appreciate everyone's tolerance of our much needed break. And I'm going to take the Chair's prerogative, if the rest of the Board doesn't mind, to call on Representative Jose Menendez to address the Board, so we can pay deference to his time today.

REPRESENTATIVE MENENDEZ: Good morning, Mr. Chairman. It's good to see you again.

MR. CONINE: Good to see you.

REPRESENTATIVE MENENDEZ: I'm glad we had a good uneventful flight from Dallas this morning.

MR. CONINE: Yes, we did.

REPRESENTATIVE MENENDEZ: And --

MR. CONINE: Solved half the world's problems.

REPRESENTATIVE MENENDEZ: I tell you what.

I'm sure that most people, many people get up typically at 4:00 a.m. most days, but I typically don't get up at 4:00 a.m. two days in a row, so excuse me for being a little -- I'm a little slow this morning.

But, Mr. Chairman, Board members, Mr. Gerber, good morning, and thank you for allowing me to address you out of order. It seems like I've been doing this almost every Board meeting these days, and I do appreciate the opportunity to continue to work with each and every one of you. And once again, I do want to thank all of the Board members.

And particularly congratulate your newest member of the Board, Mr. Lowell Keig, for your dedication, your commitment in service to our state. We acknowledge we could not do it without citizens like yourselves who are committed to the state of Texas.

I'm here today to readdress the matter that we spoke of last month. The rules affecting the awards of the Tax Credit Assistance Program, or TCAP funds -- I believe it may be Item 9b, c, or Item 10, I'm not sure --

and how these applications affect our various service regions.

You will recall that last month I read into the record a letter at the last Board meeting expressing my concerns and suggesting an alternative approach to the rules adopted for this very critical process in utilizing the federal housing stimulus money.

After speaking to you, I became increasingly concerned because I didn't see much indication that the Department was giving consideration to my proposal to let each region maximize the use of their allocation before the remainder was collapsed into a statewide pool. When some of my colleagues brought these same concerns to me, I asked them to join me in a delegation letter, and we sent letters of our concern to our political leadership, and you should have copies of those in front of you in your packet. There was a letter to the Speaker of the House, the Lieutenant Governor, and the Governor, and the letter was signed unanimously by every member of our San Antonio delegation, and all three of our Senators.

These letters say essentially the same thing that I said in the letter brought to you in July. When we ask leadership to assist in efforts to ensure that every region in the state has the maximum opportunity to access

the emergency stimulus funds allocated to their region for the purpose of putting more housing on the ground and new jobs in the workforce as quickly as possible.

I'd also like to read a response letter that I received this morning from Speaker of the House, Joe Strauss, that you also have attached in your packet. My copy says -- it's addressed to Chairman Conine -- "I recently received the attached letter unanimously signed by all of my legislative colleagues from Bexar County regarding the proposed rules for the implementation of Tax Credit Assistance Program funds provided through the American Recovery and Reinvestment Act.

"My staff has been closely monitoring this issue at the Texas Department of Housing and Community Affairs in the expenditure of other federal funds administered by TDHCA. The issues raised by my colleagues are of equal concern to me. The Agency appears to have created an unfair advantage to a particular financing mechanism resulting in certain regions in the state receiving a higher allocation of funds. It is my hope" -- and that may be a misunderstanding -- "it is my hope that the implementation of these rules are a result of an unintended consequence and that these inequities can be immediately rectified.

"As we explained in the attached letter, San Antonio and other parts of the state will be adversely impacted. The inherent inequity in the Agency's rule making may result in a missed opportunity to provide much needed affordable housing and economic development across the entire state of Texas.

"TDHCA has a responsibility to ensure that the American Recovery and Reinvestment Act funds are allocated equitably on a regional basis as originally intended. I appreciate your immediate attention to this situation. Sincerely, Joe Strauss." And it's carbon copied to each member of the Board and the Bexar Country delegation, and Mr. Gerber.

I also have provided in your packets a draft of an alternative rule for your consideration. I would like to ask you to look at them in hopes that you may reconsider the policy regarding these funds. These changes simply provide that every region, regardless of the type of application, whether it be a 4 percent or a 9 percent, have the full opportunity to apply their allocation of funds to their region first.

They take into consideration the stipulations of federal criteria and priority requirements and still provide for reallocation of any unused funds to a

statewide pool. These proposals aren't intended to address specific projects in San Antonio, or anywhere else. The fact that San Antonio has a preponderance of 4 percent bonds deals as a result of several years of limited 9 percent credit allocations, and some innovative approaches by several providers to continue to build quality housing to meet the growing needs of our community.

I believe that other regions have also used alternative approaches to fill tax credit short falls in their communities, and so they are affected by these rules as well. And I believe that Senator Lucio may have spoken to this matter earlier today.

As a delegation, we simply do not believe it is equitable to see the San Antonio allocation be short-changed in any way by having the region share the stimulus money diverted to other regions as a result of these rules before every possible project in our area has had an opportunity to apply these funds to our citizens' needs. This is a first time, and most likely only time, opportunity to close these deals using these federal stimulus dollars.

The federal criteria does not differentiate between a 9 percent or a 4 percent project. The only

prioritization that I can determine is to apply these funds first to '07 applications, then '08, and finally '09 developments that are at risk of not being done because of the crisis. The proposed rule changes in front of you accounts for that as well. There is simply no rationale for the Board to place additional work criteria on 9 percents versus 4 percents.

I believe the intent of the Bexar delegation letter is clear, and I don't presume to speak for any other region of the state, but I can tell you that in my conversation with Senator Lucio yesterday, he is equally concerned that funds intended to benefit his communities are being placed at risk because the rules that this Board could easily tweak today could solve many problems.

And as -- Chairman Conine, as you and I mentioned this morning -- as I mentioned to you this morning, you know, in the legislature the big fights for money are for typically between our institutions of higher education. And many times, when the formulas are being tweaked and people don't know what they're going to get, we have to put in a rule that we say hold harmless, where we say, you know, we really don't know what's going to end up happening at the end of the day, but we will say we're going to draw a line, you will get no less than X, and if

you could help us -- because I do appreciate the call that you and I had, and Mr. Gerber and Mr. Gouris, on the phone the other day where, you know, it came up and, you all talked about possibly, when some of these applications use exchange instead of TCAP money, that those TCAP dollars will be freed up and that possibly our region may get the same or more money.

But the problem is that I can't go back home and say to my colleagues, We should be okay, we should. They're going to ask me, Well, what do you mean should? And my question is, possibly, if you tweak this, if we say, Look, every region was allocated this money using our formula, and I'm not going to sit here and debate the formula today, my issue is the nine million that were awarded to Region 9, 16 million down to the Valley, those dollars should be given an opportunity to be used within their regions first, and if there's some money left over, go to the statewide pool and do what you got to do.

And that's it. That's it. It's very simple. And in talking to the Mayor of San Antonio, that's why he -- he told me he wishes he could be here, today's council day, but he did send the Director of Housing and Neighborhood Services Department, Mr. David Garza, who's going to speak on the item later this morning. Because,

you know, based on a letter that he showed me, we've got a need for over 34,000 affordable rental units. That's the need; that's the gap. And the applications that you have before you that are looking to get some of this TCAP, they're only going to build maybe 500 units.

So it's hard for me -- you know, it's definitely not on my -- this is definitely not something I look forward to coming to every month. I like you guys, I'd love to have coffee with you or lunch, but, you know, I mean I'm not here because I get -- enjoy just sitting here, you know, debating and asking you to do this. I'm here because it's my responsibility to my community.

And I hope -- I'll try to answer any questions -- and I hope that you consider tweaking your recommendations in your rules just to allow each region to use it, and then whatever's left over go to the statewide pool and let the whole state benefit as well. Thank you.

MR. CONINE: Any questions of the Representative?

(No response.)

MR. CONINE: Thank you for coming by. I hear you, and we'll address it when we get to that particular agenda item.

REPRESENTATIVE MENENDEZ: Thank you very much.

MR. CONINE: Thank you.

MR. GERBER: Thanks, Representative.

MR. CONINE: Okay. Next, Item 3, bond finance.

MR. GERBER: Item 3a, Mr. Chairman, is a presentation, discussion, and hopefully approval of the senior manager team in conjunction with underwriting services and co-manager team in conjunction with the sale of TDHCA single family mortgage revenue bonds commencing fiscal year 2010.

On July 30, 2009, this Board approved a request for proposal to select four investment banking firms to provide single family bond underwriting services as senior managers, along with eight investment banking firms as co-managers, to provide marketing of single family bonds for TDHCA.

Bond finance staff, along with the staff from the Financial Services Division, and Gary Machak of RBC Dain Rauscher, who's the Department's financial advisor, assisted the Department in scoring and then ranking 11 firms for the position of senior manager and three firms for the position of co-manager based on the criteria that was approved by this Board at the July 30 Board meeting. This working group scored the firms based on seven factors ranging from retail distribution capacity, institutional