

**MCALLEN HOUSING FINANCE CORPORATION
AUGUST 30, 2007**

A meeting of the McAllen Housing Finance Corporation was held on Thursday, August 30, 2007 at 12:00 noon at Palm View Golf Course Meeting Room, with the following present:

Armando Martinez	President
Margaret Rose Guerra	Vice President
Paul Schwab	Member
Peter Carney	Member
Charles Cardenas	Member
Donna Rodriguez	Member

Absent: Mercedes Espinoza Member

Others Present:

Jim Darling	Corporation Attorney
Annette Villarreal	Corporation Secretary
Joe Castillo	Asst. Finance Director
Robert A. Calvillo	Ex. Director, McAllen Affordable Homes
Luis Figueroa	Board President, McAllen Affordable Homes

CALL TO ORDER

President Martinez called the meeting to order.

1. ELECTION OF OFFICERS

Mr. Cardenas moved to keep the current officers as follows:

President	Armando Martinez
Vice President	Margaret Rose Guerra
Corporation Secretary	Annette Villarreal
Corporation Treasurer	Jerry Dale

Mr. Schwab seconded the motion. The motion carried unanimously by those present.

2. APPROVAL OF MINUTES FOR MEETING HELD JULY 20, 2007

Ms. Rodriguez moved to approve the minutes of the meeting held July 20, 2007, as submitted. Vice President Guerra seconded the motion. The motion carried unanimously by those present.

3. RECONSIDERATION OF MCALLEN AFFORDABLE HOMES' REQUEST FOR EXTENSION OF LOAN FUNDS FOR PHASE II OF LOS ENCINOS III SUBDIVISION

Mr. Calvillo briefly recapped the action taken at the corporation meeting on July 20, 2007, wherein the corporation approved an extension of a loan that had matured on August 1, 2007, in the amount of \$500,000, to McAllen Affordable Homes, Inc. (MAHI) for Phase II of Los Encinos III Subdivision. He noted that the loan was approved subject to an interest rate increase from 4% to 5 ½ %. At this time, MAHI Board President Luis Figueroa, addressed the Board and requested reconsideration of a lower interest rate.

Mr. Calvillo distributed a summary of costs associated with the development of Phase II of Los Encinos III (known as Los Encinos IV) and gave a brief overview. He reported that the project would be the most expensive development with 35 lots ranging between \$17,000 and \$18,000 per lot. He also mentioned that McAllen Affordable Homes had obtained a \$25,000 grant to offset some of the costs.

Concerns were expressed relating to the lot cost for this development in comparison to a private development. It was reported that the difference is due to the economy scale and the availability of acreage for public housing.

A lengthy discussion ensued relating to the loan and rates. After due consideration, Mr. Schwab moved to approve the loan extension with a 3% interest rate. Mr. Cardenas seconded the motion. The motion carried unanimously by those present.

4. DISCUSSION OF FUNDING OPPORTUNITIES OF NEW ELIGIBLE PROJECTS

Mr. Calvillo reviewed a handout depicting surplus funds received from the McAllen Housing Finance Corporation in 1991. He requested that the remaining balance of \$17,013.70 be categorized as "unrestricted" funds.

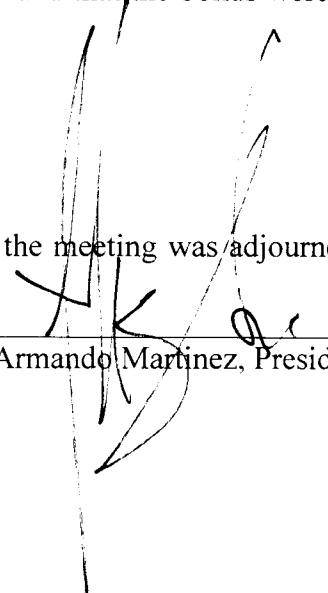
Mr. Schwab moved to declare the remaining surplus funds as "unrestricted" as recommended. Ms. Guerra seconded the motion. The motion carried unanimously by those present.

A discussion was held relating to a bond sale or the negotiation of a tax free rate. Mr. Darling reported that this type of activity was done a few years back and that the bonds were difficult to sell.


No further action was taken.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:55 p.m.


Armando Martinez, President

Attest:


Annette Villarreal, TRMC
Corporation Secretary