

1 UF: Agenda Item 77 is a  
2 resolution supporting the TEXAS DEPARTMENT OF HOUSING  
3 AND COMMUNITY AFFAIRS tax exempt bond and low income  
4 housing tax credit financing for the new construction  
5 of the homes of PECAN GROVE multi-family development  
6 to be located at 3111 Simpson Stuart Road.

7 MILLER: Mr. HILL.

8 HILL: Ahh Mayor and Council of, of, of  
9 all the projects that I've just done. I, I, I really  
10 want, I, I really want this one to be given your  
11 serious consideration and to get this done even though  
12 we do have some issues that (stuttering) RYAN has  
13 given us the hottest note about in terms of whether  
14 ahh on, on these financials. Ahh if, if you had time  
15 and I wish you would take the time, okay we'll take  
16 about 2 or 3 minutes but JOHN'S, JOHN'S kinda hard on  
17 me so if he said it's okay I'll try. But if he's not  
18 gonna agree with it, I don't want him, I don't want  
19 him stressing over here. But I, I mean I think it  
20 would be really great if you could see the kind of  
21 project, the kind of product that this particular  
22 builder, this particular ahh, ahh developer gives.  
23 It's an extremely, extremely nice product. Mayor, do  
24 we have 3 minutes? Would, would y'all be willing to  
25 do that?

**GOVERNMENT  
EXHIBIT**

**5870**

**3:07-CR-0289-M**

1 UM: Do it now.

2 HILL: JAMES, can you roll the ahh homes of PECAN,  
3 no, no roll, roll the ahh PROVIDENT at ahh, ahh was it  
4 WHEATLAND or PROVIDENT at ahh...

5 UM: It's HOMES OF PECAN GROVE.

6 UF: HOMES OF PECAN

7 HILL: No, no, but this, I want you to show you this  
8 thing and these are the pictures. PROVIDENT ON THE  
9 PARK. Can you, can you roll PROVIDENT ON THE PARK,  
10 JAMES? PROVIDENT ON THE PARK is done, is done by the  
11 same folks that will do this product.

12 MILLER: And where is it?

13 HILL: This, this, this one...

14 MILLER: The Arlington one?

15 HILL: No, this, no, no this one, the one is in, in  
16 Dallas. This is the one we did last year. But this  
17 one is the same developer and I wanted you to look at  
18 the type of quality that...

19 MILLER: But where is this?

20 HILL: Now, now the project itself is in, on Simpson  
21 Stuart. This is in District 8 and, and we got the  
22 recommendation from, from staff that the sub market  
23 can absorb and handle these units.

24 MILLER: But, but I'm saying Don is where is  
25 PROVIDENT ON THE PARK.

1 HILL: Okay, I'm sorry. PROVIDENT ON THE PARK is in  
2 Dallas. It is far, far south Dallas is that like on  
3 Wheatland what's the address on it? It's on Wheatland  
4 Road. It's on Wheatland Road, we approved it last year.  
5 Last year, year and a half something like that. JAMES,  
6 just roll through it. Let 'em take a look at it. Just  
7 roll the  
8 UI, just roll right on through it. And that, keep in  
9 mind while you're looking at this, this is a tax  
10 credit 50-60% average medium family income product and  
11 you would not know it from looking at it. If you're  
12 supposed to know it. And I think Mr. KILLINGSWORTH  
13 has said in some private meetings that if you were  
14 scoring this on a, on a 0 to 100, we're talking about  
15 a 97 in terms of how well they do their product. Some  
16 folks made ahh, ahh some of my Council members asked  
17 about a rendering. I wanted to show you something  
18 even better than a rendering.  
19 A long pause  
20 HILL: Very good. Thanks James. Yeah, that's not,  
21 that's not the apartment units right there. That,  
22 that gives you some idea where the location is. So,  
23 so colleagues what I wanna try to encourage you to do  
24 is, is, is to approve this item. And, and with  
25 respect of the issue of the financials, I think what

1 we asked, what we asked everyone to do was to provide  
2 the financials. And JERRY I'm correct in the fact  
3 that all the financials have been provided to you. Am  
4 I correct on that?

5 KILLINGSWORTH: That's correct. I received the last of  
6 the financials this morning.

7 HILL: Very good. And, and what we do not have in  
8 our criteria is any type of threshold in terms of net  
9 worth that's gotta be reflected. And, again, as I  
10 think Mr. RASANSKY always likes to point out on some of  
11 these other things that we've done, various other  
12 types of bonds, ahh that the City has no liability in  
13 any way whether this project succeeds or fails. And  
14 JERRY in, in your experience, in your experience, if  
15 we give a resolution on this project, do you believe,  
16 do you believe that the market will finance this  
17 project?

18 KILLINGSWORTH: Yes.

19 HILL: So we don't have any thresholds for what type  
20 of network you have to have. You, it is something  
21 that the, that the sub market will sustain ahh we've  
22 gotten all the financial material. The market will  
23 sustain it and so ahh I'm hopeful and I'm asking you  
24 to support ahh this resolution.

25 MILLER: Thank you Mr. HILL. Dr. GARCIA.

1 GARCIA: Ahh, yeah, Mr. KILLINGSWORTH  
2 ahh what you, UI, I thank you so much for keeping us  
3 informed, but now we have like 5 different memos we're  
4 trying to get them together. Ahem, you said on your  
5 memo to the Council yesterday that in these items, you  
6 know, it wasn't scheduled for the November 10 Agenda.  
7 KILLINGSWORTH: Ahh, no.  
8 GARCIA: I mean the memo of the day before you say  
9 that you have still several questions about ahh the  
10 financials.  
11 KILLINGSWORTH: The, the item that's been rescheduled  
12 for November the 10th is SIMPSON VILLAS only. I, I  
13 don't know what memo we're looking at.  
14 GARCIA: Because it sounds, it says of the 10th. It  
15 says this one, 77. Okay.  
16 UM: 74, 77. But 74 was deleted from the  
17 agenda today and it's the one that's gonna be  
18 considered on November 10th. It is paired with this  
19 one; they're in the same sub market.  
20 GARCIA: Okay. It, it's not what the memorandum say  
21 and that's, you know, part of the conflict here. Well  
22 what are the concerns that you have about the  
23 information that we still need from this ahh  
24 developer?  
25 MILLER: Let's, let's, let's listen everyone. Mr.

1 KILLINGSWORTH?

2 KILLINGSWORTH: The fin, all of the financials, the  
3 rest of the financial information was received this  
4 morning. We still have some unanswered questions  
5 about the financials that was presented this morning.

6 GARCIA: Okay. So you're going to review them, but  
7 you probably won't have this information today.

8 KILLINGSWORTH: That's correct.

9 GARCIA: Ahh, what about the school district? Did  
10 they check the school district, you know, capacity in  
11 this area?

12 KILLINGSWORTH: Yes. We, we checked the school  
13 district's ahh, the school district for all of these.  
14 For elementary, middle and senior. And we have all of  
15 that statistical information.

16 GARCIA: Is it ahh, I...

17 KILLINGSWORTH: Well, I'll have to get the...

18 GARCIA: Well, UI I mean my concern is that we still  
19 don't have all the information. It still, we don't  
20 know what the status is, you know? I don't know Mr.  
21 HILL if you will like to move it for another date.

22 KILLINGSWORTH: The ahh homes of ahh PECAN ahh GROVE  
23 ahh the high school is at 65 ahh percent capacity, the  
24 middle school is at 65% capacity and the elementary  
25 school is at 75% of capacity.

1 GARCIA: Ahh, how many units is this going to be?  
2 KILLINGSWORTH: This is going to be 250 units.  
3 GARCIA: Thank you Mr. KILLINGSWORTH. Thank you very  
4 much.  
5 MILLER: Thank you Dr. GARCIA. Mr. RASANSKY.  
6 RASANSKY: JERRY. Ahem, this is ahh you've mentioned  
7 to me this is 28 acres with 2 ac, ahh you've mentioned  
8 this is 28 acres.  
9 KILLINGSWORTH: 28 acres with a two acre...  
10 RASANSKY: Two acres set...  
11 KILLINGSWORTH: Two acres of retail, yes.  
12 RASANSKY: Which works out a little under 9 units to  
13 an acre which is not a density. But, you know, in  
14 your second page, your second paragraph, your last  
15 sentence, the homes of PECAN GROVE'S project is  
16 located within one mile of SIMPSON VILLAS' project  
17 which is proposed for the 2004 tax credits. You know  
18 we've approved several of 'em. Did we approve...  
19 KILLINGSWORTH: Ahh, no sir. This one is the item,  
20 Item #74 that was deferred; it's gonna be deferred  
21 until ahh...  
22 RASANSKY: Okay.  
23 KILLINGSWORTH: ...November the 10th.  
24 RASANSKY: Well that one was deferred and when is  
25 that, when, when will that be coming back?

1 KILLINGSWORTH: November the 10th in two weeks.

2 RASANSKY: That'll be coming ahh, will you, you don't  
3 know how you'll be recommending that one would you?

4 KILLINGSWORTH: The, I can, I, I will repeat what I,  
5 what has been told to me by the Planning Commissioner.  
6 The Planning Commissioner has told me that the  
7 community supports the PECAN GROVE project, and that  
8 the community does not support the SIMPSON VILLAS  
9 project.

10 RASANSKY: UI

11 KILLINGSWORTH: And I have that in ahh writing.

12 RASANSKY: Ahh, Mr. COSSUM. Mr. COSSUM what,  
13 what I'm concerned about here we have two in here within  
14 one mile of one another. And ahh, yes this came in, this  
15 came in first. And ahh the HOMES OF PECAN GROVE is  
16 going to come in in another 10, 12, 14 days. And Mr.  
17 KILLINGSWORTH just said that he has been told by the  
18 planning department that the neighborhood supports the  
19 PECAN GROVE over, over this one.

20 COSSUM: I, I believe what he referred to was the Planning  
21 Commissioner for that district has indicated and,...

22 RASANSKY: Oh, the Planning Commissioner?

23 COSSUM: Yes sir. And that was presented during the  
24 zoning change as well.

25 RASANSKY: Okay.

1 KILLINGSWORTH: Ahh in, in fact ahh I have something  
2 in writing from CAROL BRANDON that stipulates such.  
3 RASANSKY: I didn't hear what you just said.  
4 KILLINGSWORTH: Ahh, I have, I have a letter ahh from  
5 CAROL BRANDON supporting the VILLAGE OF PECAN GROVE  
6 and not supporting the, the project across the way,  
7 the SIMPSON VILLAS project.  
8 RASANSKY: So actually the Planning Commissioner for  
9 the area is supporting PECAN GROVE...  
10 KILLINGSWORTH: Based upon our community meeting UI.  
11 RASANSKY: And, and not this one.  
12 KILLINGSWORTH: No. No, no sir, we're, we're on  
13 PECAN, PECAN GROVE.  
14 RASANSKY: Yeah.  
15 KILLINGSWORTH: PECAN GROVE is the one we're, we're  
16 on right now, and the Planning Commissioner is  
17 supporting PECAN GROVE.  
18 RASANSKY: Okay.  
19 KILLINGSWORTH: The Planning Commissioner is not  
20 supporting Item #74 that is going to come back on  
21 November...  
22 RASANSKY: Which is the SIMPSON VILLAS?  
23 KILLINGSWORTH: That's right.  
24 RASANSKY: Okay. And, okay. So this is the first  
25 one, this is really the first one of the two?

1 KILLINGSWORTH: Yes sir.

2 RASANSKI: Okay. May I ask how is the absorption  
3 rate out there?

4 KILLINGSWORTH: The absorption rate in that ahh  
5 market I can tell you what the occupancy ahh rates in  
6 the market is, and the tax credit deal. They're  
7 running ahh in the 90% range. When you drop ahh, when  
8 you drop into the older product,

9 RASANSKY: I understand.

10 KILLINGSWORTH: ...it obviously dropped down in the  
11 50 and 60%...

12 RASANSKY: I understand.

13 KILLINGSWORTH: ...but the competitive project it's a  
14 strong market down as far as you get further south to  
15 I-20 it's a stronger market.

16 RASANSKY: Okay so we have, we have the City Planning  
17 Commissioner ahh likes this one over the SIMPSON  
18 VILLAS; it's 90% occupancy rate and it's only 8.92  
19 units an acre.

20 KILLINGSWORTH: That's correct.

21 RASANSKY: Okay. So why did you deny it? Why is  
22 your recommendation of denial?

23 KILLINGSWORTH: Ahh, my recommendation is based upon  
24 the fact that it's within, you've got two projects  
25 within one mile of each other.

1 RASANSKY: I know but we, the other one hasn't come  
2 in yet.

3 KILLINGSWORTH: At the briefing last week, I laid out  
4 the conditions under which you could approve...

5 RASANSKY: I understand.

6 KILLINGSWORTH: ...one or the other. But we have ahh  
7 recommended one project, CHERRYCREST VILLAS.

8 RASANSKY: Okay, well unfortunately this one came in  
9 first. So, okay, thank you so much Mr. KILLINGSWORTH.  
10 Madam Mayor, thank you.

11 MILLER: Thank you. Dr. REESE.

12 REESE: Thank you Madam Mayor. I move approval of  
13 Agenda Item 77, the HOMES OF PECAN GROVE project  
14 because of the community supports it. The Planning  
15 Commissioner support it, but the community supports  
16 it. And according to Mr. KILLINGSWORTH, it says that  
17 the HOUSING DEPARTMENT recommends it. They would  
18 recommend it, but they wouldn't recommend both. And  
19 since the community supports this particular one, I  
20 move approval.

21 MILLER: But Dr. ahh REESE Mr. HILL already moved so  
22 would you like to second the motion?

23 REESE: UI

24 MILLER: He didn't get it, I, I don't have a second  
25 written down.

1 REESE: I thought he, he just said what he would hope  
2 they would do.

3 MILLER: Well he moved approval.

4 REESE: Uh-huh I would. I...

5 MILLER: Second the motion?

6 REESE: Yeah.

7 MILLER: Okay, great. Mr. KILLINGSWORTH, could I ask  
8 you a question please?

9 REESE: Because he said, he just said I would want  
10 y'all to approve it.

11 UF: He did.

12 MILLER: One of the issues that came up last week is  
13 that this project...

14 REESE: I didn't know you had moved approval.

15 HILL: I'm sorry, I thought you moved approval.

16 REESE: I know it that's why I thought he was waiting  
17 for me to do, but that's okay.

18 HILL: I'm sorry.

19 MILLER: This project ahh had not had a community  
20 meeting as required by the regulations, has that  
21 happened since then?

22 REESE: They had a...

23 KILLINGSWORTH: We, there was a community meeting  
24 that was held relative to the zoning and we asked the  
25 Planning Commissioner if she would stipulate in

1 writing that the community was in su, support of the  
2 project, and she did that. And so the HOUSING FINANCE  
3 CORPORATION has waived the community meeting  
4 requirement of the HFC because of the zoning meeting.

5 MILLER: Okay. Ahh, also, one of the big issues last  
6 week when we discussed this in briefing, was that in  
7 your 40 years of being a banker you'd never had  
8 someone apply to build a project, but not divulge who  
9 their funding source was?

10 KILLINGSWORTH: That's correct.

11 MILLER: Have they given you the funding source  
12 in the last week?

13 KILLINGSWORTH: Yes, I got the rest of it, the last  
14 of it this morning.

15 MILLER: And who is the funding source for the  
16 project?

17 KILLINGSWORTH: The, the project is going to be  
18 financed ahh by RELATED CAPITAL AND CHARTER MAC, if,  
19 is that the question?

20 MILLER: So that is the bank that's gonna loan the  
21 money?

22 KILLINGSWORTH: That's correct or that's the, the ahh  
23 investment bank that's gonna be loaning them the  
24 money, yeah.

25 MILLER: Okay and is there any, I mean, the previous

1 project and Mr. FISHER let me ask you this question  
2 directly if you don't mind coming down.  
3 PAUSE  
4 MILLER: The slides that we saw of the project from  
5 last year, that was the project that was done when you  
6 were in partnership with LEON BACKES is that right?  
7 FISHER: I was the Vice President of Development of  
8 LEON'S ahh...  
9 MILLER: Okay.  
10 FISHER: ...affiliate PROVIDENT ODYSSEY PARTNERS.  
11 MILLER: So he was the funding source for that  
12 project wasn't he?  
13 FISHER: No, RELATED CAPITAL AND CHARTER MAC funded  
14 that project too.  
15 MILLER: Okay.  
16 FISHER: He served, our relationship with Mr. BACKES. He  
17 served the role as a guarantor...  
18 MILLER: He was the guarantor?  
19 FISHER: ...on construction credit enhancement.  
20 MILLER: Okay.  
21 FISHER: If I can Madam Mayor, I've got 25 people  
22 that's waited all day here to at least stand up and  
23 show their support. Would you mind if I ask them to  
24 stand up. Would y'all...  
25 MILLER: Okay, well Mr., Mr. FISHER.

1 FISHER: ...stand up.

2 MILLER: Mr. FISHER, Mr. FISHER, I'm asking you a  
3 couple quick questions. So Mr. BACKES was the  
4 guarantor on the loans, he's no longer your partner.

5 FISHER: That's correct.

6 MILLER: So whose the guarantor now?

7 FISHER: We have a public, we provided that  
8 information to JERRY. We have a publicly traded entity  
9 with a market cap of 2.7 billion dollars, a billion  
10 dollars in equity providing credit enhancement to us  
11 under an omnibus credit agreement. And ahh we  
12 provided a letter from CHARTER MAC AND RELATED  
13 indicating they've approved not only this financing,  
14 but up to 150 million for this development team.

15 MILLER: So whose the guarantor of the, of the loan?

16 FISHER: It is a publicly traded company that I have  
17 a confidentiality agreement and I'm not allowed to  
18 disclose.

19 MILLER: You're not gonna tell us who the guarantor is?

20 FISHER: No, I, I...

21 MILLER: If the project doesn't make, we don't know  
22 who is responsible for that.

23 FISHER: No, we do know who is responsible for it.  
24 The tax credit investor RELATED CAPITAL put  
25 approximately 10 million in equity in this project.

1 CHARTER MAC will float about 15 million dollars with a  
2 40 year bonds which they own. And in the event of a  
3 default, CHARTER RELATED or affiliated companies, they  
4 would own the property, they stand behind it. And  
5 they are also a publicly traded entity with a billion  
6 dollar network.

7 MILLER: So are they the guarantor? If they're gonna  
8 end up with the property, are they the guarantor?

9 FISHER: I mean, in a practical sense they are; not in a  
10 direct sense.

11 MILLER: Okay. So that the guarantor of the project  
12 you can't tell us who that is.

13 FISHER: I mean like, like anything, these projects  
14 are financed by SUN AMERICA and CHARTER AND RELATED.  
15 If there's an issue with the development and they have  
16 to take it over, even if for example the developer  
17 were killed in a car accident, it's their money in the  
18 project and they stand behind these developments and  
19 have a very good track record of doing that.

20 MILLER: Does the TEXAS DEPARTMENT OF HOUSING require  
21 you to divulge who your guarantor is?

22 FISHER: No.

23 MILLER: Hmmm.

24 UM: Well, I'd like to know that.

25 MILLER: Well, yeah, I mean...

1 FISHER: They wanted, they determine financial  
2 feasibility through an independent underwriting of their  
3 own and then they require a firm financing commitment  
4 from the debt and equity provider prior to closing the  
5 bonds and...

6 MILLER: UI, if I understand it from the TEXAS  
7 DEPARTMENT OF HOUSING, you, who are the named developer  
8 are not eligible for the tax credit. Isn't that  
9 correct?

10 FISHER: No, I participate in this development the  
11 same way I did, same way I did since 1997.

12 MILLER: Okay.

13 FISHER: As a experienced certificate holder and  
14 vice president developer.

15 MILLER: I mean the only reason why it's troubling is  
16 'cause if, if, if you won't tell us the guarantor, and  
17 you can't be the guarantor because of your tax lien  
18 situation then we don't know who we're dealing with.  
19 And, and for us to pass a resolution it would be nice  
20 to know who the guarantor is on a project. All the  
21 other projects that we're considering we know who that  
22 party is. That's why it makes it hard. But thank  
23 you, thank you for your answers. I appreciate it.

24 FISHER: Do you mind if I recognize these folks.

25 MILLER: Well, I, I, I think we see them all.

1 They're, they're here. Thank you all for coming down,  
2 we appreciate it. Thank you Mr. FISHER.

3 FISHER: Anything else?

4 MILLER: Mr. GRIFFITH.

5 GRIFFITH: Thank you. Ahh, JERRY, let me just be  
6 sure I tie these two pieces together. That gentleman  
7 I don't know his name.

8 KILLINGSWORTH: Mr. FISHER.

9 GRIFFITH: If he'd stay for just a second. Ahh, in,  
10 in the October 27th ahh memo from RYAN EVANS it says  
11 the department has reviewed the information provided  
12 and has questions that still need to be answered. Is,  
13 is the question the Mayor asked, one of the questions  
14 that needs to be answered according to the memo from  
15 this morning about the disclosure of guarantor?

16 KILLINGSWORTH: Ahh, no. That is not any of the  
17 questions.

18 GRIFFITH: Okay.

19 KILLINGSWORTH: However, ahh, there, there is a I  
20 guess a difference in definition of who's guarantor and  
21 who's not guarantor. Now, Mr. FISHER and his group have  
22 supplied us with financial information and they have  
23 requested that it be confidential. Ahh, and I have  
24 been told by the attorney's office here that if, if we  
25 have issues associated with the, the information that

1 has been provided that we can do that in an executive  
2 session. Is that correct?

3 UI: UI

4 KILLINGSWORTH: If we choose to do that? PAUSE

5 Mr. GRIFFITH I guess what I'm saying is that I, I really  
6 can't respond directly and really give you an answer  
7 that you can go home with in, in this public forum.

8 GRIFFITH: Okay. Let me ask just one other  
9 procedural question and, and, and a Mr. BLADES may know  
10 the answer to this, but in other ahh, other, in other  
11 days on the City Planning Commission when we, when we  
12 at the Planning Commission were, were asked to look at  
13 projects, ahh the developer really came prepared with  
14 a lot of extensive information, a lot of renderings, a  
15 lot of detail. Ahh, and ahh multi-family, single  
16 family, commercial, whatever retail, whatever it might  
17 have been. In, in these projects there seems to  
18 always be just almost a complete absence of, of, of,  
19 of things that describe the project and, and why is  
20 this particular type product not approached like  
21 everything else I've ever seen approached by the  
22 development world?

23 KILLINGSWORTH: Ahh, if, if there is a, if you feel like  
24 you're not getting all the information that you need,  
25 I take responsibility for that because we certainly

1 see all of the information. Ahh, these, this product  
2 and these tax credit products as I mentioned to you I  
3 think it was yesterday. These are A quality product.

4 GRIFFITH: Mm-hmmm.

5 KILLINGSWORTH: It's the kind of product that you would,  
6 if you wanted product in north Dallas, this product  
7 would be great in north Dallas. It is a great  
8 product. And ahh, ahh and we have all of that  
9 information and...

10 GRIFFITH: Well, you did mention that...

11 KILLINGSWORTH: ...and the developer supplied that to us.

12 GRIFFITH: And, and I did see some information and,  
13 and I was, I, I felt a lot better about understanding  
14 the product 'cause you spent that time with me ahh and  
15 talked about the product. And I guess the other  
16 question is, I mean, the two things I sort of hear,  
17 number one, is this a quality product and, and ahh, I  
18 knew before today that, in your opinion, it was. And  
19 number two, do we need anymore multi-family affordable  
20 housing in the southern sector? And that's, that's  
21 the other question. Do we, do we just simply, do we  
22 need anymore? Ahh or do we have enough and should we  
23 stop? Should, should we stop building? And, and in a  
24 big market case you may make one determination in a  
25 sub market case you might make another

1 determination...

2 KILLINGSWORTH: That's right.

3 GRIFFITH: ...you've made. I think that's what  
4 you've told us.

5 KILLINGSWORTH: That's right.

6 GRIFFITH: By the perimeter we gave you on a, on a  
7 market condition you've made a recommendation to us  
8 and we know what it is. But you've also pointed out  
9 some ahh latitude that you've given us that might make  
10 us look at these opportunities differently. Thank you.

11 MILLER: Thank you Mr. GRIFFITH. Mr. HILL.

12 HILL: JERRY, don't go too far away. Don't go too  
13 far away. Aah, couple of things. Aah, would JERRY,  
14 well let me just ask the questions a lawyer would do.  
15 JERRY a from, in, in your experience, aah but for a  
16 tax credit deal such as this, would quality multi-  
17 family be done or has it been done in the southern  
18 sector?

19 KILLINGSWORTH: No, and it is my, I can only give  
20 you my personal opinion.

21 HILL: And how long have you been doing tax credit  
22 deals?

23 KILLINGSWORTH: I've been doing tax credits deals, well  
24 they started 'em in about 1988, and I've doing 'em since  
25 1990. Aah, they have not, you would, you would not

1 see A quality which I call these tax credit pro,  
2 properties A quality projects. You would not see this  
3 product I do not believe on the ground in south Dallas  
4 in the southern sector if it were not for tax credits  
5 because that's the only way that you're gonna get the  
6 investor equity in there to go in and put that kind  
7 of product.

8 HILL: And, and the other question I wanted to  
9 ask was ahh the, the, the financing arrangements in  
10 support of these projects, you were saying something  
11 to me that I'd never heard before and that's why I was  
12 telling you how much I appreciate you being here. Ahh  
13 that these tax, the tax credits themselves are much  
14 sought after in the financial market so that...

15 KILLINGSWORTH: Very much so.

16 HILL: Alright so, so when we say that, that the  
17 market will get this project funded, we're not just  
18 saying it kinda like a hope, I mean the dynamics of  
19 the tax credit itself makes it a very attractive  
20 investment for an investor.

21 KILLINGSWORTH: That's correct.

22 HILL: Alright. Now, now, the, the Mayor made some,  
23 some, some good points and I just wanted to ask you a  
24 couple of questions about those points. From the  
25 standpoint of, of the guarantor. Ahh, I don't want

1 the listening audience and, and they'll stop  
2 listening in about a minute so everybody UI.

3 LAUGHING

4 HILL: Ahh, the, the fact that there is some  
5 confidentiality issue about a guarantor, what does  
6 that mean? In other words, well not the  
7 confidentiality, what, what, does the, the absence of  
8 a disclosed guarantor mean because if somebody's just  
9 listening to it they think well what that means is  
10 nobody's gonna be to make sure this project is done,  
11 there's nobody to stand in and to bring financing to  
12 the project so could you briefly let us know what that  
13 really means.

14 KILLINGSWORTH: Well, first of all, they have supplied me  
15 with the information. I know who the parties are.

16 HILL: Okay, you do know.

17 KILLINGSWORTH: I do, I do know who the parties are. I  
18 cannot divulge those in a public forum.

19 HILL: Okay. So, whether a guarantor is essential or  
20 whether it's just part of the financing process, you have  
21 been provided that information as to who the guarantor  
22 is. So it's not, so in other words, it's not like you  
23 don't know or the City doesn't know, you have been  
24 given that information?

25 KILLINGSWORTH: I have been given that information.

1 HILL: Alright, alright. Alright colleagues, I, I want, I  
2 want us to be comfortable about it so I don't have a,  
3 I don't have any objection to us asking whatever  
4 questions we need to ask of Mr. FISHER or anybody  
5 else. But, but I think a lot of us are wearing down  
6 on this whole tax credit issue. And it's an important  
7 issue, but we'd like to get it resolved. And, and let  
8 me just say for the record that because of the  
9 expressions by the community ahh and Dr. REESE may  
10 have said this, but let me just let you hear from me  
11 as well. Because of the expressions from the  
12 community in support of this project, I don't have any  
13 intention of trying to offer up as a project in lieu  
14 of this one, the SIMPSON VILLAS project colleagues.  
15 That is not my intent. I would like for this project to,  
16 to get done and I'm gonna support that; but if it doesn't  
17 get done, then I'm not gonna offer the other project up.

18 UM: Thank you Mr. HILL, Dr. THORTON REESE.

19 REESE: I wanted to say that we started out with  
20 about twelve of them, and we are not approving all of  
21 those because they can't be saturated. But ahh the  
22 southern, the southern sector is there's some nice  
23 homes. And the community deserves to be able to tell  
24 what they would like in their homes. I understand  
25 that some of you are questioning what should go on in

1 different parts or different districts. But I wanted  
2 you to be ware, aware that it's really important to  
3 people to feel that they'll be able to get what they,  
4 the community wants in the district. And I think that  
5 out of the twelve, you're only asking for about four  
6 and not even approving all of the others. So I ahh  
7 second Mr. HILL's motion in wanting to make sure that  
8 the people under....

9 PAUSE - Recording stopped.

10 REESE: ...all of 'em. The, lot of our schools have  
11 decreased in attendance because some of the homes and  
12 things. The, they've been there a long time and we  
13 need some good, nice liveable spaces. And because of  
14 these tax credits we're able to get some because we  
15 couldn't get developers to come in there without them.  
16 We're not trying to fool ourselves. We're not trying  
17 to fool ourselves. And if the people are willing to  
18 come in there and do that, and the community is  
19 satisfied, I don't know what the big hoo ha is about.  
20 You know. I mean because you're not gonna even drive  
21 over there let alone see 'em.

22 MILLER: Thank you Dr. REESE. Ms. GREYSON.

23 GREYSON: Mr. HILL?

24 HILL: Yes.

25 GREYSON: Did you say that if we approve this, you're

1 not gonna bring forward SIMPSON VILLAS?

2 HILL: Yes.

3 GREYSON: Yes, that is correct you're not gonna bring  
4 it forward?

5 HILL: Yes, that is correct, I'm not gonna bring it  
6 forward?

7 GREYSON: Okay. Is this a nicer project than that  
8 one is proposed to be or...

9 HILL: Ahh...

10 GREYSON: ...we just doing this first?

11 HILL: No. The buil, the builder, the builder of  
12 SIMPSON VILLAS are is the same builder that's doing a  
13 couple of other projects that I had mentioned so he is an  
14 exceptional builder as well. We are blessed right now  
15 to have two, both of these players in our market. So  
16 I wouldn't say he's any better. I think they're both  
17 excellent, excellent builders.

18 GREYSON: But if we approve this one, the other one  
19 isn't coming forward.

20 HILL: It is not coming forward.

21 GREYSON: Both of these have, both SIMPSON VILLAS  
22 and HOMES OF PECAN GROVE have the zoning, the  
23 correct zoning?

24 UI: Yes.

25 GREYSON: Yeah.

1 HILL: Yes they do Ms. GREYSON.

2 GREYSON: And how many units per acre is this?

3 KILLINGSWORTH: It will be about 11 ahh...

4 UM: 8.92

5 KILLINGSWORTH: 8, 8...

6 GREYSON: Okay. And what about SIMPSON VILLAS?

7 REESE: We're not doing that one.

8 GREYSON: I know, but I was just wondering about

9 that.

10 REESE: We didn't...

11 KILLINGSWORTH: About 8 units. I'm sorry, 12 units.

12 GREYSON: Okay. Thank you.

13 HILL: Thank you Ms. GREYSON.

14 MILLER: Thank Ms. GREYSON. Mr. CHANEY.

15 CHANEY: I haven't said no UI, but let me ask you

16 this UI. Ahh, if, if we go ahead and move on Mr. ahh

17 HILL'S ahh recommendation, which I, I can support, the

18 SIMPSON VILLAS project can be reconsidered in January

19 05 is that not correct? Based upon our criteria? I'm

20 just trying to get a clarification RICH.

21 KILLINGSWORTH: I, I don't believe that they can make

22 their time as a tech, on a technical basis yes you

23 could do this deal in January if you so chose.

24 CHANEY: Alright.

25 KILLINGSWORTH: But in order to do that, you're gonna

1 have to, you'd have to approve it in December the 8th or  
2 they can't meet their ahh 150 day deadline to close  
3 on their bonds.

4 CHANEY: Okay thank you. Thank you.

5 MILLER: Thank you Mr. CHANEY. Ms. LIL.

6 LIL: But for clarification the SIMPSON VILLAS that  
7 Mr. CHANEY referenced and then Mr. HILL referenced, our  
8 memorandum plus your own testimony indicated, the  
9 neighborhood is in opposition. So it's not like...

10 KILLINGSWORTH: That's correct.

11 LIL: ...we, we, we, we would be moving for denial.

12 Talking in background

13 LIL: The Agenda, Agenda Item 74 which was deleted  
14 which will be considered on November 10th, both Mr.  
15 KILLINGSWORTH's testimony and the memorandum we  
16 received relative to the project indicated and I quote,  
17 "neighborhood residents remained ahh and reached a  
18 consensus of opposition to this project." So what you're  
19 saying Mr. HILL is under our guidelines that we follow,  
20 that one is not going to meet our, one of our criteria.

21 HILL: That's UI...

22 LIL: Okay which is why it's not whether it's  
23 December or January, it's not coming forward because  
24 it's not meeting that...

25 CHANEY: UI technically.

1 UM: Technically.

2 CHANEY: As relates to the state of an application  
3 could be re-submitted and that's all I'm saying. I'm  
4 not recommending it, I'm not suggesting it, I'm just,  
5 just, just for clarification. Thank you.

6 MILLER: Thank you Mr. CHANEY. Mr. RASANSKY.

7 RASANSKY: Thank you Madam Mayor. Ahh, Mr.

8 KILLINGSWORTH ahh I have asked this question many a  
9 time when UI when this has come, but I'm hearing some  
10 things a little bit different, different here today.  
11 Let's hypothetically say in three years it goes in  
12 default, the ahh whoever is managing it, owns it,  
13 whatever, doesn't make payment and it, it's foreclosed  
14 on. Who is the holder of the bond, who, who ahh, who  
15 is the bond holder?

16 KILLINGSWORTH: CHARTER MAC.

17 RASANSKY: I can't hear you.

18 KILLINGSWORTH: CHARTER MAC.

19 RASANSKY: Oh, CHARTER BANK is the bondsman.

20 KILLINGSWORTH: CHARTER MAC.

21 RASANSKY: CHARTER BANK.

22 KILLINGSWORTH: CHARTER ahh CHARTER MAC.

23 RASANSKY: MAC.

24 UI: MAC.

25 KILLINGSWORTH: M-A-C.

1 RASANSKY: And who are they?

2 KILLINGSWORTH: They are an investment banking house.

3 RASANSKY: Out of where?

4 KILLINGSWORTH: New York.

5 RASANSKY: Out of New York. Large?

6 KILLINGSWORTH: Very large.

7 RASANSKY: Okay.

8 KILLINGSWORTH: Very, very large.

9 RASANSKY: So, they would, they would have the right  
10 then to step in and take over the project.

11 KILLINGSWORTH: Yes. You have, you have a couple of  
12 options. You have the investment group that owns the  
13 tax credit as the owner. That's probably what your  
14 first option is going to be...

15 RASANSKY: Mm-hmmm.

16 KILLINGSWORTH: ...is that if, if you're having  
17 problems with the project before it goes into default,  
18 you're gonna have your investment group step in, make  
19 the deal whole, and, and remove the general partner  
20 and that...

21 RASANSKY: Mr., Mr. KILLINGSWORTH, we don't know if  
22 that's going to happen 'cause they're gonna make a  
23 business decision at that time, do they give up the  
24 tax credits or they look at the project and see what  
25 kinda occupancy it is and what, what's gonna cost

1 to...

2 KILLINGSWORTH: There's a very good chance that they  
3 won't give up the tax credits because of the recapture  
4 ahh rule with the IRS associated with the project.

5 And you've got large investment banking house that is,  
6 that is financing the bonds as well as institutional  
7 investors buying those tax credits.

8 RASANSKY: Yes, but they don't step in first. It  
9 would have, they'll have the option, the ahh, the  
10 group will have an option either to pick it up and  
11 make the payments.

12 KILLINGSWORTH: I can only tell you what my  
13 experience is that when one of these deals gets in  
14 trouble, that the general partner is exited, they'll  
15 bring in a new general partner to manage the project  
16 and if there is capital that needs to be infused into  
17 the project that the investment, the tax credit  
18 investment group is gonna step up to the line and put  
19 some more money into the deal to try to make it whole  
20 because they're on a recapture basis for 10 years.

21 RASANSKY: The ahh developer here, of course, ahh  
22 it's just an UI, it's just a limited partnership who  
23 is the guarantor?

24 KILLINGSWORTH: It is a limited partnership.  
25 It owns .01%.

1 RASANSKY: Yeah, just, just typical and okay. So we  
2 really don't have anybody to look, look back to Madam  
3 Mayor on this thing. It's just thousand dollar corp.  
4 You know we just...

5 KILLINGSWORTH: There, there are guarantees that the  
6 developers put up to help make the investment and the  
7 bond company more comfortable.

8 RASANSKY: What do they have to put up?

9 KILLINGSWORTH: Ahh, personal guarantees I'm talking  
10 about.

11 RASANSKY: Personal guarantees for how long?

12 KILLINGSWORTH: It varies from, it varies from  
13 project to project. Many of 'em it's until  
14 stabilization.

15 RASANSKY: The personal guarantee is and you have  
16 seen their statements?

17 KILLINGSWORTH: That's correct.

18 RASANSKY: I haven't.

19 KILLINGSWORTH: That's correct.

20 RASANSKY: And I, and I heard what you said and I  
21 appreciate what you're saying. You're making a  
22 decision for me if their statements are good enough.

23 KILLINGSWORTH: No sir, I am not making that, I am  
24 not making that.

25 RASANSKY: Okay. Well, I thought you said you ahh...

1 KILLINGSWORTH: I said I have looked at those  
2 statements and I have additional questions.

3 RASANSKY: Oh you have additional questions?

4 KILLINGSWORTH: On this particular project.

5 RASANSKY: Well then if you have additional questions  
6 on this, ahh I have additional questions too so I'm  
7 not ahh, yeah, I didn't detect that. So if you have  
8 additional questions on it, I ahh, I do too. Yeah I,  
9 I saw this thank you.

10 MILLER: Okay. Mr. HILL?

11 GARCIA: Can we address some of those questions and  
12 it's something that we have to go into executive  
13 session to address?

14 MILLER: Well, according to our attorneys, we don't  
15 have a particular legal avenue to go into close door  
16 session under the Texas Open Meetings Act to discuss  
17 this particular issue 'cause we are not buying property  
18 and therefore the only way that we can be privy to the  
19 information Mr. KILLINGSWORTH is seeing is he could  
20 give it to us individually to look at; but the bottom  
21 line is that because he just got the information, he  
22 has made it very clear to RYAN and to me and I think  
23 to the rest of us in these questions that he has a lot  
24 of questions 'cause he hasn't had time to do any due  
25 diligence on the information. Right Mr.

1 KILLINGSWORTH?

2 KILLINGSWORTH: That's correct. So if we went into  
3 executive session to, right now, I still wouldn't be  
4 able to, to respond probably to a lot of your questions.

5 MILLER: Right, right. So, we either vote now or we  
6 defer the item and that's Mr. HILL's call whether he  
7 wants, you know, wants to do that. Ms. FINKELMAN.

8 FINKELMAN: I think I was gonna go where you were  
9 gonna go. Ahh, is, is, is there a problem in deferring  
10 this for two weeks? JERRY, will, will, are you confident  
11 that you will have additional comments to make to us in  
12 two weeks? In other words, is the two weeks gonna be  
13 productive or or we just delaying for two weeks?

14 KILLINGSWORTH: Based upon the constraints that I  
15 have about what I can say and not say, I think that I  
16 will be able to say that I'm either comfortable with  
17 what I have or I'm not comfortable with what I have.  
18 But as it, as it relates to if you did extend it for  
19 two weeks, it wouldn't kill the deal.

20 MILLER: Bless you.

21 KILLINGSWORTH: Because they would still have enough  
22 time in order to get their tax credits.

23 FINKLEMAN: Mr. HILL, I know you don't wanna do that,  
24 and I know how strongly you and Dr. REESE feel about  
25 the project, but I just wonder...

1 MILLER: Bless you.

2 FINKLEMAN: ...I haven't counted heads; I don't know  
3 where the votes are, but it would just seem to me that  
4 the two week delay might provide some additional  
5 levels of comfort in support if it's teetering one way  
6 or the other and goes, those that are supportive will  
7 continue to be supportive?

8 HILL: Well, ahh, ahh I, I, I haven't really been  
9 trying to do vote count be, other than kinda talking to  
10 some of the folks that had initial issues about it and  
11 continuing to, to talk with them. Ahh, (stuttering) I  
12 think my discomfort with the, the ahh delay is that  
13 I'm not certain that and as, I guess it's really not  
14 for me to be certain but I'm not that convinced that,  
15 that what we're gonna get is a lot more information.  
16 Because if JERRY comes back and says that I'm not  
17 comfortable, and we know the, the capital structure as  
18 JERRY has laid it out here, we know who's making a  
19 commitment. We know who the investment banker is,  
20 ahh, I mean we know that. If he comes back and says  
21 he's not comfortable, but I'm looking and hearing  
22 about the kind of financial structure it is and I'm,  
23 I've got as, as experienced guy as you could have  
24 that's telling me that the market will be able to  
25 finance this because it's a lucrative financial

1 structure. Then, then two weeks doesn't make any  
2 difference. But, but so I've, I've got a deal with, I  
3 gotta deal with you as colleagues having a comfort  
4 with it. But, but for me, if, even if you assumed  
5 JERRY would say that, I still think this is a project  
6 that has the financial legs, because what he may come  
7 back and say to us when it's all said and done is,  
8 that if it falls on ahh as guarantors or, or, or the  
9 financial structure in terms of who steps in, it may  
10 fall on the people that we know right now. Or, or  
11 SALIM JAFAR, is, is a primary, the principle in thing.  
12 So it may not be any different than that. And if  
13 that's the case, I still would vote for it because I  
14 think that it is, we still got enough financial  
15 guaranty with that, that we're UI, but this deal'll  
16 get done so I would like to, with particularly as many  
17 issues and, and agenda items and all this stuff that  
18 we've got going forward, I would like to put the tax  
19 credit issue to bed for 2004 and move on with some  
20 other issue. That's what I would like to do.

21 MILLER: Thank you Mr. HILL. Mr. CHANEY.

22 CHANEY: My comments UI. Let me ask you, JERRY.

23 This, if we approve this, and if, if, if the  
24 developer's project fail is there any cost  
25 considerations to the city?

1 KILLINGSWORTH: No, sir.

2 CHANEY: So we're not losing a dime do we?

3 KILLINGSWORTH: No sir.

4 CHANEY: It's not costing us anything? Alright so if  
5 his deal fall apart, it's up on whom, the developer?  
6 Is that not correct?

7 KILLINGSWORTH: That's correct.

8 CHANEY: Well once again it will not cost the  
9 citizens a dollar, dollars, not one penny right?

10 KILLINGSWORTH: That's correct.

11 CHANEY: Alright, I wanna call the question.

12 MILLER: Well, first of all you can't call the  
13 question after you've talked a while.

14 CHANEY: Oh, gee.

15 MILLER: It doesn't work like that.

16 CHANEY: LAURA have mercy.

17 MILLER: Remember?

18 CHANEY: Oh, you're smart Madam Mayor I should of got  
19 UI to say something...

20 MILLER: I know, you gotta, you gotta think about  
21 this stuff Mr. CHANEY.

22 CHANEY: Yeah, alright.

23 MILLER: You don't think I've been waiting for a  
24 motion to call the question since the last time I got  
25 one?

1 CHANEY: Somebody calls the questions.

2 MILLER: Ahh Mr. MOSER are you gonna call the  
3 question?

4 MOSER: No, I'm not gonna call the question.

5 MILLER: Okay good. Mr. GRIFFITH has another  
6 question.

7 MOSER: No, no I, before I, before we move on to Mr.  
8 GRIFFITH I, I'm gonna make a substitute motion 'cause  
9 I don't feel comfortable ahh in approving this today  
10 so I'm gonna make a substitute motion that we defer  
11 this until the November ahh 10th Agenda Meeting.

12 UF: Second.

13 UM: Second.

14 MILLER: Thank you Mr. MOSER, Mr. GRIFFITH.

15 GRIFFITH: Ahh, thank you and we're already gonna  
16 have a November 10th item on SIMPSON VILLAS correct?

17 HILL: It'll probably be withdrawn or deleted. But, UI  
18 but so...

19 GRIFFITH: But we could, we...

20 HILL: We're not.

21 GRIFFITH: How, how do you know that at this point?

22 HILL: Because I don't think it's gonna have the  
23 support of the Council members for anybody to be up  
24 here arguing for it that's what I'm saying.

25 GRIFFITH: So the pro...

1 UF: UI the agenda.

2 HILL: No, UI, I'm sorry you're right. Y'all are  
3 playing procedural rules on me...

4 GRIFFITH: Well...

5 MILLER: Mr. HILL, use your mic, use your mic.

6 HILL: Oh excuse me. Yes.

7 GRIFFITH: So we potentially, I guess, I guess the  
8 question.

9 HILL: Potentially we could

10 GRIFFITH: We were not, potentially we're not gonna  
11 end the tax credit issue tonight, potentially.

12 HILL: That's right yes sir.

13 GRIFFITH: Thank you.

14 MILLER: Thank you. We will vote now on the board,  
15 Mr. LOZA moved to defer this item until the  
16 November 10th 2004 City Council meeting. Dr. GARCIA  
17 seconds the motion. All, all in support vote yes,  
18 those oppose vote no.

19 Talking in the background

20 PAUSE

21 UF: Mr. CHANEY? UI Mr. BLADE. UI All members of the  
22 Council voting. Nine members voting for the motion, MILLER,  
23 LOZA, GRIFFITH, LIL, FINKELMAN, GREYSON, RASANSKY,  
24 GARCIA, BLADE. Voting against the motion HILL, THORNTON  
25 REESE, CHANEY, SALAZAR. Ahh absent when vote taken

1 FANTROY, OAKLEY motion to defer passes.

2 MILLER: Okay.

3 End of Item #

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