

SPECIFIC REFERENCES TO TESTIMONY & SUPPORTING EVIDENCE:

Re: Loan #790090125 – Tracee and Allissa Chambers

HUD Complaint # HL-02-00075-c

Cause #97-08030 53rd District Court Travis County, Texas

(Allissa M. Chambers & Tracee Chambers v. Josie Valdez, dba Valdez Remodeling and The City of Austin)

❖ The Below Referenced **List of Attachments** were provided to:

- **Austin City Manager Marc Ott:** **hand-delivered** w/ receipt in **hard copy** (Aug 10 & 22, 2008)
 - **Austin City Auditor:** referenced List of Attachments provided October 3, 2008 & September 15, 2009
 - **Travis County District Attorney:** December 12, 2008
-

(1) Chambers' and her witnesses' Testimony:

- Apprx. 13 hours of sworn deposition testimony by Allissa Chambers; plus, Chambers' affidavits;
- Chambers' expert witnesses' testimonies.

(2) Re. U.S.C. Title 18 - Communications with City of Austin - Requests for referral to DoJ: 2007 – 2008

- **July 2008 – October 2008:**
 - i. **From:** Allissa Chambers, Gray Panthers, and Clint Smith
 - ii. **To:** City Manager Marc Ott, Council Member Laura Morrison, City Auditor Steve Morgan
- ❖ **To their credit, City Manager Ott, Council Member Morrison and City Auditor at least acknowledged my correspondence; however, thus far (December 2008) I've received no indication that my request for referral of the information be referred for outside investigation by the DoJ.**
- **April 2007 – May 2008:**
 - i. **From:** Gray Panthers, Austin (GP), Austinites Lobbying for Municipal Accountability (ALMA), Travis County Green Party (TCGP), and Allissa Chambers as an individual.
 - ii. **To:** Mayor Will Wynn, CM Martinez, CM Kim, CM Leffingwell (and other CM's cc'd)
- **Previous appeals made as an individual, and then later as the coalition of loan recipients who also alleged to have had problems with the CoA housing programs: ('97 -'04) To:**
 - City of Austin Neighborhood Housing & Conservation Dept. (NHCD),
 - CoA Housing Finance Corporation (AHFC)
 - AHFC Trustee & Secretary William (Bill) Cook;
 - City of Austin Council Member Eric Mitchell
 - City of Austin Council Member Daryl Slusher
 - San Antonio H.U.D. Regional C.P.D.;
 - San Antonio H.U.D. Regional IG
- **HUD complaint #HL-02-00075-C re. Loan #790090125**

(3) Forgery(ies):

- a. Forged CoA document of 7/25/1995 - copies sent to CoA Council Members & City Manager Marc Ott (2007-'08)
- b. Chambers Deposition 12/17/1998 p. 63 – *“That does not even look like my handwriting.”*
- c. **RE: another apparent forgery of Chambers' signature on a different document dated 07/01/1996:**
Interrogatory No. 13: Chambers' 2nd Supplemental Answers to First Set of Interrogatories (re. cause number # 97-08030 53rd District Court, Travis County, Texas) (re. another apparent forgery of Chambers' signature on another CoA document).

(4) RE: CDBG Contract – Chambers; Valdez; CoA:

- ***“If the construction is not completed...then the amount of the consideration subject to the Contractor's lien shall be diminished by the amount reasonably necessary to complete the construction as agreed.”***

- ***“Owners shall be entitled to deduct from any disbursement or payment due Contractor \$100.00 for each day past the agreed completion date as Owner’s liquidated damages.”***
- ***“Failure of the Contractor to perform any work for a period longer than fourteen calendar days without the approval of Owners shall constitute a breach and shall entitle the Owners to terminate this contract and recover damages thereby.”***

(5) RE: Breach of Contract Summary Judgment Ruling Judge Hume Cofer (February 20, 2000):

“Defendant Josie Valdez committed a material breach of the contract

- by *abandoning the job,*
- by *failing to complete the contract within the 90-day period..., and*
- for *not working on the subject job for period(s) in excess of fourteen consecutive days,*
- *the Court grants Plaintiff’s Motion.*
- *The Court also concludes and adjudicates that as a matter of law, Josie Valdez materially breached the Mechanic’s Lien Contract...”*

(6) Examples: Addendums to original contracts involving contractor abandonments:

- 6707 Canal St.
- 2013 Willow St.

(7) Pressure on Chambers to Dissolve her contract and release CoA’s contractor from Liability:¹

- August 22, 1996: Letter from Allissa Chambers to CoA Chris Gonzalez & cc’d to AHFC William Cook:**
 - ***“...I am unable to sign the paperwork as they are currently written.”***
- August 28, 1996: Letter from CoA Christopher Gonzalez to Allissa Chambers:**
 - Chambers project has been officially halted because: ***“The current contractor has not been released from the contract. Valdez remodeling has not been paid”***
- October 16, 1996: Letter from CM Eric Mitchell to Allissa Chambers:**
 - ***“the construction department is waiting on the following from you: the letter dissolving the contract between you and (contractor)... It is imperative you forward the information as soon as possible”***
- October 28, 1996: Letter to Allissa Chambers from Candelario Moreno:**
 - ***to discuss the steps necessary to dissolve your first contract...”***
 - ***“In addition to resolving the utility reimbursement issue, we highly recommend that you pay the contractor.”***
 - ***“...our office cannot proceed with any further rehabilitation of your home while there remain unresolved issues regarding your contract with Valdez Remodeling”.***
- November 19, 1996: Letter from CoA Patricia Estrada:**
 - ***“The client and contractor should sign a document dissolving their contract. . Allissa must agree to pay Josie...”***
- May 01, 1997: Letter from CoA Earl Hairston to Allissa Chambers:**

¹ What was the need for dissolution and releasing someone who’d already broken the contract?

- *“The **contract** between you and Ms. Valdez **must be dissolved**.”*
- g. **May 23, 1997: letter from CoA Earl Hairston to Allissa Chambers:** -- CoA suggests the possibility of them resurrecting the previously withdrawn and invalidated 5/20/1996 contractor’s invoice).
- *“**In order to proceed the following must occur: Your contract with Valdez Remodeling, Inc. must be dissolved. Your written approval or disapproval of the \$7452.50 payment to Valdez Remodeling, Inc.**”*
 - *“**Staff has on file written approval by you to pay the \$7452.50 to Valdez Remodeling, Inc.**”*
- (8) **Unaccounted for Federal Fund\$ (missing) – discrepancy in records Re. Loan Activity (#79090125):**
- a. **July 14, 1997 = injunction forbids** CoA to release funds from its AHFC escrow account to Chambers’ project.
 - b. **(CoA AHFC kept the funds but also required Chambers to “repay” per the terms of the contract, as if CoA AHFC had released the funds. Where did the funds go?)**
 - c. Austin Regulatory Finance Office = loan servicing documents;
 - d. U.S.E. Trust Deed Collections / a.k.a. Ameri-National = loan servicing documents;
 - e. September 23, 2008 Letter from CoA Asst. City Manager David Lurie:
*“**In the mid 1990’s your home was rehabilitated thru the Austin Housing Finance Corporation’s single-family home repair program.**”¹*
 - f. **May 19, 2003** Letter from CoA NHCD Director Paul Hilgers:
*“**as all terms and conditions were met, no payments became due and a lien release was executed on May 17, 2002.**”*
- (9) **Loan activity Re. Chambers’ project Per CoA & U.S.E. Records:**
- Project commenced Dec. 1995/Jan 1996
 - **Contractor Abandoned the project in winter 1996; CoA never resumed the project**
 - **No Fund\$ were ever released from AHFC’s escrow account – The City kept its funds.**
 - **The contractor was NOT paid.**
 - **(07/14/1997) Injunction** – forbids City from disbursing funds *from* CoA AHFC escrow account to Chambers’ project / CoA contractor.
 - Judge Cofer’s **Court ruling that contractor abandoned the project** at the Chambers’ home.
 - September 23, 2008 letter from CoA asst. City Mngr. Mr. David Lurie asserting that: *“**in the mid-1990’s your (Chambers’) home was rehabilitated thru the Austin Housing Finance Corporation’s single family home repair program**”²*
 - **Loan schedule information** from U.S.E. a.k.a. Ameri-National Services compared to Austin Regulatory Finance Office.

¹ For a visual “definition” of what CoA apparently considers to be a “rehabilitated” home, please refer to the **photo-documentation DVD** of my home’s condition in the mid-90’s – *after* CoA & its contractor abandoned their contractual duties.

- **July 24, 2000 Loan status Statement for Chambers’** project (payments due/not due):
 - i. Original loan = \$17,737.00
 - ii. Current Principal Amount = \$10,642.00
- **January 01, 2001** = Loan Maturity Date = zero loan balance
- **May 17, 2002** = CoA removes Lien

(10) **RE Payment Practices: Deposition Candelario (“Candy”) Moreno pp. 117-120**

- Claims that David Montoya **authorized payment for work that was not done:**

CM: *“He (David Montoya) was in charge of a project where we had a question whether the contractor had done what he was required to do under the specifications, and...We investigated it, documented it, and...We agreed that -- that he would be given the option to either resign or he would be fired.”*

Q: ***So am I understanding you correctly that he (David Montoya) basically authorized payment on some work that wasn’t done?***

CM: ***Yes.***

Q: *And who was the contractor?*

CM: *I’m not -- I can’t remember the contractor. It was a contractor that originally came out of Laredo or somewhere in south Texas...”*

(11) **RE: Payment Practices: Deposition of David Montoya (12/07/1999) pp. 108 – 115:**

- David Montoya is completely pulled off the Chambers project on March 27, 1996.
- cannot explain why his signature and title are dated on June 26, 1996 and appears on a CoA payment authorization form for Ms. Chambers’ project, 3 months after he was removed from the job .
- He suggests that CoA told him to sign a form although he was not assigned to the job.
- He claims he remembers CoA saying they were going to try to process the previously withdrawn and invalidated 5/20/96 contractor’s invoice.

Q: Do you know why you were taken off the project?

DM: *They never did let me know why, and **I was just taken out completely.***

Q: ***Do you remember approximately what date you were pulled off the project?***

DM: *It was – I don’t remember, sir. It was during that – that letter – when that letter was given.*

Q: ***March 27th, 1996?***

DM: ***I think so, yes.***

Q: (Re. ‘Montoya Exhibit No. 82) Please take a moment to look at that. Identify it for me.

DM: ***This is an Authorization For Payment that was – This was dated on 5/20/1996.***

Q: ...You see it says “Construction Specialist” and **that’s your signature, isn’t it?**

DM: *Yes...The date that I dated this was – it has 6/26/96.*

Q: ...you just told me a minute ago, Mr. Montoya, that you were pulled off on or around the date of **3/27/96. This Authorization For Payment is dated three months later. You weren’t on the project,** were you?

DM: *I don’t think – I don’t know how – how –*

Q: Were you on the project on 6/26/96? Were you still the construction specialist on this project on 6/26/96

DM: *All I can remember is this – this letter here and that’s it. I don’t – but I don’t – I don’t remember how this came about I don’t have – I can’t remember how this date came out.*

Q: My question is **were you still on the project on June 26, 1996?**

DM: **No.**

Q: Okay. So then **how do you explain your signature** of David Montoya **authorizing a payment to Valdez Remodeling & Weatherization, Inc. on June 26, 1996, after you were taken off the project?**

DM: **I can’t explain it...The only thing I could say – and I think that this – this pay request – this pay request was given to me to sign it at that time even though I was out of the case** or out of the project already.

Q: Why would they give it to you to sign if you were no longer the construction specialist?

DM: *I don’t have no idea why they gave it to me...**I only remember them saying that they were going to try to process this payment,** but I don’t –I think this – I think this form was on hold, put out on hold for a period of time ever since Josie requested for payment.*

Q: **Were you on the project at that time on 5/20/1996?**

DM: **I wasn’t on the project. The project wasn’t going on by me.**

(12) **RE: Possible Perjury:**

a. **Letters From Judge Hume Cofer to opposing counsel: (11/30/1999 & 12/17/1999):**

- **RE:Consideration for referral to Travis County DA:**
- possible perjury (of contractor’s Attorney Mike Clark, & CoA official Steve Villasenor)

b. **November 07, 2006 Motion to Dismiss Hearing:** –

- Compare CoA’s & Contractor’s on record statements to 1996 chronological events on the Chambers’ **Detailed Timeline.**

c. **Deposition of Mary Josephine Valdez (Valdez Remodeling) (April 15, 1999) Page 63 lines 1-14:**

Q: *“has anyone...any of the clients or homeowners, alleged that you did not finish the job within the specified time frame?”*

JV: *“No.”¹*

¹ Inquire with the clients of the following projects:

- 1702 East 17th St. 78702 – Tracee and Allissa Chambers
- 5207 Tura Lane 78721 – Lilia Valdez (speak with Diana)
- 1213 Holly St. 78702 – Valentin and Lupe Gonzales
- 1411 Holly St. 78702 – Estate of Lena McDonald; Joan Sutton and Janeice Henderson (1992-1999)

Q: “...has anybody ever filed a written complaint with the City of Austin concerning your work?”
IV: “Not that I know of”¹

(13) **Re. Contractor CoA requalification application(s) 1998:**²

- a. **Q:** “Has firm ever failed to complete project or defaulted on a contract?”
IV: “No”³
- b. **Q:** “Has firm ever been in litigation over any contract? If so, explain”
IV: “Yes...Court attorney waiting for it to be dismissed”⁴
- c. **Current project listed on 1998 CoA application = 1406 Penny Street**
- 1406 is also listed via CoA files as receiving CDBG funds
 - owner of 1406 Penny Street = Annette Valdez
 - Annette Valdez = Office Mngr, Valdez Remodeling (However, I do not know if it coincided at the same time).

(14) **AHFC Homebuilder/Contractor Registration Requirements:**

Prescribes criteria that constitutes consideration for contractor suspension/debarment:

– Section 3, Parts B & F; Section 4C; Section 4F; Section 7, numbers 2, (possibly 3), 4, 5, 7, 8, & 9.

For Example:

- **Section 7** – “The contractor may be suspended for any of the following reasons:”
 - #7 – if the contractor did not complete projects within the contract time frame.”
 - #8 – if the contractor completes a project 30 days past the agreed specified project completion date...”
 - #9 – Violation of any contract provision with AHFC or its clients.”
- **Section 4F** – “The contractor shall have no unresolved complaints which have been registered with the Better Business Bureau, the City of Austin, or the Austin Housing Finance Corporation.”

(15) **Sampling of CoA records – Contractor Awards:**

i. **CoA Council Minutes – Contracts awarded to Valdez:**

CoA & TC award contractor additional contracts over the span of the next decade from 1996-2007.

ii. **April 2, 1999 AHFC Debarment Inquisition:**

¹ Refer to:

- 1702 E. 17th St. 78702 -- Allissa Chambers
- 2905 Lyons Rd. --11/20/1998 Memorandum from AHFC to Josie Valdez, Valdez Remodeling RE: Corrective Action 2905 Lyons Road – (re. written complaint by Paula and Martin Frausto).
- 2905 Lyons Rd. – 11/20/1998 letter from Josie Vladez, acknowledging receipt of complaint(s).
- Cause #9714134 Estate of Lena McDonald, Joan Sutton, & Janeice Henderson vs. Valdez Remodeling – re. 1411 Sanchez 78702;
- 09/10/1998 & 10/20/1998 written complaints to CoA re. 1213 Holly St. 78702 – Valentin and Lupe Gonzales

² CoA records appear to reflect more than one version of Valdez Remodeling’s 1998 application. Some answers are left blank on certain versions; the name of the office manager is different on one version (Annette Valdez / Andrea Rodriguez).

³ Judge Hume Cofer Summary Judgment Ruling – CoA Contractor Breach of Contract /abandonment & failing to complete project in ‘96

⁴ Chambers’ case was still active as late as 2007 (9-yrs after contractor alleged the case was being dismissed). Why would Valdez Remodeling think the case would be dismissed as early as 1998? Why did her explanation suffice for the City of Austin?

Valdez Remodeling... “is not listed in the General Services Administration’s List of Parties Excluded from Federal Procurement or Non-procurement Programs dated February 1999. The contractor may commence work at 7517 Carver Avenue as stated in the Construction Notice.”

iii. **Department of Small and Minority Business Resources Service Provider Activity Report:**

- Reporting date: 09/01/03 – 09/30/03
- Valdez Remodeling = **City Certified (YES)**
- <http://www.ci.austin.tx.us/snbr/downloads/advi1103>

iv. **CoA Construction Agreement w/ the contractor for 7517 Carver Avenue March 22, 1999** (doc. COF0602):

*“AHFC shall pay Contractor [Valdez Remodeling] for performance of the following work... :
“For Unit Construction Work an amount equal to the sum of the following:
The number of Houston Plan Units completed according to the contract documents multiplied by SIXTY-FIVE THOUSAND, EIGHT HUNDRED SIXTY DOLLARS and 92/100 (\$65,860.92) per plan.”*

(16) **Substandard workmanship; inspection practices; DTPA; Repair costs re. CoA/contractor’s damages:**

a. **July-Aug 1996 = CoA notes fr. Christopher Gonzales re. contractor workmanship: COA 8 0834 – COA 8 083?:**

- “siding not staggered”;
- “improper water table”;
- “no hand rail”;
- “bad patch”;
- “No staggering of siding”;
- “Trim does not match previous size”;
- “twisting columns”;
- “gaps in light fixture install”;
- “no trim-work”;
- “gas jets still present”;
- “gaps”;
- “broken fixture”;
- copper not in wall”;
- “rotten structure”

b. **1997 = paint bid to remediate contractor’s damages: Written Statement by Melanie Martin 01/07/2006:**

- “Approximately in 1997...After sending my painter out to her home...my painter reported back to me that the exterior condition of Ms. Chambers’ home was so badly and extensively damaged from exposure and flaking paint, that he declined to give a bid for the job.”

c. **Testimony – Russel Forsythe : 03/07/2002:**

- Re. total estimated repair costs re. damages: **“I would say \$86,000.”**

d. **April 25, 2002: Letter from Farmers Insurance:**

- “Allissa, I am quite concerned that you are in jeopardy of losing your homeowners insurance coverage. If the overall condition and pride of ownership does not change quickly, there is no question that underwriting will decline coverage.”

e. **Foundation (DTPA?):**

i. **Statement from Dennis Green (January 06, 2007):**

- “...I discovered that what was made to look like a pier, indeed was not a pier – as the dry-stacked cinder blocks actually toppled over.”

- *“A support beam along the northern side of the home near the bathroom and West bedroom, was the incorrect size, and consequently created a permanent slump in the home’s floor.”*
- ii. **5/20/1996 CoA contractor invoice:** contractor bills Chambers for pouring a new pier.
- f. **Termite “extermination”:**
 - i. **Statement from Myrtle Kestenbaum, owner of Term Trol (January 7, 2007):**
 - *“...Chambers had mentioned that a contractor had claimed to have previously exterminated her home. However when I inspected beneath Ms. Chambers’ kitchen sink, I could not find any evidence of an exterminator’s sticker, which indicates when the home was exterminated. This sticker is a standard requirement.”*
 - ii. **Deposition Testimony from Allissa Chambers pp. 233-234:**
 - *“...as far as the termites go, after I received a bill for that, I had visited my house and there were termites swarming around my house. I had a termite inspector come out and acknowledged that there were termites...”*
 - iii. **5/20/1996 CoA contractor invoice:** contractor bills Chambers for termite extermination.

(17) **HEALTH & SAFETY HAZARDS / CoA Inspection Practices:**

- a. **ELECTRIC: CoA Inspection Practices & possible DTPA:**
 - i. **5/17/1996 CoA handwritten notes (Ed Alonso):**
 - **“Electric – Has passed code inspection. Copy of Report.”**
 - ii. **5/20/1996 CoA contractor invoice:** contractor bills Chambers’ for electric
 - iii. **4/15/1999 Testimony – Mary Josephine Valdez: page 171:**
 - **City passed electrical work at the Chambers Home (1996)**
- b. **ELECTRIC: – Janet’s Electric Report post CoA inspection (fire hazard):^{1, 2}**
 - ii. **10/30/97 Report from Janet’s Electric:**
 - **“old cloth covered wires in every switch box.”;**
 - **“junction boxes with the old wires junctioned to a new wire...”;**
 - **“receptacle was hanging out of the box (child’s room).”;**
 - **“...electrical work done in the house was of poor quality.”**
 - ii. **05/18/99 Report from Janet’s Electric:**
 - **“It was obvious that your (Chambers’) house was never completely rewired.”**
 - **“Some of the wires are bare and touching wood.”**
 - **“I consider what I saw to be a fire hazard...”**
 - iii. **6/24/1999 Deposition Testimony – Janet Hughes:**

¹ Chambers’ kitchen light fixture later ignited.

² Refer to project @ 1405 Sanchez 78702 ; Cause #9714134 Estate of Lena McDonald, Joan Sutton, & Janeice Henderson vs. Valdez Remodeling – (house burned down)

c. **LEAD PAINT DUST CONTAMINATION:**

Reports from Texas Lead Inspection & Environmental Services (05/24/1999) & (08/19/1999):

- **Recommended maximum lead levels** = 400 ppm (200 ppm for a child's play area); 800 ug/ft²
- **Lead Results** (i.e. 11,900 ppm & 64,600 ug/ft²)
- *"The exterior paint film on all exterior components has **lost its integrity due to paint failure from sanding in preparation for re-painting** and are cracking, chipping, flaking etc."*
- *"...bare soil containing visible **paint chips and is accessible to young children.**"*
- *"The paint throughout the interior of the home appeared to be **in poor condition.**"*
- *"...all areas tested **exceeded the EPA maximum** recommended lead levels"*
- *"...**recommended that they be abated as soon as possible.**"*
- *"...the current deteriorated condition of the paint and the extremely high lead levels in the dust and soil..."*
- *"The results of these tests indicate that both the paint and soil would be **classified as hazardous waste.** The paint chips contained hazardous levels of lead and cadmium...The soil contained hazardous levels of lead"*

(18) **KOWING & DELIBERATE ACTION TO HARM:**

- a. CoA was made aware of the Fire Hazards @ Ms. Chambers' Home;
- b. CoA was made aware of the Hazardous waste contamination at Ms. Chambers' Home;
- c. Under threat of foreclosure, CoA's enforced a lien with Power of Sale, prohibiting Chambers from moving, selling, renting or refinancing her home.
- d. CoA's unjustified lien was enforced until May 17, 2002.
- e. Chambers and her family (including a young child) could not move out of harm's way w/o penalty from CoA; nor could she pull cash out to mitigate CoA's and its contractor's damages.
- f. **Chambers' Request to City of Austin to release its unjustified restrictive lien:**
 - i. **12/21/1999** = Letter From Chambers' representative requesting CoA requesting to **remove the lien** from Ms. Chambers' home so that she could move her family out of harm's way without penalty from CoA.
 - ii. **05/17/2002** = date CoA finally removed the lien (**harassment; willful & deliberate endangerment**)
 - iii. **06/07/2002** = Letter to the City from Ms. Chambers' representative (addresses concerns that CoA's "release" still does not fully release Ms. Chambers from CoA).

(19) **Conflict of Interest; & Coincidental Timing:**

- a. **May 14, 1996: Ms. Chambers contacts the office of Council Member Eric Mitchell for resolution assistance:**
 - Chambers speaks at length with Ms. Donetta McCall;
 - Ms. McCall advises Ms. Chambers to take certain steps, put it in writing and hand deliver to her office that day.
 - Ultimately, Chambers establishes a running file with CM Mitchell's office that includes ALL correspondence and updates re. the Chambers' project, AHFC, the City's Contractor etc.
- b. **May 15, 1996: CoA intra-office Memo from Earl Hairston to Ed Alonso:**

(re. 5/17/96 meeting w/ Chambers) **5/15/1996 “We need to meet to discuss our strategy.”¹**

c. May 17, 1996: CoA Meeting w/ Chambers & Valdez re. contractor abandoning project:

CoA tells Chambers that if she “ever wants to see (her) house fixed again” that she will need to dissolve the contract and release the contractor.²

d. July 1997: CoA Christopher Gonzalez informs Ms. Chambers of the following:

- ii. CoA plans to process a payment to the contractor without Chambers’ authorization;
- iii. CoA plans to drop Chambers once the contract is dissolved;
- iv. **CM Mitchell co-owns the insurance agency that provides policies to AHFC & its contractor for Chambers’ project.**

(20) Conflict of Interest per HUD and CoA HOME program Documents:

H.U.D. Subpart K, 570.611 “Conflict of Interest” sections b & c state:

“Conflicts prohibited...no persons described in paragraph c...who exercise or have exercised any functions or responsibilities with respect to CDBG activities...or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during the tenure or for one year thereafter... Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any subrecipient that are receiving funds under this part.

http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/aprqr/pdf/24cfr570.611.pdf

(21) Austin Housing Finance Corporation (AHFC) – as defined by itself as of 2007:

From AHFC website: <http://www.ci.austin.tx.us/ahfc/>

- Board Members of **AHFC comprise** the mayor, City Council and City Manager.
- AHFC “is a public nonprofit corporation and instrumentality of the City of Austin under the provisions of the Texas Housing Finance Corporation (THFC) Act, Chapter 394 & Local Government Code.”
- AHFC & NHCD (Neighborhood & Community Development) have contracted to work in partnership to use “HOME” & “CDBG” Federal Grant \$ funds given to the City of Austin by HUD.
- NHCD is the City’s Policy Maker
- AHFC is the sub-recipient that facilitates the construction of homes & implements the City’s Housing Programs.
- NHCD’s **Contractors’ insurance coverage also provides coverage for AHFC**
- AHFC administers the City of Austin’s Federally-funded housing programs.

(22) Deposition Testimony Council Member (in 1996) Eric Mitchell:

a. Deposition Testimony Eric Mitchell (06/22/1999):

- **CM Mitchell:** “I’m president of Wormley, Mitchell & Associates” – “Independent insurance agency.”

¹ Why is a “neutral” managing party (CoA) discussing strategy?

² What was the need for dissolution and releasing someone who’d already broken the contract?

- **Q:** “Did you maintain your presidency of Wormley, Mitchell & Associates?”
CM Mitchell: “*some would say that, yes.*”
- **Q:** “When were you City councilman for the City of Austin?”
CM Mitchell: “*June 1994 to June 1997.*”
Q: “...with regard to Ms. Chambers’ CDBG involvement, was the Austin Housing Finance Corp. involved in any way, to your knowledge?”
CoA Atty: “*And before you answer that, let me instruct the witness not to answer if...*”
CM Mitchell: “*As a City councilman, I have absolutely no knowledge of who the Austin Housing Finance Corporation would be dealing with.*”
- **Q:** “Did the Austin Housing Finance Corp. or the City of Austin administer Allissa Chambers’ CDBG program?”
CoA Atty: “*And the same objection. If you can answer that outside of information that you discussed with either me or with Mr. Muse, ...otherwise, I’ll instruct you not to answer it.*”
CM Mitchell: “*I have no idea what individuals they would be doing.*”
- **Q:** “But do you know whether or not Ms. Chambers’ project was administered by the City of Austin?”
CoA Atty: “*The same objection, the same instruction.*”
CM Mitchell: “*I wouldn’t have any idea of who they would be contracting with or working with.*”
- **CM Mitchell:** “*I had no idea who Allissa Chambers was prior to that, and I don’t know why I’m here.*”
- **Q:** “Are you saying that immediately prior to being sued, you had no present recollection of the facts and circumstances surrounding this case?”
CM Mitchell: “*Correct.*”
- **Q:** “Would you consider yourself to be a friend of Josie Valdez?”
CM Mitchell: “*Correct, yes.*”
Q: “And how about her husband, are you a friend with him as well?”
CM Mitchell: “*Yes.*”
- **Q:** “Who was City manager at this time?”
CM Mitchell: “*Jesus Garza was the City manager for my entire term of council, and still is the City manager of Austin.*”

(23) **\$177K City Council Authorization of Legal Funds for outside private counsel:**

- a. **March 21, 2000** (according to 8/31/2006 Council Minutes – “Additional Backup Material”)
 - **\$20K** = original contract amount under administrative authority
- b. **March 30, 2000**
 - Item 46;
 - CM Spellman’s motion; CM Gus Garcia’s second by a 6-0 vote; Mayor Pro-tem Jackie Goodman absent;
 - Increase of **\$50K**, resulting in total contract limit of **\$70K**
- c. **October 05, 2000** (according to 8/31/2006 Council Minutes – “Additional Backup Material”)
 - Increase of **\$40K**, resulting in total contract limit of **\$110K**
- d. **April 4, 2002**

- Item #20;
- CM Danny Thomas' Motion; Mayor Gus Garcia's second by a 7-0 vote; postponed 'till April 11, 2002;
- **Item Postponed until April 11, 2002**

e. April 11, 2002

- Item #16;
- CM Will Wynn's Motion; CM Slusher's second by 6-0 vote; CM Griffith off the dais;
- Increase of \$40K, resulting in a total contract limit of \$150K

f. June 26, 2002 (according to 8/31/2006 Council Minutes – “Additional Backup Material”)

- Increase of \$12K, resulting in a total contract limit of \$162K

g. August 31, 2006

- Item #8;
- Pro-tem's Betty Dunkerly's motion; CM Cole's second on a 7-0 vote;
- Amount not to exceed \$15K, for atotal contract amount not to exceed \$177K

(24) **Lead-Based Paint Pracices:**

a. Sampling of CoA Environmental Checklists per project address:

• **Question #20 asks:**

“Has either the interior or exterior of the structure ever been painted with lead-based paint?” – although the majority of homes in question were constructed prior to 1978, **question #20 was either left blank or checked “N/A” on 83% of the CoA environmental Checklists that Chambers sampled.**

- A number of the rehab projects and Bergstrom relocation of homes were constructed prior to 1978 and presumably contained Lead based paint; and although CoA staff had been trained to recognize the physical characteristics of Lead-based paint on sight, question # 20 was typically left blank or marked “N/A”.

b. CoA/H.U.D Files: Lead Based Paint Awareness for CoA staff:

i. 1993/1995 H.U.D. correspondence:

- (a) sent to CoA Housing Dept. – For example: Lida, Reyes Gomez, Candy Moreno
- (b) Lead Based Paint Standards and Health Risks
- (c) A household that occupies a rehabilitated home is **“assured upon completion a ‘decent, safe and sanitary dwelling”**
- (d) **“If the household includes a child under the age of 7 years...must be inspected for defective paint. If...found...must (1) be tested and then abated if lead-based paint is found, or (2) be abated without testing.”** (CoA did not do this to Chambers' home, although a toddler lived in the home at the time) (CoA also did not implement basic lead based paint control interims).

ii. H.U.D. 24 C.F.R. A §35.24 (2)(ii) states with regard to paint removal: “...Machine sanding, and use of propane or gasoline torches (open flame methods) are not permitted.”

http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/aprqr/pdf/24cfr35.140.pdf

c. Affidavit Russel Forsythe (03/13/2002):

“all four (4) interior walls of the Chambers' house had been power or machine sanded.” (re. deposition 03/07/2002)

d. Testimony – Mary Josephine Valdez (4/15/1999) (CoA contractor, Valdez Remodeling)

- **Page 20** – ***“We’ve done well over 100 projects for them (the City)”***
 - **Page 75** – not qualified to work with lead-based paint.
 - **Page 76** – ***“I was told that if houses had lead paint, they (the City) wouldn’t do them at all.”***
 - **Page 77** – ***“I really don’t understand any of those codes or what those codes are saying”***
- e. **Testimony – David Montoya (12/07/1999)** (CoA project specialist) Pages 37-60:
- **Pages 37-38** Lida would periodically brief construction dept. on environmental issues
 - **Page 39** ***“We knew that...houses...they all have lead-based paint”*** (Construction Specialists)

 - **Pages 43-47**
 1. **Bergstrom houses** (1995) (Bergstrom homes, that were built prior to 1978, were relocated and rehabbed by CoA)
 2. Questions about how to deal with the lead-based paint
 3. Decision to ignore the issue about the test because it cost too much (Constr. Mngr. Candy Moreno)
 4. Never tested any
 5. Topic only came up once

 - **Pages 51 – 53**
 1. Environmental Checklist: home was checked **“yes”**¹ for having lead-based paint (Chambers’ home was checked “yes” for lead paint also).
 2. Explains how to visually inspect for lead based paint

 - **Pages 54-55**

“we (NHCD) used to get there in the office that all houses from then – back then contained lead-based paint”

“...information was already given to us by...notification of paperwork that went through our office.”

 - **Pages 56-59**
 1. Use of electrical sander
 2. All old houses were sanded
- f. **Testimony – Reyes Gomez (10/22/1999)** (CoA construction manager) pp 41-48; pp 89-92; pp 126-129:
- **Page 43 Interim controls** – Purpose of interim controls re. lead-based paint:
to ***“minimize exposure to people doing work and occupants”***
 - **Page 47** Attended 1995 training seminar by the EPA and HUD
 - **Pages 89-91**
 1. Valdez stated under oath that the City never told her about how to handle lead paint.
 2. Reyes Gomez = construction specialist coordinator for a number of projects handled by Valdez.

¹ Refer to number (18) re. CoA practices re. Environmental Checklists

3. *“I don’t know that lead paint existed on any of those projects”* (Reyes Gomez)

• **Pages 126-128**

1. *“We do not do lead inspections”*
2. RE: 1995 EPA and HUD seminar / visual inspections / “...they pointed out was that peeling, chipping, cracking paint may contain lead...”
3. Valdez testified that she did 75 or 100 houses
4. *“...they’ve (Valdez) been in the program for about 15 years.”*

(25) **CoA Practices Other Projects (Housing Programs/Other):**

a. **Project @1411 Sanchez 78702 : Joan Sutton,**

Estate of Lena McDonald (Same CoA contractor as Chambers’ Project):

i. **Remarks per ALMA questionnaire:**

- *“If I were not available to handle my grandmother’s house after the fire, the city would have owned her house. That is not the purpose of the program, I hope.”*
- *“After the fire, an independent electrician checked the house and compared it to the specs from the project, reported the fire alarm was never connected & loose wires in the front room where the fire started. – the house was totally rewired according to the specs.”*
- *“The other complaint was the insurance that the city used to cover the house after the project was completed. It did not completely cover the house (re. fire). We had to pay the deficit.”*

ii. **Commonalities:**

- Valdez Remodeling
- Electric;
- CoA inspections;
- CoA’s / AHFC insurance;
- CoA contractor
- Accountability of contractor

b. **1117 1/2 Salinas : Joy Moore**

Commonalities:

- CoA inspections;
- Accountability of contractor(s);
- CoA project managers other (Candy Moreno; Reyes Gomez; Paul Hilgers)
- Substandard work

c. **Thomas & Polly Peel:**

Commonalities:

- CoA inspections;
- Due process (lack of / compromised);
- Austin Energy;
- Green Building;
- Apparent arbitrary / capricious actions by public agencies

d. **Project @ 1605 Canterbury 78702**¹

- i. **Valdez Remodeling**
- ii. **May 4, 2006:** home was flooded allegedly as a result of negligent roof repair work by CoA/TC contractor. Consequently, the *then* 89 yr. old owner was allegedly displaced from her home for 14 months.
- iii. **May 23, 2006:** TC Commissioners Crt awards CoA/TC contractor another contract for **roof repair/replacement**.
- iv. **October 6-9, 2008:** Jury Trial p. 2, item #24 D-1-GN-07: Travis County District Court : Judge Margaret Cooper : Travis County vs. Valdez Remodeling and Weatherization inc. : TC atty = Tim Labadie

(26) **November 07, 2006: Motion to Dismiss Judge Gisela Triana:**

- ***“Last time we were here, I would have granted their (CoA & its contractor) motion to dismiss. I sent y’all to mediate because I didn’t want y’all (Chambers & her atty) to walk away with zero.” – 11/07/2006.***

(27) **Deposition Christopher Gonzalez:**

pp.106-107; p. 108 lines 1-11 & line 19; pp. 114-115; p. 120; p.121 lines 8-10:

- ***“They’re watching, don’t rock the boat, don’t make trouble because people are looking at this.”***
- ** Names are mentioned

¹ **Had CoA enforced accountability against its contractor(s), when Chambers initially brought information to the attention of public officials in 1996, then perhaps:**

- 10 years worth of tax dollars could have been more effectively applied over the years;
- other homes and families could have been spared damages;
- 1605 Canterbury could’ve avoided damage in 2006; &
- Travis County taxpayers could have avoided the cost of a jury trial in 2008;