

# OFFICE OF RURAL COMMUNITY AFFAIRS

## **Executive Committee Meeting**

Brady National Bank Building

101 South Blackburn

Brady, TX 78625

## **MINUTES**

The Executive Committee of the Office of Rural Community Affairs convened at the Brady National Bank Building in Brady, Texas at 1:12 p.m. on Thursday, December 1, 2005. The Committee entered into Executive Session at 5:02 p.m. It came out of Executive Session, took no action, and adjourned at 5:51 p.m.

### **Executive Committee Members in Attendance**

#### **Present**

William M. Jeter, III, Chairman

David Alders

Ike Sugg

Lydia Saenz

Michael Waters, Secretary

Nicki Harle

Pat Wallace (*arrived after item C1*)

Wallace G. Klussmann

#### **Not present**

Carol Harrell, Vice Chair

### **Others in Attendance** (*in alphabetical order by last name*)

<b>Last Name</b>	<b>First Name</b>	<b>Organization</b>
Cardenas	Oralia	Office of Rural Community Affairs
Cardiff	Sandy	Office of Rural Community Affairs
Cruz	Theresa	Office of Rural Community Affairs
Flores	David	Office of Rural Community Affairs
Hill	Jerry	Office of Rural Community Affairs
Lagrone	Heather	Office of Rural Community Affairs
McFarren	Jill	Office of Rural Community Affairs
McPhee	Don	Helin, Donovan, Trubee and Wilkinson (Internal Auditor)
Stone	Charlie	Office of Rural Community Affairs
Wood	Robert	Texas Department of Agriculture
Wyatt	Mark	Office of Rural Community Affairs
Young	Randy	McCulloch County Judge

Chairman William Jeter called the meeting to order at 1:12 p.m. and asked Michael Waters, Secretary, to call the roll. A quorum was present.

### **1 Agenda Item A1**

Michael Waters requested that the minutes from the September 29-30, 2005 Executive Committee meeting be revised to reflect that his “No” vote on Item F3 regarding awards from the agency’s Non-Border Colonia Fund pertained only to the Travis County award. Mr. Alders requested that he also be noted similarly.

Michael Waters offered and Nicki Harle seconded the motion to approve the minutes of the September 29-30, 2005 Executive Committee meeting with that revision.

The Executive Committee, with all members present voted yes with the exception of Lydia Saenz and Ike Sugg, who were not present at the September 29-30, 2005 meeting and therefore abstained.

Chairman Jeter then recognized McCulloch County Judge Randy Young, who welcomed the Executive Committee to McCulloch County.

### **2 Agenda Item C1**

ORCA Executive Director, Charles S. (Charlie) Stone, presented the Executive Committee with information regarding Dorothy Garza for consideration of appointment to the Director position of the Texas Rural Foundation Board.

Nicki Harle offered and Lydia Saenz seconded the motion to approve the appointment.

The Executive Committee, with all members present voted yes.

### **3 Agenda Item C2**

ORCA General Counsel, Jerry Hill, briefed the Executive Committee on the proposed Memorandum of Understanding between the Office of Rural Community Affairs and the Texas Rural Foundation. There was

a discussion on the Texas Legislature's intent on the relationship between the Texas Rural Foundation and the Executive Committee.

Wallace Klussmann offered and Michael Waters seconded the motion to authorize the Executive Director to enter into the MOU with the Texas Rural Foundation.

The Executive Committee, with all members present voted yes.

#### **4 Agenda Item C3**

Charlie Stone presented the Executive Committee with the annual report on the Texas Rural Foundation.

Wallace Klussmann requested that the Foundation Chairman provide either a short written or oral report on the status of the Foundation to the Executive Committee at each of the Executive Committee's meetings. It was also suggested that the Executive Committee attempt to meet with the Board of Directors of the Texas Rural Foundation around the time of the next Executive Committee meeting.

No action was taken.

#### **5 Agenda Item C4**

Charlie Stone, briefed the Executive Committee on the appointment of members to the Regional Allocation Task Force subcommittee.

Mr. Stone noted that all existing members have agreed to be reappointed to serve another term on the subcommittee, with the exception of three members that are no longer serving as local elected officials in their area.

Mr. Stone noted that at the State Review Committee's (SRC) October 28, 2005 meeting, SRC Chairman Chuck Cazalas nominated the following current SRC members for consideration and appointment by the Executive Committee to the Regional Allocation Task Force subcommittee:

- Commissioner H.C. "Chuck" Cazales (Nueces County)
- Commissioner Doug King (Bandera County)

- Judge Jerry Hubbell (Franklin County)

Wallace Klussmann offered and David Alders seconded the motion to approve the three new appointments to the Regional Allocation Task Force subcommittee.

The Executive Committee, with all members present voted yes.

## **6 Agenda Item D1**

David Alders, Chair of the Subcommittee on Internal Audit, requested that the Executive Committee consider extending the contract for internal audit services with the internal auditing firm of Helin, Donovan, Trubee and Wilkinson, LLC (HDTW) to September 1, 2006.

Mr. Alders offered and Lydia Saenz seconded the motion to approve the extension of the contract for the preparation of an Audit Plan to be submitted to the Internal Audit Subcommittee and the Executive Committee no later than January 15, 2006. Upon the approval of the Audit Plan by the Executive Committee at its February 2, 2006 meeting, HDTW will begin the audits identified in the Audit Plan and submit the results to ORCA no later than September 1, 2006.

The Executive Committee, with all members present voted yes.

## **7 Agenda Item F1**

Robert Wood, Texas Department of Agriculture's Assistant Commissioner for Rural Development, briefed the Executive Committee on the proposed revisions to Title 10, Chapter 255, Section 255.7 of the Texas Administrative Code relating to the allocation of program funds for the administration of the Texas Capital Fund.

Wallace Klussmann requested that additional analysis and information be provided to the Executive Committee on the Texas Capital Fund in order to show what is being done and the results of how well the program is performing.

Mr. Klussmann offered and Patrick Wallace seconded the motion to adopt the revisions.

The Executive Committee, with all members present voted yes.

## **8 Agenda Item F2**

Robert Wood, briefed the Executive Committee on the interagency contract between the Office of Rural Community Affairs and the Texas Department of Agriculture for the administration of the Texas Capital Fund with Community Development Block Grant funds.

Agency staff was asked to provide to the Executive Committee the monthly reports provided for in Section 7, paragraph A of the interagency contract.

Wallace Klussmann offered and Patrick Wallace seconded the motion to authorize Mr. Stone to execute the interagency contract.

The Executive Committee, with all members present voted yes.

## **9 Agenda Item F3**

Oralia Cardenas briefed the Executive Committee on the proposed Community Development Block Grant 2006 Action Plan.

Michael Waters requested that the staff provide in the 2007 Action Plan the HUD factors and criteria used to determine the regional amounts under the Community Development Supplemental Fund.

Patrick Wallace requested information regarding the development of community distress factors used in CDBG program scoring criteria.

William Jeter requested a brief summary of the allocation formula recommendations made by the Executive Committee for consideration in the 2007 Action Plan and that they be specifically identified in the Action Plan if recommended by staff.

Wallace Klussmann inquired as to the possible use of CDBG monies for telecommunications projects.

ORCA Community Development Director, Oralia Cardenas, noted that

the Regional Allocation Task Force may meet in January 2006 to discuss possible recommendations for presentation to the Executive Committee at their February 2-3, 2005 meeting in Austin.

Mr. Klussmann offered and Michael Waters seconded the motion to approve the proposed Community Development Block Grant 2006 Action Plan.

The Executive Committee, with all members present voted yes.

## **10 Agenda Item F4**

ORCA Community Development Program Development Manager, Mark Wyatt, briefed the Executive Committee on the proposed revisions to Title 10, Chapter 255 of the Texas Administrative Code rules to administer the 2006 Action Plan as discussed in agenda item F3 above.

Wallace Klussmann offered and Lydia Saenz seconded the motion to approve the proposed revisions for publication in the Texas Register for public comment.

The Executive Committee, with all members present voted yes.

## **11 Agenda Item F5**

ORCA Community Development Program Development Manager, Mark Wyatt, briefed the Executive Committee on proposed revisions to Community Development Block Grant rules to provide for the allocation of program funds for the installation of streetlights in colonias pursuant to H.B. 775, 79th Legislature Regular Session.

Wallace Klussmann asked about the definition of the term “adequate”.

Michael Waters offered and Patrick Wallace seconded the motion to approve the publication of the proposed rule in the Texas Register for public comment.

The Executive Committee, with all members present voted yes, with the exception of David Alders and Wallace Klussmann who abstained.

## 12 Agenda Item F6

Oralia Cardenas presented the Executive Committee with the staff's recommendation for the approval of a \$500,000 award from the Colonia Economically Distressed Areas Program (CEDAP) to Hidalgo County.

Patrick Wallace offered and Wallace Klussmann seconded the motion to approve the award.

The Executive Committee, with all members present voted yes.

## 13 Agenda Item F7

Oralia Cardenas, and ORCA Loan Specialist, Heather Lagrone, briefed the Executive Committee on the status of the Revolving Loan Fund (RLF).

Michael Waters asked the staff to provide a list of all distributions from the RLF, in order by classification of worst performers (top) to best performers (bottom). Mr. Waters asked that the list be provided to the Executive Committee members prior to each meeting.

William Jeter requested a copy of the RLF rules, compliance requirements, and award criteria. Mr. Klussmann asked that agency staff develop recommendations for the Executive Committee to address the best **policy for timely** utilization of RLF monies.

Michael Waters asked that agency staff present recommended action at each Executive Committee meeting **regarding the policy.**

**No action was taken.**

## 14 Agenda Item E1

ORCA General Counsel, Jerry Hill, briefed the Executive Committee on the revisions to rules establishing policies and procedures for the operation of the Office of Rural Community Affairs, the replacement of reference to Center for Rural Health Initiatives with Office of Rural

Community Affairs, the deletion of rules addressing the inactive Community Scholarship and Rural Emergency Medical Services Scholarship Incentive (REMSIP) Programs (Sections 257.1 through 257.809 of Title 10, Part 6, of the Texas Administrative Code), general updating of the rules and revision to the rules to comport with current statutory language.

Patrick Wallace offered and Lydia Saenz seconded the motion to adopt the revisions to the rules.

The Executive Committee, with all members present voted yes.

## **15 Agenda Item E2**

ORCA Rural Health Director, Theresa Cruz, briefed the Executive Committee on the appointment of Mr. Michael Hooten, Dean of the School of Allied Health Services at Texas Tech University's Health Science Center in Amarillo to the Selection Committee of the Outstanding Rural Scholar Recognition and Loan Program for Rural Health Care pursuant to Section 487.103 of the Texas Government Code.

Ms. Cruz noted that the Executive Committee's approval of the appointment of Mr. Hooten would bring the membership of the Selection Committee to 11, leaving one position remaining unfilled.

Patrick Wallace requested that Ms. Cruz provide him with a copy of Mr. Hooten's resume.

Wallace Klussmann offered and Patrick Wallace seconded the motion to approve the appointment of Mr. Hooten.

The Executive Committee, with all members present voted yes.

## **16 Agenda Item D2**

ORCA Chief Financial Officer, David Flores, briefed the Executive Committee on the agency's Fiscal Year 2006 operating budget, CDBG fund balance and the agency's 2005 annual financial report.



No action was taken.

**17 Agenda Item H1**

Charlie Stone, briefed the Executive Committee on the status of the submission of executive briefs in the Agenda Books.

Mr. Stone requested an extension of time on the submission of the briefs, noting that a review of software that may enhance the process of bringing the Executive Committee better information in the briefs is underway.

The Executive Committee agreed to an extension to the next Executive Committee meeting without a formal vote.

**18 Agenda Item H2**

William Jeter briefed the Executive Committee on the schedule and locations of future Executive Committee Meetings, listing suggestions:

Bowie	Frisco	Graham
Linden	Ozona	Waxahachie

Mr. Jeter requested that Charlie Stone, ask representatives of the cities of Graham and Bowie if they are interested in hosting an Executive Committee meeting.

No action was taken.

**19 Agenda Item B1**

No public comments were received.

**20 Agenda Item I1**

The Executive Committee entered into Executive Session at 5:02 pm on Thursday, December 1, 2005, at which time William Jeter made the following Executive Session Announcement:

We are now going into Executive Session pursuant to Government Code Section 551.071 to consult with our attorney concerning contemplated litigation and Section 551.047(a) of

the Government Code to deliberate the Executive Director of the Office of Rural Community Affairs' job performance and duties. The time is 5:02 pm.

## **21 Agenda Item J**

At 5:51 p.m. Mr. Jeter announced, "We are now coming out of Executive Session and we are taking no action. The time is 5:51 p.m.

The meeting was adjourned at 5:51 p.m. on Thursday, December 1, 2005.