TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD PLANNING SESSION

12:30 p.m.
Thursday,
January 12, 2012

Conference Room
2200 East Martin Luther King Blvd.
Austin, Texas

COMMITTEE MEMBERS:

ROBERT "BOB" JONES, Chairman
JERRY ROMERO
GERRY EVENWEL
JO VAN HOVEL
WILLIAM H. DIETZ

STAFF PRESENT:

DAVID LONG, President
MINDY GREEN
PAIGE MCGILLOWAY
NICK LAWRENCE
BETSY ALDRICH
CYNTHIA GONZALES
MELINDA SMITH
BEN ELLINOR
JO ROPIAK
DAVID DANENFELZER
LIZ BAYLESS
PAM STEIN
KATIE HOWARD

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P R O C E E D I N G S

MR. JONES: The Texas State Affordable Housing Corporation Board planning session is now called to order at 12:31. That's fast -- it's 12:30. No, it ain't -- 12:34.

Anyway, let me call the roll of the Board.

Jo Van Hovel, Vice Chair.

MS. VAN HOVEL: Here.

MR. JONES: William Dietz, Member.

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel, Member.

MR. EVENWEL: Present.

MR. JONES: Jerry Romero, Member.

MR. ROMERO: Here.

MR. JONES: And myself. Okay. At this time I'll turn it over to Liz Bayless to --

MS. BAYLESS: You want to just read the agenda item?

MR. JONES: Oh, okay. You want me to read it?

First of all, is there any public comment?

(No response.)

MR. JONES: Hearing none, Item 1, Presentation and Discussion of Updates to Texas State Affordable Housing Corporation's 2010-2013 Strategic Plan. David?

MR. LONG: I'm going to turn it over to Liz.

MR. JONES: Liz?

MS. BAYLESS: Thank you. I'm Liz Bayless and I'm just going to facilitate this session to keep us moving along. Our objective is to finish at 3:30 -- a little bit, little after depending on how much discussion and dialogue there is.

But I want to just -- I want everybody to have opportunity to ask all questions, make suggestions, have a good robust discussion and dialogue about everything. But I also recognize that some of our Board members do need to leave and so we want to try to get through everything and be finished by then.

You -- each of you has in front of you a new version of the PowerPoint presentation entitled 2010-2013 Strategic Plan Update. The difference between this and the one that was included in the Board book is that the one in the Board book had the goals and the strategies only. This one also include the metrics that we had established for ourselves so that we could track our progress toward each goal. If anyone wants a copy of this and doesn't have it there are extra copies on the table in the back of the room.

So why we just start on page 2. We'll go over the background quickly to just refresh our memories. In early 2010 TSAHC staff and Board members developed a strategic plan to guide the Corporation through 2013. Most of you were part

of that. That was before I was here so I wasn't, but most of you remember it well I'm sure.

And that strategic plan was based on TSAHC's mission, vision, and what we call a hedgehog statement. That's a term that comes from Jim Collins' book Good to Great. A hedgehog statement sets forth clearly how an organization can produce the greatest positive impact and the best long-term results.

So after a lot of hard work TSAHC arrived at a hedgehog statement that is as follows: We leverage innovative partnerships and financial resources to improve housing opportunities for underserved families and communities.

So in pursuit of that we identified four main goals and then we set up strategies to meet each of the goals and metrics to measure how we were doing on each of the strategies.

You see the four goals set forth there. Number 1, Improve housing opportunities for families and communities with limited housing choices. Number 2, Better align Board, staff, and technological resources to more efficiently achieve key program goals. Number 3, Ensure the Corporation's sustainability through increasing program and contributed revenue. And number 4, Raise awareness of the housing opportunities made possible by the Corporation.

So on the next page here's what we aim to accomplish this afternoon. In 2010 we committed to revisit, re-evaluate, and modify the plan at least biannually. So here we are two years later to do just that.

Staff is going to cover each goal and strategy including progress made to date, any recommended changes to the goals and strategies, and future plans for meeting the goals. So we're seeking dialogue with the Board members about ths strategic plan -- your questions, your suggestions, your requests are welcome.

MR. JONES: Are you saying that staff has already done this and you're just going to revisit --

MS. BAYLESS: We're reporting to you today.

MR. JONES: -- where we are today for any additional input from the Board.

MS. BAYLESS: That's exactly right, Bob.

MR. JONES: Understood. Thank you.

MS. BAYLESS: We're reporting to you on our progress two years on how we're doing --

MR. JONES: Yes.

MS. BAYLESS: -- toward -- on the plan. I will say staff did -- we have met collectively, we have met one-on-one, and in small groups to review the goals and the strategies. We have reaffirmed that we believe they are the

right goals for TSAHC, which is a credit to all of the hard work that was put into this two years ago.

As we go through this plan, if you have additions, deletions, or changes to suggest then I've got a flip chart over here in the corner of the room. I will capture all those and then we can recap those at the end of the day so that we can be sure everybody's in agreement and we can update the plan per your requests and decisions.

So let's jump right into Goal 1. That's on page 4. Goal 1 is to improve housing opportunities for families and communities with limited housing choices. The first strategy under that goal was to increase opportunities for non-metro or rural families and communities.

So I'm going to ask Paige McGilloway to start us off by addressing the first two metrics under that strategy.

MS. MCGILLOWAY: Okay. Thank you, Liz.

We don't need to introduce ourselves, Penny, do we? You'd like that or --

THE REPORTER: No.

MS. MCGILLOWAY: No. Okay. Okay. Just wanted to make sure. The first metric that we have here is to make at least one award in each cycle of our Texas Foundation's Fund to an entity that's serving persons or families in non-metro areas.

And so in 2011 our goal is to make at least one award to this particular demographic. We did in fact make one award and our recommendation for 2012 is the same -- to make one award in -- at least one award in non-metro areas under the Texas Foundation's Fund's next cycle. And if no one has any comment or questions on that at this time I'm just going move on.

Okay. The next metric that we have is to increase the percent of loans made in non-metro areas compared to the prior year's originations. In 2011 we -- our goal was to have a 10 percent increase over the number of loans originated in non-metro areas versus the prior year. Our actual results were that we did .56 percent versus the 1.44 percent that we had in 2011 -- in 2012 -- excuse me.

Albeit that we did not meet our goal we still feel that a 10 percent increase is a goal that we should set for 2012, and that's how we plan on moving forward. We just have different strategies on how to reach that market to --

MR. JONES: And why didn't you reach it? What prohibited you from reaching it?

MS. MCGILLOWAY: We don't have concrete reasons why we did not. We have assumptions.

MR. JONES: Such as?

MS. MCGILLOWAY: In a non-metro area it's very

rural. Sometimes we don't have lenders in those particular areas. Sometimes those individuals are lower incomes and not ready to purchase homes. Or it could be a number of factors -- you know, just credit purposes. I mean, all of those things.

MR. JONES: I understood that because we discussed it. But, again, I'm asking certain questions sometimes for Gerry's benefit.

MS. MCGILLOWAY: Sure. Absolutely.

MR. JONES: Because you can go in to rural and you can make money available and programs available, but if a lender or a builder or anybody else in those areas don't want to take the risk there's nothing we can do but except set the table.

MS. MCGILLOWAY: Correct. And I believe I'm next going to turn it over to Janie.

MS. TAYLOR: And this metric is to purchase [indiscernible] TDHCA's rural workgroup. And I actually just mention that the original metric was actually that we -- TSAHC was going to create a rural workgroup. Because we wanted -- because one of the overriding goals was to create more housing opportunities for families in rural areas then we just wanted to be connected to those groups that work with the populations that live in rural Texas.

However, TDHCA does have a working rural workgroup, and instead of reinventing the wheel and duplicating what they were doing already and was working well we asked to e part of it and they asked us as well to be part of it. And between Paige and I we've been attending the workgroup, so we decided earlier in the year that we would tweak that one to just be an active participant in their rural workgroup. And we've attended all of them and we -- our goal for 2012 is to continue to attend and be an active participant of the rural workgroup. Any questions?

MR. ROMERO: Janie, what is the goal of participation? I mean, I know that you want to be participating with them, but is there an ultimate goal for us to be in this group?

MS. TAYLOR: That's a good question. I think the ultimate goal is for us to know what's going on in rural Texas -- what issues that we may not be aware of. This is a really good way to learn about issues that you sometimes may not hear from other mainstream sources that we -- other groups that we work with.

And also it gives us an opportunity to let those members -- because the people that attend the rural workgroups are those that are utilizing housing programs or nonprofits that apply for different funding sources. And it

gives us an opportunity to introduce ourselves and to speak about our programs as well.

MR. ROMERO: So there's an opportunity for us here to actually help us with the increase of percentage in loans in non-metro areas at some point in time based on what you're hearing from these needs.

MS. TAYLOR: Certainly. Yes.

MR. ROMERO: Okay.

MS. TAYLOR: Some of the members of that group are also -- they run associations that make up either counties or government officials from rural areas. And so there's always an opportunity there to sort of pick the brain about what -- how we can possibly make more of an impact in the rural areas. Any other questions or comments?

MS. BAYLESS: Okay. Dave?

MR. DANENFELZER: The next one is research and evaluate best practices in other states for utilizing multifamily bond capture produce affordable rental housing for rural and non-metro communities.

This has been an ongoing project for us and we continue to look at different strategies. We did start talking with the Bond Review Board about particular strategies this year and I think that will be ongoing for the next couple of years. It's a difficult task, but it's

something that particularly will take a lot of time for us to figure out exactly how those would work.

And then the next one is update policies and create possible set aside to increase and preserve rental units and rural and non-metro communities, particularly through the bond program. We did actually update our policies. We've created a set aside for rural and non-metro areas which reserves up to 50 percent of our bond cap for the first 90 days of our application cycle.

In addition to that, we've also been heavily promoting pooled transactions in rural areas because we do think that that is one of the better and more feasible structures right now that we have.

And then, finally, the providing interest rate incentives for direct lending products in rural and non-metro areas -- we've also instituted that within our policy structure. And so those -- that discount does get calculated in when we look at new deals.

And we have seen, you know, this last year in 2011 100 percent of our funding both for the multifamily and the single family direct lending programs were in rural areas. And we've actually done about 64 percent -- between 64 percent and -- percent for the rural deals in the single family and 54 percent over the last two years in the multifamily based

on unit numbers.

MS. BAYLESS: Dave, would you say just a few words about the pooled transactions that we've done? Because everyone may not understand that.

MR. DANENFELZER: Yeah. We have -- we've really been the only entity in Texas to tackle pooled transactions. And essentially what a pooled transaction is is where a developer comes to us with multiple properties oftentimes scattered throughout different cities across the state.

And the advantage to being able to do rural properties is that with a bond project there's some very fixed soft -- or sunk costs on the cost of the bond council, the bond of issuance, cost of trustees' services -- are generally going to run around $500,000.

So in order to make it feasible we need to distribute all those costs across a large number of units. In rural areas, since it's somewhat infeasible to run properties at, you know, 150 to 200 units in a rural community, if we can pool five or six properties that are all 50 units then we get to that number of units to spread the cost around while also being able to feasibly finance and rehab a large portfolio at a time.

Our last portfolio was all in urban areas, but the previous one we had done -- the Rainbow property -- had

several units in -- or several properties in rural and smaller metro areas. So it's a strategy we've continued to work with people and talk about frequently.

MR. ROMERO: David, quick question. On the interest rate incentive do you happen to know what the difference is with our lending program versus a traditional lending program from a bank?

MR. DANENFELZER: In regards to interest rates?

MR. ROMERO: Yeah, in terms and structure of a request.

MR. DANENFELZER: You know, I would say that it's really hard to know exactly how anyone underwrites deals.

MR. ROMERO: Yeah.

MR. DANENFELZER: I mean, I know how I underwrite deals, but each bank and each financial institution has its own kind of standard. They put different weights on different items.

In particular though one of the most common ways of determining interest rates -- well, I should say traditionally for a number of years from the late nineties to the last -- up until about two to three years ago most banks would use a percentage basis above the ten-year treasury or LIBOR, which is the London Interbank Lending Rate. And oftentimes it was three to three-and-a-half percentage points

above that.

We use -- because we use predominantly the Federal Home Loan Bank as our collateralization source, which means we sell loans to them -- or part of our loans to them and they lend us money -- we use their interest rate to determine our interest rate. And their interest rates are pretty relatively close to the ten-year treasury or LIBOR, but we only require a two-and-a-half percent increase.

So I would typically we're about an interest point -- 1 percentage point below what normal banks would do -- or typical bank. But right now the last couple of years banks just haven't been discussing their interest rate structures just because the source of money and everything has been really confused. But, overall --

MR. ROMERO: So it's very possible that we're providing a service that they wouldn't be able to get through a traditional lending institution.

MR. DANENFELZER: Yeah. And if you look at our rates competitively we are typically much lower than a bank rate, especially in our interim construction loans.

MR. ROMERO: Okay.

MR. DANENFELZER: Our interim rate is several percentage points below what most of our developers can get from private institutions.

MS. BAYLESS: Any other discussion on this particular strategy?

(No response.)

MS. BAYLESS: Okay. Well, let's go on then. The next strategy on page 5 -- same goal, but second strategy -- is to establish innovative partnerships and re-evaluate our current relationships.

So, Dave, you've got a few items here.

MR. DANENFELZER: Yes. The first one is development of an asset management standard operating procedure for our land bank land trust program. Mindy and I have worked on that a little bit. We're kind of late at getting to this.

But, in essence, it is something that has been evolving over the last couple of years. In particular, in 2010 we hadn't really closed on a lot of properties and so we didn't put a lot of effort into determining how we were going to manage our assets. We were really focused on obtaining the assets in 2010.

In 2011 we did start to think about this, and there's a lot of moving parts so we continue to work with them. We continue to kind of adjust things on the fly as the federal program requirements change or adjust and then also as we determine what types of portfolio we ended up because our

initial anticipated type of portfolio -- the type of properties we had anticipated buying has changed a lot since we first imagined this program.

The next part is increase the number of partners under the ACT Buyers Agent Program. And that's a particular subset of our program wherein our local partners get to buy properties through the listing services that we have access to.

We've actually done quite a few of those in the last couple of years. We've grown that program from sort of our original nine local partners -- okay, yeah, it's right here in the e-mail -- 17 local partners today. So we have increased that substantially.

Our Buyers Agent Program has over 20 -- has closed or process over 20 transactions in the last couple of years. And we continue to promote that program looking for new ways. We also in particular are looking at a number of new donation properties which we've mentioned before which I think will help attract new member into that program.

And then increasing funding for the ACT Program -- we've been looking at a number of different ways to do that. Obviously our major funder has been the state's Texas NSP Program. We did get an increase of our original award, which was $5 million. We now have 6.2 and -- actually

about $6.5 million now.

And we will continue to look at federal resources. We did get approved to draw down up to 10 million in additional funding if we have properties available to us.

But we've also been able to leverage that program to bring in $500,000 in PRIs for the acquisition and rehab of properties. We've been approved as a lender with ARRA match program which allows us additional financing dollars do do acquisition and rehab with the program.

And the donation program in particular, which we've been accepting properties in markets across the state, really has brought in a lot of new assets -- additional assets. To date we've actually -- or we've looked at our process 19 total donation properties. We've closed on 12; we have another seven pending.

Of the ones that are closed -- and some of these have been not only donated but then transferred on to our local partners. We have about $352,000 worth of net assets that came through the ones that have been closed and of the ones in pipeline for pending an additional $145,000. so we're almost at 500,000 in total donation that's being processed at this point.

MS. BAYLESS: I would just sort of insert an editorial comment here, David, if I could. And that is that

I think Dave's work -- and now with Joe working with him on the Affordable Communities of Texas Program -- is an excellent example of TSAHC's ability to be creative and innovative and entrepreneurial in trying to address Texas' affordable housing needs.

They have built this program from the ground up and bought literally hundreds of foreclosed properties across the state, worked with local partners to rehab them, put them back into circulation as affordable housing, either sold to low income homeowners or rented to them.

And I think because of TSAHC's unique status we have some capabilities that no one else has that all come together to make this program have a big impact on the foreclosure situation in Texas. So I'm just really proud of the work that you all have done.

MR. DANENFELZER: Thank you.

MS. BAYLESS: Now we're going to shift gears a little bit because the final metric for this strategy is around foreclosure prevention. So, Katie, I thought you might address that part.

MS. HOWARD: And this metric was to formally define a foreclosure prevention program for TSAHC as well as discussing with the task force, the Texas Foreclosure Prevention Task Force, regarding the Corporation's role as

fiscal agent, the NFNC program administrator, and possible staff realignment.

And toward this metric we have formally defined our foreclosure prevention efforts as a program of TSAHC and we've updated our website, our grant application, and our collateral materials to show that our efforts, in partnership with the Task Force, are now a program of TSAHC.

In 2011 we also have explored some program realignment, particularly as we increase our homebuyer education and financial education activities, although nothing has been finalized in that regard.

We've also engaged in some staff realignment as Laura is now assisting with the administration of the National Foreclosure Mitigation Counseling Award. And she's been very, very helpful in that regard and I thank her very much for her efforts.

In going forward we will continue to engage in discussions with the Texas Foreclosure Prevention Task Force regarding our role as fiscal agent. The Task Force is planning Leadership Committee meeting hopefully in February in which they will define their goals for 2012. And then from there we'll determine our role in achieving those goals.

And we are also planning to revisit some additional staff and program realignment to figure out how

to best execute our Foreclosure Prevention Program.

Any questions?

(No response.)

MR. JONES: When you say define it, what are you talking about?

MS. HOWARD: When we first started working with the Texas Foreclosure Prevention Task Force in 2008 we didn't really have a good definition for what we were doing there. We were just assisting them in those efforts.

And we decided, because this did take up so much time and we were lending so much of our fundraising services to them, that we needed to bring this in-house and take more ownership of what we were doing. And so we found that it's been very effective in creating a program of foreclosure prevention when communicating with funders about what we're doing --

MR. JONES: Okay.

MS. HOWARD: -- and then, you know, incorporating that into our overall mission. So that's what --

MS. BAYLESS: Okay. The third strategy under goal 1 is to increase opportunities for individuals with a disability.

Paige, you're up.

MS. MCGILLOWAY: Great. The first metric under

this particular goal is to make at least one award in each cycle of the Texas Foundations Fund to an entity serving individuals with a disability.

For 2011 our goal was to make at least one award, very similar to that of our non-metro metric. And we actually made four awards in our 2011 cycle to entities that are serving individuals with disabilities. So we far exceeded the goal and it is just -- it echoes what a need there is out there for funding for that particular demographic.

For 2012 we are going to continue to make at least one award in the Texas Foundations Fund cycle to entities serving individuals with disabilities.

MS. BAYLESS: Janie?

MS. TAYLOR: Okay. Just making sure there are no questions for Paige.

MS. BAYLESS: Right.

MS. TAYLOR: The next one is to participate in TDHCA's disability advisory workgroup. And this is very similar to the rural housing workgroup. We have the same intentions since rural housing and people with disabilities were the two underserved populations that we had determined back in 2010 -- that we wanted to focus on those two underserved populations.

So, again, we had thought -- we had every

intention of starting our own disability advisory workgroup. However, for the same reasons, because TDHCA had an existing workgroup that had all the members that we were trying to include in our workgroup we felt it was probably best if we just participate in their workgroup.

And it's been a -- again, a great fit. Same thing -- we -- it's attended by a lot of the nonprofits that serve people with disabilities -- a lot of the advocates.

And so it's a good opportunity for us to hear what their concerns are, it's a good opportunity for us to hear what TDHCA is working on, and it's a good opportunity for us to let those -- that demographic know the programs that we have and maybe how we can possibly come back and look at any of our other programs and how we may want to at some point alter our goals or changes them.

And between Paige and I, again, we try to attend the workgroup which are sometimes every month, sometimes every other month.

MS. MCGILLOWAY: And I'd like to just add something to that just so that the Board continues to know that we -- there is a member of staff that attend the Housing and Health Services Coordination Council -- or sits on that particular council that came out not this last legislative session, but the one prior. And I sit on that council for

the Corporation.

And it is focused on promoting service enriched housing across the state. So it kind of in tandem. We are very much exposed to the needs of individuals with disabilities by sitting on that council as well as participating in the disability workgroup.

MR. JONES: So when you participate in the TDHCA's rural workgroup, as well as their -- which is a second workgroup, the Disability Advisory, that enables you not only to not reinvent the wheel and duplicate but you can volunteer or make recommendations or say this is what TSAHC will add to it, what we'll do and what we -- and that works fine rather than to have -- because they assemble everybody together. So it's really a similar scenario to the rural workgroup.

MS. TAYLOR: Absolutely.

MR. JONES: Okay.

MS. TAYLOR: And --

MR. JONES: With the same effects and the same justifications.

MS. TAYLOR: And our goal for 2012 will be to continue to be an active participant.

MR. JONES: You find out what they do; they find out what we do. Right?

MS. TAYLOR: Uh-huh.

MR. JONES: Okay.

MR. DANENFELZER: The next one is updating of the development standards and all of our development finance programs and in order to ensure most compliance with the recent accessibility in universal design standards.

We do this on an annual basis every year when we look at our policies -- in particular, our RFPs for the program. We not only look at what other states -- or what other agencies within the state are doing, but what other federal agencies are doing as well as other states.

And I feel confident we're not only at what the federal requirements -- minimum requirements are but possibly above a lot of what those requirements are. And we do see that accessibility is a major hurdle for a number of households in Texas and we'd like to alleviate that as best we can.

And then the next one is increasing the number of units built through our development finance programs accessible for persons with disabilities. We do provide interest rate incentive as this goal has put -- that is included in our policies at this point, much like the rural housing incentives for interest rates.

But on top of that we also have a set aside within our bond program which, again, reserves 10 percent of our

funds for projects that do up to 20 percent of accessible unit in their -- or propose up to 20 percent of the units to be designed as accessible. And that's a particularly important one as well.

MS. BAYLESS: Any other comments on the Corporation's activities to serve individuals with disabilities?

MS. VAN HOVEL: Yes, David, all of these development finance programs with persons with disabilities? Are all of the units the same for disabilities?

MR. DANENFELZER: Not necessarily. I mean, the other overall standards and kind of requirements are the same that we have. But I'll admit there are a number of different and sometimes competing accessibility standards out there.

We've generally accepted those standards which kind of meet halfway between the most stringent federal and the most stringent state requirements. But at the same time there is a requirement for a lot of education within the development and construction fields on accessibility because what one person may believe is accessible and one may -- it won't be necessarily the next.

I know, in fact, we even got an inspection on one of our NSP properties this week and the inspector was asking that we raise the height of all the thermostats in the property

because he thought they were too low. But our requirement is that they can't be above 48 inches and he was telling our developers that they needed to be above five feet tall -- so a foot higher.

And that's something that we -- you know, we need to not only educate our builders but then inspectors and everyone along the line of what our accessibility standards are.

MS. VAN HOVEL: Does it cost more to build --

MR. DANENFELZER: No. I mean, there are a number of arguments on certain special features, but in most of the studies I've looked at over the last ten years there may be a difference of a couple of hundred dollars between an accessible unit and a -- and what's normally going to be built.

But if it's done in the planning stage and the design stage there is no difference. The biggest cost actually comes in when we have to rehab a property and make it accessible, and that can be, you know, 3- to $5,000 to make an existing unit accessible.

And that's what we're trying to prevent -- is that homeowners and particular developers don't build unaccessible units and then have the need to retrofit units to make them accessible in the future. It's short-sighted

for them not to consider, you know, making that 100 to $200 investment now in good design versus, you know, 3- to $5,000 in fixing mistakes.

MS. BAYLESS: Okay. Then let's move on to -- 7 is -- we're still with goal 1. The final strategy we set for ourselves under this goal is to strengthen oversight, compliance, and support of our programs.

So speaking of oversight and compliance, Mindy, you have a few items here you can address.

MS. GREEN: Yeah. The first item is exploring incorporating habitability thresholds to improve oversight of TSAHC-financed rental properties. In the compliance policy that we update every year -- this year -- it was just approved today -- we included a section called Notice to Residents of Assistance Available for Reasons of Health and Safety Issues. This is -- we found to be the best and most effective way for us to have some teeth and to make the developers or to make landlords pay attention when the residents have concerns.

So this notice will be given to residents and they'll have the option to call me, and I will take the appropriate action, whether it be talking to management, ownership, city code enforcement -- whomever it is so that -- so the issues will be resolved before they become a

bigger issue.

With that I'll be keeping a database of all calls and then what the resolution is to those calls. And so in I guess 2012 at the end of the year we'll probably post the database to the website so that this information is accessible to everyone and then continue to take the calls and -- that we see necessary at that time to the program.

Moving on to the next metric, evaluate the fee structure of multifamily development programs associated with asset management compliance and asset oversight. As far as fees associated with the actual asset oversight and compliance we did an evaluation and analysis and we didn't see any reason to raise those fees at this point. However, in the compliance policy we did add two fees for non-compliance that are additional from last year. And move forward we'll again just continue to evaluate the fees year over year to see if there's any current increases.

The next metric is identify nonprofits who can provide resident service type activities for properties that TSAHC finances. This has been an ongoing project that is very, very time consuming.

But this year we have managed to add some more service providers to our list. It's a rather lengthy list, and our goal ultimately is to have a database available for

management companies or service providers to access for each city within the state, or at least cities in which we have properties so that when they say that they don't have any providers I can say, You do have providers and your residents will benefit from these types of activities.

And so right now we're continuing to compile a list and in 2012 we hope to have something published on our website for our owners and management companies to access.

Okay. Great. Moving on. The next metric is to track delinquencies and report quarterly to the Bond Review Board in effort to mitigate delinquencies and foreclosures. And this is -- we're tracking delinquencies particularly on our first time homebuyer programs.

As Corcoran and Company stated, and our Board Chair, you know, results are important to show. And so by us keeping track of our delinquencies and foreclosures we can report a really good story.

We have -- 2011 our goal was to track these delinquencies and report quarterly. We have done so. And that's our recommendation for 2012.

But I am happy to report that our delinquency rate as of October 2011 was only 10 percent of our portfolio is delinquent. And by delinquent we mean either 30 days late, 60 days, or 90 days late. So that's a very low number when

we're talking about over 2,800 loans.

And our foreclosure rate is .33 percent. So compared to the state, compared to the nation that's an incredibly, incredibly low number and something that we should be very proud of.

MR. ROMERO: Paige, the 60- and 90-day delinquencies --

MS. MCGILLOWAY: Uh-huh.

MR. ROMERO: -- what does that come out to?

MS. MCGILLOWAY: What does it come out to? What do you --

MR. ROMERO: If you separate it from the 10 percent do you know the breakdown?

MS. MCGILLOWAY: Let's see. Yes, I do. Yes, I do. I don't have -- I have just the number of loans.

I don't have it in a percentage right now, Jerry.

MR. ROMERO: That's fine.

MS. MCGILLOWAY: I can supply that to you.

MR. ROMERO: Sure. That's fine.

MS. BAYLESS: Thank you, Paige. Okay.

Dave? Next.

MR. DANENFELZER: The next one is update asset management and development finance policies to ensure comprehensive review of direct lending and MF bond

applications and awards.

This is something that I have worked, again, with Mindy and -- on developing. In particular, one of the things that we've added is some just kind of SOPs -- or standard operating procedures -- and how we communicate between the asset management and development finance groups.

We're -- you know, the key there is to really get asset management involved from the early steps on every deal we do with bonds. One, so they can look at how that's going to impact their workflow in the future, but also so that they can provide consistent and constant input on our product.

And so the developers also really early on understand what we're going to be holding them to once we close a deal. Because, you know, these are long-term relationships. They don't just end once we close the bonds. They continue on and they shift. So it's been really good.

This last deal that we did Mindy was in on I'd say 99 percent of the calls and communications that we had with the developer and that I think made a big difference on how we transitioned that project.

And it gave them a really early head start on how they were going to start setting up their compliance and reporting systems. So as far as I know it's been much smoother than we've seen in past deals as well by doing that.

MS. BAYLESS: Would you like to add anything, Mindy?

MS. GREEN: No. I just -- everything he said is true. The transition with this past deal was much more smooth than it was with the deal prior to that. So I agree 100 percent that involvement between asset oversight and multifamily development finances is key. We have to do it.

MR. DANENFELZER: Yeah.

MR. JONES: So you did have something to say. And you said it well.

MS. TAYLOR: Next one. And I'm actually doing this one in conjunction with Paige because -- well, it's got a part one and a part two. And part one I'm carrying the torch for and then part two you are.

But it's to establish an online homebuyer education resource. And how we've decided to try to meet this metric is we are developing an online -- a website that will have -- it will be a directory -- a resource -- of all providers of homebuyer education in Texas, financial education of credit counseling, of first time homebuyer programs, and a link to our online mortgage calculator tool, which goes step by step on how you can become a homebuyer, and then includes information on -- there are realtors out there that are certified as affordable housing specialists.

And what so this -- so we are right now in the process of developing this online tool. We have -- our intern Ben has gathered all the information of all the providers. I forgot to add -- foreclosure prevention counseling -- the providers of foreclosure prevention counseling.

And so this will be a resource online so anyone in Texas that's looking for any of those type of resources can go to one place, which does not currently exist in Texas. We notice there were other states -- Minnesota and Tennessee are two that we know for sure have the online resource tools where you go to one place to find this type of information. And Texas does not have such a tool and so we've decided to create that.

And we went through a vetting process with web developers and we've selected a web developer. We also raised private funds to create this online tool. We got Bank of America and Insperity to provide the funding for it.

And when it's done we're going to start working on it in the next couple of weeks with the web developer. It will be Paige's program, so to speak, and we'll continue this dialogue with the nonprofits, the counseling organizations, and all of those folks that provide those type of services to make sure that this is a place that they want to have their

information and people know that the information is available. It will be up and running by May and June.

MR. JONES: Question. so this is a separate stand-alone that you're creating.

MS. TAYLOR: Uh-huh.

MR. JONES: And it will link to the calculator which is on the TSAHC website.

MS. TAYLOR: That's right.

MR. JONES: It will link to others. Why wouldn't it be part of the TSAHC website as an online tool -- or will it be referred to? It would have to be a -- I mean, it sounds like you're creating something totally different and I'm trying to figure out why it's not connected to the website we already have.

MS. TAYLOR: Well, it will be. I mean, it'll be --

MR. JONES: It'll just be linked though.

MS. TAYLOR: It'll be accessible. But we want it to have -- if you go to our website --

MR. JONES: Uh-huh.

MS. TAYLOR: -- there's lot of things going on in there. And we want it to have an identity. We want it to be branded. It -- when we develop this website and people pull it up it will say brought to you by the Texas State

Affordable Housing Corporation.

MR. JONES: Uh-huh.

MS. TAYLOR: So it will be branded -- it will be part of us and people will know that that's who created this tool. But we do want it to have its identity. I mean, we just -- you know, we went through a long process. We've been working on this since probably around June and trying to figure out what was the best way to make this the most usable tool for the end user, which is a consumer in Texas.

MS. BAYLESS: Bob, one --

MR. JONES: But it's not only brought to us -- we actually operate it, manage it --

MS. TAYLOR: Yes.

MS. BAYLESS: Yeah.

MR. JONES: -- and the whole nine yards?

MS. BAYLESS: That's right. One of our considerations was we want to come up with a URL -- a web address --

MR. JONES: Uh-huh.

MS. BAYLESS: -- that is easy for people to remember and connect in their minds with what this site is. We didn't want people to have to remember T-S-A-H-C.org to get to it.

MR. JONES: So you're going to call it what then?

MS. BAYLESS: Well, we're not sure, yeah. We've been working on the naming process. That's a very important piece of the whole marketing effort for this.

MR. JONES: What --

MS. BAYLESS: But it will be very prominent on our website so that if you're on our website you easily get to it. By the same token our website will be very prominent on this one. And --

MR. JONES: Well, I think the fact that you explain -- it'll say whatever it is -- whatever the name -- is brought to you by the Texas State of Affordable Housing --

MS. BAYLESS: Uh-huh.

MR. JONES: -- that answers the question.

MS. BAYLESS: And we want to be sure that the visual -- that the look and feel of the two sides are compatible so that it -- you know, it -- they won't be identical but they'll be compatible so that in people's minds they can connect the two.

MR. JONES: Okay.

MS. TAYLOR: And so our goal for 2012 is to actually launch the online resource. Our goal for 2011 was to develop the plan on what we wanted to do to accomplish this metric, and we've completed the research and we -- we're on our way to actually implement this online resource.

MS. VAN HOVEL: This is great, Janie. This is the best information we can give to the public as education --

MS. TAYLOR: Right.

MS. VAN HOVEL: Thanks.

MS. TAYLOR: Uh-huh.

MS. BAYLESS: Yeah. I would echo that, Jo. You're exactly right because one of the things we've been hearing from the people who are working on foreclosure prevention counseling is what can we do to make sure that this doesn't ever happen again.

And I think one of the things people gravitate toward is financial education. People need to understand better how to manage their money and what's involved in homeowner from a financial standpoint.

MS. VAN HOVEL: Yeah. Actually afraid of it.

MS. BAYLESS: Uh-huh.

MS. VAN HOVEL: Afraid they can't do it or something.

MS. BAYLESS: We're very excited about this project. Now, so we're at the end of goal 1. And I'll just --

MR. JONES: Excuse me. Where's Paige's half of this?

MS. BAYLESS: Pardon?

MS. TAYLOR: Well, as I mentioned --

MR. JONES: I thought Paige was supposed to do half of this.

MS. BAYLESS: Oh, sorry.

MS. TAYLOR: No. I just -- well, so once the website -- and, by the way, we've been working -- it's an internal team that's been working on this. It's Liz and I and Laura and Paige.

MR. JONES: I understand. I just looked over there and we were moving on and she was smiling.

MS. TAYLOR: Well, I just wanted because --

MR. JONES: Like, ah, good.

MS. TAYLOR: Because once the website is --

MR. JONES: I understand.

MS. TAYLOR: -- up and running, you know, it'll be under Paige's -- it'll be under her --

MR. JONES: Guidance?

MS. TAYLOR: The homebuyer education is under her, and so she will maintain those relationships with the --

MR. JONES: Okay.

MS. TAYLOR: -- and hopefully grow from that.

MS. MCGILLOWAY: Mr. Jones, you know I'm long-winded so they put a short leash on me.

MR. JONES: Okay.

MS. MCGILLOWAY: I'm trying to be very good today.

MR. JONES: So stop asking you questions. I got the message.

MS. VAN HOVEL: I don't think that's --

MS. BAYLESS: Well, actually, just do a little check here. We're doing -- we're moving through this more quickly than I anticipated. We're doing very well on time.

Now, so while we're at the end of goal 1 just want to say that goal 1, Improve housing opportunities for families and communities with limited housing choices is the goal in our strategic plan that addresses our programs and the work that we do in single family, multifamily, foreclosure prevention, education.

When we move on to goals 2, 3, and 4 we become a little bit more inwardly focused on how are we running the organization and activities like that.

So since we're doing so well on time I just want to stop for a minute and ask everyone in the room -- staff and Board -- do you have any thoughts about the strategies and the metrics that we are pursuing to achieve this goal?

MR. JONES: Okay.

MS. BAYLESS: Has what you've heard so far sounded like we're on track, we're hitting the mark, and we're good to go, or do you have any questions or concerns you'd like

to raise?

MR. JONES: So let me get this straight. Since we're moving ahead on time you want to use that time up.

MS. BAYLESS: No, not necessarily. I just wanted to open the floor before we sort of shift our thinking --

MR. JONES: Actually --

MS. BAYLESS: -- from outward to inward.

MR. JONES: Actually, the reason why we're moving forward so quickly is because the way it's laid out. And the staff, by dealing with this for so long, has gotten it down to bite-size chunks. It's to the point, it's specific -- I mean it doesn't leave room for question because they're saying it.

MS. BAYLESS: Well, terrific.

MR. JONES: And if you say it and that's it and I see it because any time we have a question we just say it. But none of this begs the question. It's what it is. It's sufficient, it's well thought out, it's progressive, and they link it to 2011 and they always end with the targets for 2012. I mean, what more can you say than that?

MR. ROMERO: I just have a question for you in regards to what the Corcoran group is doing for us. Will that be incorporated into this first goal since there are some identified items in what they've done so far that kind of fit

into that?

MS. BAYLESS: Yes, Jerry. As a matter of fact Janie will be talking at some length later this afternoon about what we're going to be doing with the Corcoran proposal and how it's really going to impact everything that TSAHC does, not necessarily in the sense that we will stop doing anything we're doing or that we will start doing totally difference activities. That's not likely.

But what we will do is present what we're doing in a somewhat different way -- talk about it in a simpler, more clearly explanatory way. And then there are some things we will do with our performance metrics and our financials that will make it easier for potential funders to understand us. So you should be hearing more about that as we move through the next goals.

MR. EVENWEL: As we've been going through this I've been putting in my mind an additional phrase after each one of these that kind of goes like so as to -- in other words, we're establishing an online homeowner -- homebuyer education resource. Why? I mean, what's our goal in doing that? So a lot of these things you can add a little phrase to it -- so as to what you're trying to accomplish from that.

MS. BAYLESS: That's a good point.

MR. EVENWEL: I don't know if that would help

anybody else --

MS. BAYLESS: Uh-huh.

MR. EVENWEL: -- grab hold of it a little bit more.

MS. BAYLESS: Actually, I think that's an excellent point. Thank you.

MS. TAYLOR: And I think for that one is so as to improve housing opportunities. It's actually the goal 1. But I see what you mean.

MR. EVENWEL: Yeah, that's an overarching thing, but what does that bullet point -- what --

MS. TAYLOR: I absolutely agree.

MS. BAYLESS: Right. We can put some thought into breaking down more specifically the purpose or the objective of each of these metrics. Okay?

MR. DIETZ: This is great work, and I apologize. I'm going to have to step out earlier than I expected to so --

MS. BAYLESS: Oh, I'm sorry.

MR. DIETZ: I'm sorry.

MS. BAYLESS: Okay. Well --

MR. JONES: Have a good trip, Mr. Dietz.

MR. DIETZ: Thank you.

MS. BAYLESS: Thanks for being with us, Bill.

MR. JONES: Now, who has to leave to catch an airplane and what's the timeline?

MR. ROMERO: Three o'clock is the time for most people.

MR. JONES: You have to leave by 3:00 to catch a plane. Right?

MR. ROMERO: Well, she's 3:00 and I'm the 3:30.

MR. JONES: Okay.

MS. BAYLESS: I think --

MR. JONES: So you make one trip is the thing.

MS. BAYLESS: I think we're going to make it. Okay.

So let's move into goal 2, which begins on page 8. Goal 2 is to better align Board, staff, and technological resources to more efficiently achieve key program goals.

The first strategy is to increase Board utilization, and the first metric there is to conduct a strategic planning session with the Board every two years -- so here we are -- two years after creating the plan and to talk through it, determine whether the strategies are still valid, how we're doing in meeting them, and what we plan to do going forward.

And, you know, I would appreciate the feedback of the Board. And at the end of this session, whether it's today or over the next couple of days, if you could let me know whether you think this is a useful way for you to receive this

information -- if it worked for you. And if it did that's terrific. And if there's something you would like to -- for us to do differently next time please let me know. Okay?

Janie.

MS. TAYLOR: I have the next one.

MS. BAYLESS: Uh-huh.

MS. TAYLOR: The metric was to -- that each Board member participate in a minimum of two legislative meetings or slash hearings per year when the Legislature is in session.

And just to follow through, the reason for that is because we believe it's very important as Governor appointed officials to our Board to have a relationship with legislators. And it's helpful to us during the legislative sessions to -- for the legislators to see our Board members or leadership at the meetings and at the hearings.

And because we haven't always done a really good job of pushing that that's why we decided to put it down on paper. So we make sure we do that.

And you all have done an exceptional job. You've been -- I think Bob gets the gold star for that because he's been very active. But all of the Board members have done an excellent job and they did well more than two forms of communication with the Legislature.

And for -- this is an interim year -- 2012 is an

interim year. We don't have a legislative session, but we are gearing up for one. So we did not set an actual goal, but there will certainly be meetings that we start setting up to meet with those key legislators that will be important for us in the session that starts in 2013.

MR. EVENWEL: Are we mostly just educating them on what we're doing?

MS. TAYLOR: Absolutely.

MR. EVENWEL: Because it's not like the other groups that are keeping themselves from being extinct or whatever or losing budget or being combined with someone else.

MR. JONES: Can I weigh on this?

MS. TAYLOR: Absolutely.

MR. JONES: One of the things that I still anticipate in the next session coming up -- somebody's going to introduce a bill that says something about housing and how this is done and whatever. Somebody else -- but so there's always something.

And then there might be something in terms of TDHCA that's working with TSAHC now on a much more amicable basis -- may want to do something -- so there may be some legislation or some involvement with legislators that will go on even into 2012. So it's not like, you know, just show up at the Legislature just to walk around and glad and shake

hands but -- unless, you know, you're involved with more than one thing, which I am. That's why I know so many of them because of some different reasons.

But I'm sure there's going to be some stuff that involves housing or TDHCA. And it's always educational when you see people testify for or against. they have the information, they have the bill. So I think we've been in front of the Legislature the last few sessions and I don't think that's going to stop.

So I think the staff in anticipating that wants us to have in our mind that they like the Board members to be prepared and willing to go and participate on issues that relate to housing, relate to TSAHC, relate to TDHCA which indirectly relates to TSAHC, et cetera. I think so it's just kind of like a projection because we anticipate that there will be -- I know I do.

MS. TAYLOR: Well, there are two -- and the only thing I'll add -- there are two particular committees that -- one in the Senate, one in the House -- that oversee housing. And so we -- any housing bill generally goes to those committees. And so it makes life easier when they -- the members of those committees know who we are and know who our Board members are.

And it may be that one of them is your local

legislator and you have a relationship with them. So it's always helpful to -- and those are the main groups we're going to focus on during the interim are those committee members because thank God we are not going through another Sunset review this time. So we don't -- you know, we don't have to necessarily try to meet with everyone that is on Sunset.

And -- but those are the key people that we do try to meet with. And any Sunset bill -- I mean, any housing bill will go to the committee.

MR. JONES: But, again, one of the things that Janie does -- I know this is -- monitoring anything that has to do with anything that we deal with. So they're looking at who's coming -- what's coming out of this committee, who's discussing it, what's --

I mean, it's a constant monitoring the whole time, especially to make sure there's no surprises. And then it's staying [indiscernible] and then we prepare strategies -- kind of strategies. So she's monitoring it all the time, and if there's a housing issue and maybe your legislator or your senator is on the committee or something they're hearing it's good to see, You know, I'm here and I'm on the Board of TSAHC, but I just came up to see you and how you -- and they wave at you and they like to acknowledge that one of their -- I mean, it's --

MS. TAYLOR: Yeah.

MR. JONES: It's necessary. Trust me. Not that we have a crisis or anything like that. It's always necessary for them to see you see them, and it also strengthens relationships for future stuff.

But monitoring anything and everything that has to do with housing -- all the time, nonstop. And she's got a lot of -- there's a lot of inside information from staff members. They're the ones that talk and get the stuff moving.

So I think the idea is really to participate in at least two hearings or whatnot. But they're anticipating -- and I think we are -- when it's all said and done we are political appointees. And, as such, we should be able to use whatever assets we have, you know, for the benefit of the Corporation. So I think that's where we're going with this. Right?

MS. TAYLOR: That's right. Are there any other questions?

MR. EVENWEL: I don't want to use up on your time?

MS. BAYLESS: No. You go right away.

MR. JONES: Oh, no. Liz don't like to like to have extra time, I mean, you know.

MS. BAYLESS: No, Gerry, please ask away.

MR. EVENWEL: Well, I mean, that's an

interesting -- I mean, a year or two ago I stood up there and did my little thing. I mean, here you actually -- all of a sudden he looks up at you, you know -- yes, I'm right behind you.

MR. JONES: Yeah. Yeah.

MS. TAYLOR: Yeah. And you --

MR. EVENWEL: Watch where you sit.

MS. TAYLOR: Yeah. And these are actually -- we will set up meetings for you to meet --

MR. EVENWEL: Okay. Face to face.

MS. TAYLOR: -- face to face in their office, in their district office or sometimes in their work -- where they work. And so that's more of a meeting.

MS. STEIN: And that we discussed yesterday, that's not actual lobbying. It's just to be a fact --

MS. TAYLOR: No.

MR. JONES: Right.

MS. STEIN: -- resource.

MS. TAYLOR: It is providing information -- resource.

MR. JONES: And we've met them on benches in the hallway as they run from committee to -- we've met them in corners.

MS. BAYLESS: So, Board, if there are any other

metrics that you would like to suggest for yourselves for ways we could increase our Board utilization please feel free.

MR. EVENWEL: Should there be something in there that we are looking at every other possibility that this group could be doing so that we're always reviewing -- that we're -- the best way to do -- accomplish the goals that we're doing.

MS. TAYLOR: Do you mean you, the Board?

MR. EVENWEL: Yeah. Or, you know, the Board should look at it once in a while and say, well, is this group still accomplishing its goal? I mean, is there a different, better way to do it? You know, instead of always having a legislator pick at you or something like that, you know, we can be proactive on the other side and say, hey, here's an alternative or here are some alternatives or different ways of doing it.

MS. BAYLESS: And we would encourage you to do that on a continual basis, whether it's in a formal session such as this strategic plan review, whether it's at a Board meeting, whether it's something that occurs to you while you're, you know, going about your day-to-day activities. We really welcome input and engagement from our Board members and would like to have more of that if possible. Okay? Why don't we move on?

The next strategy in goal 2 to evaluate and consider our professional, building, and IT services.

Melinda, I think you're going address all of the metrics under this strategy.

MS. SMITH: Yes. Thank you. The first metric was to evaluate and consider releasing an RFP for IT services every three to five years and we did do that in March and April of this year. We requested bids on our IT services and it looks like the new IT company has saved a considerable amount of money doing it.

The second metric is the -- was to RFP for professional services, including our auditor, underwriters, disclosure counsel, depository services. This past year -- past two years we were able to do RFPs for our depository services. We selected Frost Bank.

We RFP'd for our independent financial auditors and selected Mikeska Monahan Peckham. We reviewed and did RFPs for our professional employer organization Administaff, Insperity. We did select Insperity again. They had the best health insurance publishers program.

Overall -- well, let me go ahead and finish. The last metric under this particular strategy is to evaluate and consider building services annually. We also bid almost all of those services, whether it's lawn service or tree trimming

to janitorial services. And overall we saved around $25,000 this past year in doing that.

MS. BAYLESS: Questions? Comments?

(No response.)

MS. BAYLESS: The next strategy is to improve our internal communication. And I'm going to let David talk about these items.

MR. LONG: Okay. First -- well, I'll just go over each of them. Have two team building events each year -- the staff has always had a staff function when we -- at Christmas time. So we get together and we have everybody get together. We do -- it's really just a low key -- it's done at one of the staff houses. This year Melinda allowed us to have it at her house.

It's an opportunity for us to get together. We actually invite the staff to bring a significant other if they'd like to. But it allows us to just be in a very informal opportunity -- an informal setting to have an opportunity to talk and get to know each other a little bit outside of the work environment. We've done that every year since I've been here.

The other thing we do is every year we try and do during the summertime -- and we've done it again this year -- we do what we call a staff retreat. It's basically

an offsite staff get together training where we get together away from the office where we sit down, go over what we're working on, talk about what it is that we've got planned for the year, where we're at that part of the year, and then just kind of have a little bit of town time. We typically barbecue. We have an opportunity to socialize and not talk about work, but it's a get together.

And then this year we had a third one -- and Mindy helped us set this up. We did a Habitat build-over here in east Austin, and all the staff members attended a Habitat build where we spent the day working on a house. And I was amazed that -- how much everybody knew in building a house. We had people putting in windows, putting up doors, putting together the roof. It was -- siding. It was pretty amazing. I was very impressed with everybody. And it was a very hot day, if I recall. We were dripping and exhausted when the day ended. But it was a lot of fun.

And then as far as the next one, we continue brown bag lunch-and-learns. What we do on those is we basically get in the conference room in here and we have an area of the staff or a program talk about what it is that they do so that, you know, everybody has a chance to hear what's going on in that area, has a chance to learn a little bit more about what it is that they do.

And we got away from that at the end of last year. I think we did a couple last year, but we didn't do the full one every quarter. But we already one ready for this quarter -- the first quarter of 2012 that we're going to do on budget and accounting.

The last one on there is called monthly staff -- all staff meetings. And I can actually tell you that we do that every single month. Whether we have a Board meeting or not we put together a review process where if we're having an agenda and a Board meeting Laura puts together a packet of information, all the staff have that information in front of them, and we go around the room and we talk about every agenda item.

Whoever's making the presentation we ask them to kind of give us the feedback as to why that's on the agenda, what it is they're going to talk about, and what they're presentation's going to be about.

When we don't have a Board meeting we still get together and talk about what's going on -- you know, what it is we want to have on the next month's board meeting, what do we have going on in terms of travel, people that are going to be out of the office, projects people are working on, and anything that's up and coming.

So I think we've done a real good job of trying

to keep the staff engaged. We're very fortunate to have a small enough staff where it doesn't require us to break up so we can all continue to get together. And the conference room might not be big enough much any more -- we might need to come in here.

But we still pile around the table in there and get it all discussed. And I think it's been a very not only engaging opportunity but I think it creates a lot of camaraderie and coordination amongst us as well. Any questions on that?

MS. BAYLESS: Thank you.

MR. LONG: No? Okay.

MS. BAYLESS: And the final strategy under this goal is to re-evaluate staff and resources to more efficiently achieve key organizational goals.

David, you're on tap for this first metric.

MR. LONG: What we've done in this is -- I'm going to -- I don't know if Liz had intended me to talk about kind of the evaluation of staff resources program area from a review process or from kind of what we do.

But Liz meets with all the program manager staff on a monthly basis, if not even more -- weekly basis to kind of touch base with them. And then Liz and I get together and talk about what's going on.

So we have a weekly process where we go through and are talking with staff. I've always encouraged -- I know -- like as an example I know David and Jo worked very closely together in the meeting probably -- if not daily they're meeting at least several times during the week. I know Melinda has -- Nick and Betsy and Cynthia are all getting together and doing things.

And we also have a very open door policy. So from that standpoint we try and garner what people have on their plate, what is maybe a burden to them, what activities they have going on, how we can assist. And as an example in terms of adding where we need to, kind of filling in some voids -- I know Janie talked a little bit earlier about, you know, Laura stepping in and working with Katie on the national foreclosure prevention stuff.

You know, Laura's being trained with Katie on how to handle all of that activity. Janie hired an intern that we're working with, and he's been working with Janie on some activities that probably weren't being able to get done by Janie without his assistance -- at least not with the load that she carries. And the same thing, if we bring stuff on we want to continue to do that.

Staff go through an annual evaluation. That evaluation process entails a staff self-evaluation that they

fill out a form, and then that evaluation is then provided to the either reviewing manager or the executive management, and then that management turns around and gives them a staff evaluation. And then that staff evaluation is then reviewed by the staff member themselves and then their individual manager as well as the executive staff above them.

And then based on that then we go through and we can make sure that everybody is either, you know, compensated properly, that the workload that they're carrying is adequately distributed, if they need more staff where are we at in that process.

And I think -- I've not heard any complaints so I'm going to assume that we're doing a good job in making sure that people are getting a chance to be heard through an open door policy and with the weekly meetings that Liz is having with staff, the staff meetings that internally, you know, Janie can have with Katie and those types of things are going on and we're keeping people well informed as well as the opportunity to inform us on how they're doing and what kind of workload they're carrying.

MR. JONES: Do you have a -- you have strong management skills, and they're reflected in your senior staff members. They do the same thing. Just a question -- do you think staff as you get further down -- and everybody has

responsibilities here, but do you think they feel comfortable enough to tell you if they disagreed with anything or something you said or --

MS. BAYLESS: Well, I hear it on a near-daily basis, Bob, so I think they do.

MR. JONES: Okay.

MR. LONG: Well, they may not be -- I would suggest they may not be willing to bring it up in an open full staff meeting, but that's why we have these breakout meetings that Liz does with management.

MR. JONES: Okay. I got you. All right.

MR. LONG: It gives us that opportunity. And I would think that if there was an issue internally that -- you know, that if a manager had a staff person that wanted to come to them that they'd be comfortable saying, You know, look, this is going on and I'm not sure this is how we should be doing it.

MR. JONES: I'm just -- I just --

MR. LONG: You know, I think the opportunity is certainly available and I think they've been very good about voicing their concerns or opinions on ideas --

MR. JONES: Yeah.

MR. LONG: -- on things that we should change. Which I think is also the reason we've been so successful is

that we have this opportunity to take input and feedback from some very, very qualified staff.

MR. JONES: Because there's a lot of strong people on the staff. I figured as you work your way down the guys down there could feel quite a bit of pressure to, you know, do what this staff says do and not necessarily -- that's refreshing to know I think that they're honest and they feel they can be open. And then if you guys do them in they can call one of us. Right?

MS. BAYLESS: Yeah. I was just going to say that, Bob, actually. Because if there's anybody around the table listening to this who thinks, you know, I really don't agree with that then I wish you would tell one of the Board members so they could anonymously help --

MR. JONES: Yeah.

MS. BAYLESS: -- David and me do a better job.

And, finally, Melinda, would you like to address the final metric here?

MS. SMITH: This was research and a necessary acquiring new software for better operational efficiencies. We have been looking into purchasing new software for two reasons -- one, for our loan servicing division primarily to help Dave with this program. He's making loans so quickly we can't keep up.

And also in our accounting software so that we could possibly produce the program financial statements easily for the staff. And we have looked at a variety of different software programs. We haven't come up with anything yet that we think is better than what we already have given how much -- given out workload -- how many loans we actually have and what we can do with our own software.

So right now we're going to just stay where we are and continue to look and see what we can find. And a lot of the software is very expensive. That's another consideration -- and would it be, you know, worth the cost of switching from what we currently have to something different.

MR. LONG: I might add on that just from a note of managing, the cost effectiveness of doing that when we research and acquire new anything around here, whether it be hardware, software, supplies, whatever -- I think, one, Cynthia does a phenomenal job of making sure we have everything we need as the office manager.

But I would -- Nick's going to get mad, but Nick is probably the best I've ever seen about making sure that we are getting the best price on anything we've ever done. We don't buy anything unless Nick has scrubbed every website that might sell something and, you know, researched it with

three or four or five vendors in the process.

MS. GREEN: That is absolutely true.

MR. LONG: I like that given my nature of being very cheap, so I like Nick doing that. But --

VOICE: Frugal.

MR. LONG: -- Nick does a very good of it. Okay. I'll use the word frugal too. But Nick does a very good job of doing that. So I know when Nick says, Hey, you know, this is what I found as the price, I don't very often have to even question that it's been scrubbed down to the bottom end of that's the best deal we're going to get.

MR. JONES: Have you ever been in the situation where dealing with operational efficiencies and juxtaposition of cost efficiencies put you in the position where maybe operationally you -- I wouldn't say suffered -- but didn't do what the optimum would have been to do because it was a cost factor involved?

MR. LONG: A cost factor?

MR. JONES: Well, you're dealing with cost efficiency. You talked about cost efficiency --

MR. LONG: Right.

MR. JONES: -- just now.

MR. LONG: Right.

MR. JONES: And this item here talks about better

operational efficiencies. But when you talk about operational efficiencies as you mentioned with Nick at some point it comes into play the cost efficiency.

MR. LONG: Right.

MR. JONES: And, like you say, you get the cheapest and the best. The price -- sometimes the best is always -- is the cheapest. You can do that with clothes or cars or anything else. Buy five cheap suits and the back stay in the chair at the same time. You get a good suit it'll last years. So sometimes cars come -- well, this guy's buying --

MR. LONG: You're saying the cheapest isn't always the best and do we -- do we make determination between just cost?

MR. JONES: Yeah. And have you been in a position where operationally you had to come up against the cost and it might not have been as cost efficient in terms of budget and all, but for operational benefits it would have benefitted you? Have you ever run into any of those things? Because, like you say, today with all the software and the program I think at some point you're going to run into operational efficiencies versus cost. And --

MR. LONG: I would say -- I mean, I can't speak of a specific situation -- maybe Nick can. But I would tell you that we don't -- I mean, just because it's the cheapest

doesn't mean that's the thing we're going to buy. What we're going to look at, you know, does it fit what we're looking for and -- I don't think we've turned -- we've not been able to acquire or to facilitate the acquisition of something we've needed because we either couldn't afford it or it wasn't quite up to par for what we were looking for.

But I think we do a very good job in making sure that not only is the cost benefit there but that the actual utilization is going to be functional for what we're trying to use it for.

MR. JONES: So operational efficiency have never suffered because of cost considerations.

MR. LONG: Not that I'm aware of. And, I mean, I'm speaking for myself. I don't see it around the room.

Has there been a situation, Melinda, where we've --

MS. SMITH: No, I would agree.

MR. LONG: -- let that go?

MS. SMITH: I would agree with David's comment. I don't think that we've -- operations has suffered because we don't have the latest, greatest software or anything -- an improved version of anything.

And when we get to that point -- when we start pushing the envelope like that management has always been

great about making that decision -- go ahead and purchase whatever it was that we needed.

And the loan servicing and the accounting is the only thing I can think of, which is why it's in the strategic plan to begin with. The only area where we were beginning to kind of push up against, you know, the landing -- maybe there is something out there that could do it better than what we have, but we've not found that that's the case.

MR. JONES: And I understand sometimes you get the same thing but from a different vendor to lower cost. And when -- I'm sorry. When I was talking about the best being the cheapest you just never bought suits in Hong Kong. That's all.

MR. LONG: You're right. I have not ever bought a suit in Hong Kong.

MS. VAN HOVEL: I want to say something. I went through this a few years ago questioning them about computers and stuff like that. But I soon learned how they purchased -- how they purchase and what they purchase. And I just step back because they are doing great purchasing really.

MR. JONES: Okay. And we just raised because when you were talking about operational and one of the issues that came up in discussing this bullet point was cost

efficiency.

MR. LONG: Right.

MR. JONES: Okay. Thank you.

MS. BAYLESS: All right. So to kind of wrap up goal 2, any thoughts, suggestions, additions to our strategies for better aligning the Board, staff, and our technology resources to more efficiently achieve our key program -- anything anyone would like to say on this goal before we move on.

Okay. I'll ask -- do you need a break or do you want to keep going?

MR. JONES: Keep going.

MS. BAYLESS: Okay. We'll move on. And I would just say if anybody needs to get a cup or coffee or water or anything just feel free to leave the room and please come back.

Okay. We're on page 10 now. Goal 3 is to ensure the Corporation's sustainability through increasing program and contributed revenue.

So, of course, you heard the presentation at the Board meeting this morning from our consultants about a fundraising strategy. That is part of the discussion of this goal.

Before we get to that we have a couple of other things to talk about, beginning with identifying and

evaluating current and potential revenue streams.

So in the discussion of this strategy set aside the concerns about fundraising and we'll address that in just a few minutes. Okay?

MR. EVENWEL: What's the definition of sustainability --

MS. BAYLESS: Sustainability --

MR. EVENWEL: -- in the context of --

MS. BAYLESS: Financial sustainability.

MR. EVENWEL: Financial.

MS. BAYLESS: Right.

MR. EVENWEL: Financial.

MS. BAYLESS: I think that's the context. Would you agree for this --

VOICE: Yes.

VOICE: yes.

MS. BAYLESS: Okay. Paige, would you please talk about the first metric?

MS. MCGILLOWAY: Sure. Sure. We -- the first metric is to evaluate in-house administration of our Mortgage Credit Certificate program. That's what -- when you see MCC that stands for Mortgage Credit Certificate, which is a product that we --

MR. JONES: I don't want to interrupt you, but I

think Gerry just raised a point right at the head of this to clarify what we iterated here and the definition of sustainability. And you said financial.

MS. BAYLESS: Uh-huh.

MR. JONES: Is this all about financial sustainability? I don't know that that's necessarily true.

MS. BAYLESS: Well, now, I wasn't here in 2010 when this plan was made. So anyone at the table --

MR. JONES: Because it doesn't financial --

MS. BAYLESS: -- can weigh -- it does not say that and I just made myself a note to insert that word in this goal if everyone agrees that that's what this is about.

MR. LONG: I think this section specifically talks about financial sustainability.

MR. JONES: Okay. And not the Corporation's --

MR. LONG: Not the Corporation's --

MR. JONES: -- ability to exist.

MR. LONG: -- ability to exist nor a program to exist or --

MS. BAYLESS: Correct.

MR. LONG: -- not individually within a program itself existing but more the financial sustainability overall of our meeting our financial resource needs.

MR. JONES: Okay. And if you're talking

financial sustainability then we do know that contributed revenue, so to speak, is a small portion of the revenue stream. Most of it is program revenue as opposed top contributed -- right? -- right off the bat.

VOICE: Yeah.

MR. JONES: But they hold equal billing here and I know the importance of increasing that million-dollar milestone of contributed revenue was a big milestone that TSAHC reached. But -- and we say it in conjunction with the overall program but if you're talking just financial stability it's kind of all of a catchall so as you listen -- but you're right. Because I looked at the same word and said, It says sustainability -- ensure the Corporation's sustainability through program and contributed revenue.

I imagine if we don't do any programs we're not going to earn any revenue. The majority of it is earned. If we don't get more contributed revenue that doesn't affect the job that we do through program revenue. But I'm glad he raised the question. And everybody made little notes. You made one too?

MS. MCGILLOWAY: But it could, Bob. It could.

MR. JONES: But it could. Right. But --

MS. MCGILLOWAY: It could. It absolutely could.

MR. JONES: That's right.

MS. MCGILLOWAY: So we're moving into --

MR. JONES: Okay.

MS. MCGILLOWAY: -- what we're looking at. The first metric is to evaluate in-house administration of our Mortgage Credit Certificate program, which we currently do not do. We have an agreement with First Southwest Company to be our mortgage credit certificate administrator.

And, yes, we do earn some income off of that still by having it contracted out, but we evaluate -- wanted to evaluate what if we brought the entire service in house and we did it here and we didn't contract out for it.

So to -- I don't want to say supplement, but to bring in more program income for us in maybe those years where we aren't getting as much contributed revenue. It's always -- it's important to be doing both.

So our goal in 2011 was to decide whether or not to administer the program internally. We've done a lot of legwork in researching how to do it and could -- and perhaps eventually will do it.

But for 2011 we did decide to stay with First Southwest Company. We entered into another agreement with different terms, and we are very pleased with their administration of the program. They do an excellent job and we assist thousands of people with our Mortgage Credit

Certificate Program.

For our goal for 2011 [sic] again we'll evaluate whether we want to bring that service in house and take over the entire operation of it or continue to contract it out with renegotiated terms.

MS. BAYLESS: Thank you, Paige.

Mindy, I think next one's yours.

MS. GREEN: Seek asset management contracts that are responding to all partner-released RFPs and exploring potential partnership opportunities.

We in 2011 responded to the HUD PBCA, which is Project-Based Contractor Administrator, RFP. We responded with our partner MAM, and they -- we put together an excellent RFP. However, we did not win that contract.

What I will say in leading into what we're going to do for 2012 is that there was a lot of controversy, if you will, around the way they scored -- around the criteria and around the scoring. They have publicly said that they're going to release a NOFA in --

MR. JONES: They being HUD.

MS. GREEN: HUD will be releasing a NOFA in 2012 and we intend to --

MR. JONES: A no what?

MS. GREEN: A NOFA, Notice of Funding

Availability. And we plan to respond to that in hopes to get the Project-Based Contract Administrator services in house, which would be wonderful.

MS. TAYLOR: So they're doing a Notice of Funding Availability instead of an RFP?

MS. GREEN: Yeah.

MS. TAYLOR: That's interesting.

MS. GREEN: It's so that you can't argue their decision after a NOFA. It is what it is. Where with the RFP that's -- there was lots of controversy surrounding it.

MR. LONG: Nationally they received an extensive amount of push back on their selection process, the criteria, and how they evaluated the submissions that were received. And Texas is one of those states that -- it was determined that they were going to go ahead and stay with the current provider for another -- was it a year or two?

MS. BAYLESS: No.

MS. GREEN: Six months.

MR. LONG: Six months or whatever it was.

MS. GREEN: Well, after -- yes.

MR. LONG: There were only very few states that actually got their contracts awarded and all the other states complained enough where they're going to go through this NOFA process.

MS. GREEN: Yes. And so we will respond to the NOFA. In addition to that if there's any other RFP or any other business opportunity out there we will explore it in hopes of expanding asset oversight and compliance department.

MR. LONG: I would add that we're continuing to talk with TDHCA and the fact for nine years we did their contract administration with them under the compliance and asset oversight. And I continue dialogue with Tim Irvine over there and he seems to at least still be considering whether or not that's something they would outsource again. And so we're considering that opportunity still.

Now, whether that happens or not we don't know. But I believe it's certainly something we could provide to them with resources and the qualifications we have. That could still be an option for us as an alternative in addition to the other things that Mindy's working on.

MS. GREEN: Right.

MR. EVENWEL: Are there other states that could use us?

MR. LONG: Right now we don't do anything out of state. The Board has authorized us to do -- like under the PBCA contract you could get awarded Texas and other states. But what we've -- the way we got approval from the Board was as long as 60 percent of the work was in state we could do

up to 40 percent out of state. So --

MR. JONES: Out of state property holders.

MR. LONG: So depending on how HUD was electing to award -- if TSAHC was to win the PFCA award, if they came and said, Look, you get Texas but we also want you to take Arkansas and Mississippi, as long as that workload was 40 percent or less we could take that on without there being any issues with the Board's recommendation. So we could go outside that, but right now it's not -- you know, we've not gone outside the world of Texas.

MS. BAYLESS: If you have ideas we'd love to hear them.

The next strategy is to balance impact versus revenue for current and potential programs, which I think is just trying to say understand cost benefit -- what does it cost us and what's the benefit either in terms of revenue generated or people impacted missions.

So, Melinda, would you talk about the first metric there?

MS. SMITH: Yes, ma'am. Providing [indiscernible] report on the programs. Over the past two years the corporation did implement a timekeeping system and everyone for six months kept their time by program. And using that as a base we've prepared profit and loss statements -- or

are in the process of preparing profit and loss statements by program.

We ran into a little bit of trouble using the time sheets and have made some adjustments for some of those issues -- just primarily just to -- making sure that all the time was allocated to the appropriate program and not to administrative areas.

And we are -- if I can get my computer work for two days in a row I think we'll be able to produce those financial statements by program for Janie and for management and for the fundraising so they can complete their analysis of the marketing and fundraising.

So that's where we are there. And hopefully we may -- based on what I heard this morning, it sounds like we might need to implement the whole timekeeping system again and continue to do it so that we can produce those on an ongoing basis. We obviously had to do it for the federal programs, but we may need to do it -- just through I'd throw that out there.

VOICE: I see everyone's excited about that.

MS. SMITH: I know. But there's really no other way that I can think of that we can appropriately allocate to the different programs except based on time.

MS. BAYLESS: Okay.

MS. SMITH: Thank you.

MR. EVENWEL: Sort of like lawyers assigning fees and stuff like that.

VOICE: PARDON?

MR. EVENWEL: That's like lawyers doing their fees.

MS. SMITH: True. Yeah, exactly.

VOICE: Ten-minute intervals.

(All talking at once.)

MS. BAYLESS: Katie, would you like to address the next metric please?

MS. HOWARD: Yes. The next metric is to establish a fee structure for fiscal agent services so as to make sure that we're compensated for the fiscal agent services that we provide.

And this is a little bit of background. Fiscal agent services are fundraising, grant writing, program administration services that we provide on behalf of other entities such as the Texas Foreclosure Prevention Task Force.

VOICE: And TDHCA.

MS. HOWARD: And TDHCA. So we did create a fiscal agency agreement with the Texas Foreclosure Prevention Task Force in 2010 which allows us to take a small percentage of each grant received to support our grant writing and grant

administration expenses provided that the funder allows for some administration expenses in the grant. We always want to make sure that we stay within the funder's wishes.

In creating this fee structure we did look at other fiscal sponsorship agreements from other nonprofits who provide these services. And we also looked at allowable administrative expenses under the federal and private awards that we've received.

There's been no new activity since we created this agreement in 2010 because we've not yet undertaken any more fiscal sponsorship agreements. But going forward we'll continue to explore our fiscal sponsorship services as well as evaluate the fee structure that we have in place.

Anybody have any questions?

(No response.)

MS. HOWARD: Okay.

MS. MCGILLOWAY: Okay. The next metric under this particular strategy is to implement a leveraging of TSAHC funds, scoring components within new and existing grant application review processes.

And the reason for this -- and the reason I've been chosen to speak over this is because I somewhat the oversight of the Texas Foundations Fund, which is a grant program, if you remember, that TSAHC has where we award nonprofits and

units of local government in rural areas do either rehabilitation, construction, or supportive housing services across the state.

And these are grants that we award. So when we are giving out a grant we want to make sure that our money is being used to the best of its ability. And by that I mean we've implemented into that scoring review process that if you're bringing funds to the table you can get a scoring priority by doing so. We want to see that you're laying funds -- that you're not just using our funds to make projects possible.

So that was -- we evaluated that policy -- and we do it every year. So it was implemented in 2011 and we will continue to do so. We found that the vast majority of the applications that came through this year -- I think we had 19 -- had quite a bit of leveraged funds within their applications. So we want to make sure that continues so that we're not the only funding source just so that, you know, more partners are involved in projects and we're just spreading the wealth across the state.

MS. VAN HOVEL: Can you remember who those places were?

MS. MCGILLOWAY: Some of our applicants? We made six awards of the 19 this year. We had New Hope Housing in

Houston, we had Aha here in Austin, Motivation, Education, and Training down in the Valley --

VOICE: Coastal Bend?

MS. MCGILLOWAY: -- Coastal Bend out in Corpus Christi and Green -- El Paso Collaborative in El Paso, and Green Doors here in Austin.

MS. BAYLESS: And all of them showed leveraged funds.

MS. MCGILLOWAY: Correct.

MS. BAYLESS: Some others probably did as well but --

MS. VAN HOVEL: And those that didn't get it?

MS. BAYLESS: Some may have had leveraged funds; some may not have. But the point being that if you showed us leveraged funds then you got an extra score so you were more likely to land near the top of the scoring list.

MS. VAN HOVEL: And able to apply again?

MS. BAYLESS: Uh-huh. And that takes us to the final very large important strategy for goal 3. And I'm going to let Janie address this.

MS. TAYLOR: Okay. Well, I'm going to move this around a little bit. The strategy is to develop coordinated fundraising strategy for the Corporation. And we're talking about contributed revenue in this area. And, again it's to

ensure the financial sustainability of not only the Corporation but also specifically those programs that don't have a direct funding source and rely on either contributed revenue or earned program income from other programs.

And I will just tell you that these are the -- these metrics have not been changed based on anything that came out of the assessment that Corcoran did. So we received their assessment right before Christmas -- like two days before Christmas. And so these have not changed.

I anticipate that they will change. I will just tell you that -- that I anticipate that probably by the summer we will change these metrics as they relate to this strategy. And so I will go through these metrics, but knowing that they will change probably for next year -- or for this year actually.

And so I'm going to move them around too just because of how I want to talk about them. The first one I'm going to mention is increased number of grant/program-related investment applications submitted. We had the goal of submitting 14 applications to funders for either grants or program-related investments. We actually submitted 15 applications so we met our goal and surpassed it slightly.

And, you know, we did set a goal for 2012 of submitting 16 applications. That probably will

change -- that may change, may not. But that right now is what we now and what we're sticking with unless we decide to change it based on the next steps we're taking with Corcoran.

MR. ROMERO: How successful were you on those 15 that you submitted?

MS. TAYLOR: I will tell you that we probably received about 11 grants from those. So we were pretty successful.

And then I'm going to go to the next one which is meet a minimum of four prospective donors a year. And, you know, we created this metric because we really want to push ourselves to go beyond the funders that we have been successful with over the years. Because there's several them like -- like Wells Fargo and the Heron Foundation that have been funders every year. So we're -- this was Katie and I's way of putting -- out there and trying to find new funders.

We -- you know, we set I would admit a fairly low goal of having four meetings with prospective donors -- and these are new donors. And we did meet that. And I, again, have four meetings set for us for this year but I see that changing drastically actually.

And the next one I'm going to --

MR. ROMERO: Janie, real quick.

MS. TAYLOR: Yes.

MR. ROMERO: In regards to that when you're talking about meet four new prospective donors what are we doing to maintain communications with those top donors that you have right now and inviting them to come the facilities and so forth? Have we ever done that?

MS. TAYLOR: I don't know that we've invited them to see facilities -- and that is a good suggestion, and I'm sure that's one that we'll discuss with Corcoran.

MR. ROMERO: Okay.

MS. TAYLOR: What we normally do -- and Katie feel free to chime in -- is, you know, we do communicate with -- they all have interim reports that we have to turn in. And so we do our communication through the interim reports.

They're all part of our e-mail communication that we do of any type of program that we have going on. And then we do check in with them every year and talk about what their goals are for the coming year -- they all have different giving goals that they have -- and what working on.

And then we -- you know, we do communicate with them specific e-mails that we make. And we, of course, send them a thank you note -- you know, those type of normal activities that we would do. But there's certainly probably more that we can do that I'm sure Corcoran will make us aware

of.

MS. HOWARD: We do --

MR. ROMERO: [indiscernible] -- go ahead, Katie. I'm sorry.

MS. HOWARD: I was going to say we do a few other stewardship activities throughout the year as well. Whenever our annual report comes out we make sure to send one to all of our donors -- Christmas cards to our donors just to let them know that we're thinking about them -- that we appreciate them -- stuff like that.

MR. LONG: And as you know we've had some of them actually come and make presentations here to the Board so that they have a chance to not only meet the Board members but also see the facility in that opportunity as well.

MS. TAYLOR: And number 3 is develop an annual fundraising plan that incorporates individual donations and fundraising goals for applicable program areas.

This is a huge one, and it's probably -- I would say probably the most important thing. And to be quite honest that's the overriding metric and I think all the rest of them fall underneath.

And this is what we're going to be working with with Corcoran -- this specifically -- is to develop a plan on, one, which programs are the most attractive to funders,

and how do we communicate about those programs to the potential funders, who are those potential funders out there that would be interested in these programs.

And then, again, who do we pick from either our Board members, other advisory council members, or staff to meet with these potential funders. And, in that, I -- you know, I think that this will also -- might affect some of the other programs as well -- those programs that we might fund raise for.

And that, for example, direct lending. And Dave and have spoken about this that the way his program is set up right now may not be the most attractive way for funders. And because that program does rely on contributed revenue we may need to slightly shift his program.

We may also need to create goals for those programs because funders want to see -- what are you trying to accomplish with this program, what are your metrics for this -- for these programs. And I -- you know, I don't know that we have that specifically -- your legals for some of our programs that we want to fund raise for.

So, in that, there's a lot of work that needs to be done, not beyond just Katie and I, but David and Liz, and then Dave and Paige and -- where we need to make sure that the programs are attractive also to the funders.

MR. ROMERO: I mean, as a funder I can tell you that it is important. Because for us to see the successes that you have had gives us a much better feeling for where we're investing our money.

So, I mean, the single family program -- you know, a half a billion dollars since the inception of the program, you know, 247 outstanding available -- that was available in the last three active programs, 84 million is still pending to be committed.

Those are big numbers. You know, when you start breaking is down to the number of families that you're helping and so forth that makes an impression on a funder.

MS. TAYLOR: Right. And I think also if you have goals for the programs then we know what outcomes we're trying to get. And so -- you know, and they have other ideas in terms of -- Texas is such a large state that maybe we need to move more into a regional distribution area, but also fundraising where we try to target funders that are in certain areas and have foundations find grants that go regionally. Direct lending maybe works in regionally.

And so there's -- I know we were having this already and we said we were going to do this every year for our Board. But this area right here is certainly in flux and will change. And I see it impacting some of the other

programs as well.

And so I move to the next one in terms of set yearly -- well, let me just say that our goal for 2012 will be to implement the plan that we come up with with Corcoran.

And I don't know how familiar, Gerry, you are with our advisory council, but that is a -- it's a subset of the Board and the Board gets to appoint the advisory council members. And we currently have three members. Liz sits on the advisory council member -- counsel -- and we have Edwina Carrington and Russ --

VOICE: Vandenberg.

MS. TAYLOR: -- Vandenberg. And they -- their goal is to help us fund raise, and they also help us go through all of the applications we get for the Foundations Fund and they help us determine who to give the grants to. And they report up to you for their recommendations.

But their main goal is to help us fund raise. They're not appointed by the Governor -- they're appointed by the Board. And they both are very anxious to get started and to figure out how they can fit into our development plan and goals more so so they can be more active. And I know Edwina is -- has lots of ideas and so we'll be bringing them into the fold and set some fundraising goals for them.

MR. JONES: Do they still each contribute 5,000

or responsible for raising 5,000 each?

MS. TAYLOR: Well, they either can contribute or are responsible --

MR. JONES: Or raise.

MS. TAYLOR: -- for raising, yes. That is correct.

MR. JONES: And the Board is designed to have how many people on it? How many is it?

MS. TAYLOR: Five.

MR. JONES: It's supposed to be five. Right?

MR. LONG: Five right now, but we can have more than that.

MR. JONES: Right. Well, we've never really filled it with five.

MR. LONG: We've never had five.

MR. JONES: We've never had five.

MR. ROMERO: That was my question. Have we -- not only are you going to set the fundraising goal, but is it your anticipation that you would also want to increase the Board members -- council members?

MS. TAYLOR: We do. And I think if -- and, again, I'm just -- we haven't had a full conversation on this topic, but we believe that if we do decide to look at Texas regionally that we might be more successful at recruiting advisory

council members.

MR. JONES: Uh-huh.

MS. TAYLOR: And so, yes, we would obviously want it to increase.

MR. JONES: And if we get the tools that we -- that they're talking about -- what was under Corcoran that will give them an easier opportunity to do what they do. Because evidently it's really hard. You were on it.

MR. ROMERO: Well, I mean, yes, it is hard but if you have the understanding of were to go to look for these dollars it becomes much easier. And I think with the tools that we'll be getting from Corcoran -- or at the least the suggestion that they're making and we provide the tools -- it'll be easier not only for the advisory council but for all of us.

MR. JONES: But what was the problem in getting the full strength of five?

MS. TAYLOR: You know, we tried. We not only asked for the advisory council members to help us find -- Jerry did find Russ. And we -- David and I think Liz -- we've done events where the whole purpose of these events is to find Board members for nonprofits. And we've had some people that are interested but no one follows through. I mean, we've -- there's been several of them that

we've tried to. But I don't know why there -- you know, it may be the $5,000. It may be the fact that --I don't know.

MR. ROMERO: If I could make a suggestion --

MS. TAYLOR: Yeah.

MR. ROMERO: -- having served on it and having talked to Russ now that he's serving on it, I think part of the issue is not so much the $5,000 commitment as much as having a more formalized process instead of meeting just once a year.

MS. TAYLOR: Right.

MR. ROMERO: You know, because, you know, you have such a long span of time between meetings it's almost at the point where some council members feel like is this really that important if we're only going to meet once a year.

MS. TAYLOR: Okay.

MS. BAYLESS: I think Corcoran is -- has a lot of suggestions for us related to the advisory council and how to make it a more dynamic, more engaged, more effective group.

And, as Janie said, we just -- you know, we literally just got their report right before Christmas. We haven't had time to fully digest it or make our own plan based on that going forward. But I'm sure that what becomes of the advisory council will be a major part of that.

(Pause.)

MS. BAYLESS: Any other comments about the development of a fundraising strategy or anything at all around goal 3, Ensuring the Corporation's financial sustainability through increasing program and contributed revenue, before we move off this topic? Does anybody have any other comments, questions, suggestions? Okay.

Then we go into goal 4, which is to Raise awareness of the housing opportunities made possible by the Corporation.

I'm going to address the first strategy and metric here, to track our program performance measures. So this is an essential thing for TSAHC or really any organization to do. Yes.

MR. JONES: Excuse me. I'm not trying to rush anybody through this, but my goal -- my hope is that we finish these last two pages by three so that the Board members that are left can hear everything.

MS. BAYLESS: We should be able to.

MR. JONES: Okay.

MS. BAYLESS: Absolutely. So I think any organization needs to have -- it needs to be measuring its performance accurately, completely, regularly.

For us it's really for two main reasons. One is a management tool. It will provide to us a useful snapshot

of our performance so that we can determine whether programs are meeting their objectives. It's really just that simple.

We can monitor our progress, we can see where we're doing well, and we can get an early warning when we might be slipping in an area. So we really do want to do it as a management tool.

The second main reason is so that we can provide requested information. It could be, well, to really anyone. It's often to legislators who -- they or their staffs may ask us for certain information about our activities and we need to be able to provide that quickly.

Also, as we heard this morning, potential donors want to see information about our performance program by program -- what impact are you having.

So there are a lot of reasons that we need to do this. And the organization knew two years ago when they set this metric that we need to do it. It turns out that it was a little more difficult I think than people realized it would be. And there are several reasons for that, all of which can be overcome. But just to kind of let you know what progress has been made to date on this I wanted you to know some of the things that we learned collectively as we sort of dove into this.

First of all, the data we would like to have is

not always available, and what is available may reside in different systems. I'll give you an example. You know that we have the first time homebuyer program called Homes for Texas Heroes. Well, it would be very interesting for us and for certain other individuals in the community to know, well, okay, in yours Heroes program if you're serving so many hundreds of borrowers how many of those are firefighters or how many of those are law enforcement officers. Well, our servicer and program administrator have not captured that information. So it's not available to us -- it's just simply not available.

Now, the good news on that particular example I raised is that, as you know, we've recently changed master servicers. I think that information may be available to us going forward -- so that's good. But it's just one of the problems we've had is that some of the data that would be very useful to us just simply hasn't been available.

Secondly, as another example, we're very interested in how much we're doing in rural areas. Well, how do you define rural? It turns out that HUD defines it one way, TDHCA defines it a different way, and other entities in the industry define it in still other ways. So if we're going to report on what we're doing in rural areas we have to decide first of all, okay, well, what is that going to mean when we

report it.

And then, finally, we've got the matter of fiscal year or calendar year. Our fiscal year ends on August 31. Well, not only is that not the end of a calendar year, it's not even the end of a quarter. So in order to be able to report things on a calendar year basis or on a fiscal year basis we've got to capture everything at least monthly.

So, you know, we just -- we started digging into this and making a real, you know, good faith effort to put these performance measures in place. And it just -- it's a little bit tricky.

So what we've done so far is we have determined the data elements that we want to track for each program area so we know what we want to capture. And it's realistic. It's based on what's available to us -- what we can capture.

And we've designed a sample set of reports. It's sort of a rough template of what we'd like to produce every month. And we have itemized the open questions in the considerations that still remain. So progress has been made.

The next step is I think we are probably going to use an intern or other third party with the right skill set to focus on moving this forward. And our aim is to have this capability in place no later than the third quarter of this year for a couple of reasons.

One is so that we're ready for questions to start hitting us from legislators before the next session starts. And the other is that that will coincide with the development of our overall fundraising plan so that we will be in a position to provide information in a useful format to potential donors.

So do you have questions?

(No response.)

MS. BAYLESS: Then our good friend Janie will take it from here and close us out.

MS. TAYLOR: Okay. The next strategy under goal 4 is to continue and increase communication to target consumers.

And the top one is to develop yearly marketing communications plan for each program area. Not every program area because some of the program areas we don't -- like direct lending -- doesn't necessarily need any more attention to it from the developers because I know Dave tells me all the time that he's oversubscribed.

However, for example, for his program it would be more of a marketing communication plan for funders -- so I just want to make the difference -- versus single family. It is more so for the consumers or lenders or realtors.

And we -- for 2011 I began working with the program

managers to develop the plans and I did develop plan for single family that we are implementing this month actually. And we -- so for 2012 we -- my goal is to develop the plans -- all of them -- by the end of Q1 and to meet quarterly with the managers -- the appropriate managers -- to update any of the plan that's necessary. Anybody have any questions?

And just to -- you know, just to give you an example for single family, some of the elements that are in there are, you know, the messages -- what are the messages that we're trying to put out to the different target audiences -- and also the different strategies through the tactics that we're using, such as advertisement, the e-mail communications, meetings.

There's new target groups that we're going after, which is the mortgage bankers, maybe the community banks as it relates to MCCs. And then we're just finding new groups because the single family programs -- there are certain professions that they serve. We're finding new groups to communicate to that -- maybe out membership associations for those professions. And so I'm working with Paige and Liz in implementing that.

MS. BAYLESS: And ensuring that it's in line with this strategic plan as well.

MS. TAYLOR: Absolutely.

MR. ROMERO: Janie, on the re-evaluation and update of the TSAHC website, you obviously do that on a monthly basis -- or I don't know if you've been doing that on a monthly basis. But here you're talking about updating numbers and those kind of things. But when you're talking about evaluation are you talking about the content of the presentation of the website?

MS. TAYLOR: Yes. And you're moving down.

MR. ROMERO: I thought you were done.

MS. TAYLOR: No, no, no, no. Well, no, the next one is just to develop the yearly marketing communications plan for the Corporation. And, just quickly on that, you know, I think Victoria with Corcoran this morning mentioned that one of the challenges is people -- some of the funders may know TSAHC only from, okay, I know they do foreclosure prevention or I know they do direct lending or -- you know, but they only know that part.

They're confused as to what else we do or it's because maybe we haven't been communicating in an easier way who we are.

And so one of the strategies that we're going to be working on overall for TSAHC is this concept of Build, Buy, Stay -- of having our programs line up under those three things. So when you communicate -- when we communicate to

anyone and say what do you do, well, we help developers build housing, we help people buy their homes, and we help people stay in their home.

And so how we communicate that is a big part of the overall marketing communications plan for TSAHC. And so our goal is to implement that starting this quarter and then meeting regularly with David and Liz to make sure that, you know, we're on track and all of those things kind of meet up together.

I'm sorry. But then -- and so just quickly -- I'm just going to follow through -- sorry -- create the annual report each year. And that we had to put it on here because there were times that we were so busy and we just didn't create one for a couple of years there.

But Laura and I have already started on that track and our plan this past was to get it one by June, and we actually missed that goal and we published it in August. And I will say that it was my own fault for that. And so, you know, because of session it's just -- I have -- there's limited time to work on hardly anything else.

But our goal this year since there is no session -- we -- our goal is to have it done by Q1 -- the 2011 annual report. And Laura and I have already started working on that.

And so down to the website now -- you know, what -- the main goal of -- the main purpose for that metric is so we -- so information doesn't get old on the website. So we are looking at it constantly and checking to make sure that if there's anything new we need to update it.

And we do it -- we've done a very good job of that. And actually Laura and I and others will sit down and redo a section a few times a year where we've -- we redid the foreclosure prevention section because we didn't feel that people were getting what they needed from that section. So we do that very often, and probably more than monthly sometimes.

And -- but I will tell you that our -- and our goal will continue to be that, but -- I haven't really discussed it -- maybe a little bit with Liz but not with David -- but our goal is to redo our website probably entirely around the Build, Buy, Stay.

So it's easier -- one of the complaints that we heard through Corcoran is that people go to our website and they're just overwhelmed. They have no idea where to go, where to look. It may not be organized as best as possible. I don't know. You may have gone to our website when you got appointed and may have some thoughts on that as well.

So, anyway, did you have any comments, Jerry,

about that?

MR. ROMERO: No, that was fine.

MS. TAYLOR: Okay.

MS. VAN HOVEL: Janie, is that when you're going to put the homebuyers information on that?

MS. TAYLOR: Well, that will be a separate website but it'll be linked to ours as well, yes.

And the last one is to continue and increase communication with legislators and other groups. And the very first one is staff and Board meet frequently with legislators during interim.

And, again, we put this down in writing because after a session is over all you want to do is not ever go back to the Capitol.

Sorry, Meredyth.

VOICE: I don't want to be there either.

MS. TAYLOR: You just don't want to but you have to, and it's important that we continue that communication so you're not having to introduce yourself all over again. And so we put that down for ourselves.

And we -- our goal was to have six meetings during the previous interim, and we by far exceeded that, mostly because we were going through a Sunset review.

And our goal again this year is to have a minimum

of six meetings with legislators during the interim. And so we'll be looking to our Board members to help us accomplish that.

And the next one is to, again, include our legislators in any announcements that we have -- any check presentations or press releases. And our goal was that was to include them in at least 60 percent of them, and we met that goal. We included them in I'd say 90 percent of them.

And that -- and what the strategy that we used there is through our Texas Foundations Fund grants that we give. We always include one of the legislators for that -- wherever that grant is serving. If it's serving in like the south Texas area who is the legislator that works in that area or has a relationship with a nonprofit that is receiving that grant.

And so they love being part of it and we love having them be part of it. It's -- you know, it's good for them for their goals and it's also good for us to have a relationship with -- and some of these are new legislators. So it gives us a chance to meet new legislators and get -- let them know who we are and what we're doing.

MR. JONES: The meet in February legislators during interim, a good justification is to include updates to those who either sat on those committee -- government

affairs --

MS. TAYLOR: Right.

MR. JONES: -- and also the updates about things that we did as a result of their input.

MS. TAYLOR: Right.

MR. JONES: Because many of them may request input and suggestions, et cetera. And that would probably be really justifiable --

MS. TAYLOR: Right.

MR. JONES: -- those who sat on those committees then, as well as anybody may be appointed new on those committees.

MR. TAYLOR: Absolutely.

MR. EVENWEL: So that's the big difference between page 13 and page 8 -- in session or --

MR. TAYLOR: Yes.

MR. JONES: Right.

MS. TAYLOR: I know. I noticed that too. I thought -- and -- well, I have to look at that because I think that -- we could probably merge those in some way.

MR. EVENWEL: Can put it altogether.

MS. TAYLOR: Yeah.

MR. JONES: But even when they were in session many times we met with them at their district offices. So

it's not always at the Capitol that the meeting takes place.

MS. TAYLOR: Right.

MR. JONES: TSAHC meets with them when available, where available, et cetera. I know they ran me up and down the highway, but that was Janie's strategy.

MS. TAYLOR: To run you up and down the highway.

MR. JONES: To go wherever I needed to go -- wherever you determined. That's why I called her the general. You might have heard me say that this morning. But she plans the strategy and then the rest of us are set to carry it out.

But, no, it is a difference between in session and out of session. But, again, it wasn't limited to the Capitol during session, and I'm sure it's not going to be limited to the Capitol during this other. They do have Capitol offices still and they have committees that meet ongoing even when they're not in session.

MS. TAYLOR: But I think -- you're right. I think we could combine those.

MR. EVENWEL: These could be combined.

MS. TAYLOR: Yeah, they could be absolutely combined. Absolutely.

MR. EVENWEL: I mean, does it meet goal 2 better --

MS. TAYLOR: Exactly.

MR. EVENWEL: -- than goal 4?

MS. TAYLOR: I would agree it does.

MR. EVENWEL: I mean, which one does it really belong?

MS. TAYLOR: I would say this one, but I'll let Liz and David help me decide that one.

And the last one that we have is to research and identify target groups, both new and those which TSAHC has existing relationship, and make contact with each group identified.

And, you know, the reason for this metric is, again, to put ourselves out there for marketing reasons, for networking reasons, to meet either groups that are in the affordable housing industry, in the mortgage industry, in the Legislature, and to try to keep relationships going but also to force ourselves to form relationships with new groups that we may not have thought about before.

And our staff does an amazing job with that. They're -- Liz, as soon as she started working here, you know, started meeting -- calling up with different groups and meeting with them. Our goal was to meet -- have 12 such meetings a year and we did meet that goal.

We -- our goal for 2012 is to update those target groups and maybe think of new ones and, again, try to hold

at least minimum of 12 meetings with such groups. And we've already identified a couple so far this year.

MR. EVENWEL: And these meetings are only to raise awareness whereas there were other goals where you meet with Corcoran to raise contributions.

MS. TAYLOR: That's exactly right. And these were more industry groups. Maybe -- for example, one that we just recently identified is the Independent -- they're acronym is IBAT, Independent Bankers Association of Texas.

And they're -- for a couple of reasons. One, they might be interested in the MCC program. And also they are big on financial education and might be interested in our homebuyer education resource online tool. And so Liz has already reached out them, and so that's an example of some of these target groups that we're trying to identify.

MS. BAYLESS: And I would ask that if any of the Board members can think of or are acquainted with groups that might be interested in learning about TSAHC please raise those to us and we'll be sure to follow up.

MR. ROMERO: Have you talked to TBA?

MS. BAYLESS: TBA?

MS. TAYLOR: Texas Bankers Association. You know, we focused on TMBA, which is the Texas Mortgage Bankers Association, just because that's the banks that we generally

deal with. But I don't --

MR. ROMERO: I think TBA would probably be a good pick only because IBAT is the smaller community banks and then TBA's going to pick up anything from the small up to the intermediate up to the large banks.

MS. TAYLOR: Right.

MR. ROMERO: So there's some other opportunities.

MS. TAYLOR: I will write them down definitely.

MS. VAN HOVEL: Ms. Taylor has done all of this this year.

MS. TAYLOR: Yeah.

MS. BAYLESS: Yes. Well, yes. And more.

(All talking at once.)

MS. BAYLESS: Okay. So thank -- let me thank everyone on the Board and the staff for the thought and the work you put into this, and the staff especially for being very diligent about the preparation and helping to modify the strategic plan in small ways so that it did become current and relevant. And thanks for the terrific report.

We still have a little bit of time if any of you have any suggestions for us on additional things that we should change, add, delete -- this is a great time for us to just wrap this up with a bow and have it all set and ready to go for the next year.

MR. JONES: I think one of the hardest parts of this whole process was the hedgehog meetings.

MS. BAYLESS: Yes.

MR. JONES: That was a killer, wasn't it? Remember that?

MS. BAYLESS: But we have an amazing hedgehog.

MR. JONES: Well, yeah, but whoo. That was --

(All talking at once.)

MS. BAYLESS: So, David, do you have any final remarks you want to make?

MR. LONG: Well, first, I'd like to thank our Board for sticking around all day long and the staff obviously for your input and feedback to Liz during the process of putting this together.

I did want to recognize that Meredyth Fowler is sitting in the back. She's with the Speaker's Office. And, Meredyth, thank you very much for sticking around for the whole meeting. I hope you were able to garner some new insights on the Corporation during the process.

Chris Spelbring, our underwriting firm with Morgan Keegan, Raymond and James -- not sure what we want to call you right now -- was here all day long and I appreciate that.

Robin Miller has come and gone. And Pam,

obviously, we appreciate you being here for the whole meeting.

Again, Mr. Evenwel, we appreciate you being here. Welcome aboard and obviously with the rest of the Board members can't thank you enough for all your support and your feedback and your leadership that you provide for us.

I want to thank Liz for putting this on. Liz, thank you very much for facilitating it and being such a leader in getting this down. Obviously came in short of time, so you did a very good job. And always like that.

And, with that, Mr. Chairman, do you want to close?

MR. JONES: Yeah, I'm going to have to because Liz will use up the next --

No, again, Gerry, appreciate you coming in, boots hitting the ground and running. He didn't waste much time before he made pointed insight, and appreciate that very much. And, again, you know how I feel about the staff. It makes my job easier.

And also want Meredyth to make sure the Speaker knows that we thank him for his support during the last legislative session. It was important to us and I think you can see that we won't fail him over here -- or the state of Texas -- in our mission.

And, with that, is there any other comment? Gerry?

VOICE: That Gerry.

MR. JONES: Oh, that Gerry. You know, I've got to figure how to do this though. Usually I just look at them when I say it, but I have to figure out how to do this.

MR. EVENWEL: Well, say big Gerry or small Jerry?

MR. JONES: That would be you. You'd be small Gerry.

MR. ROMERO: That's not -- that may not work.

(All talking at once.)

MR. JONES: They make a nice tag team. There was something else I was --

Oh, Ms. Bynum, again, thank you for what you do for us.

MR. JONES: Okay. If there's no other business the Texas Board Affordable Housing Corporation's planning session is over. And thank you very much. Have a safe trip home.

(Whereupon, at 2:50 p.m., the meeting concluded.)

C E R T I F I C A T E

MEETING OF: TSAHC Board Planning Session

LOCATION: Austin, Texas

DATE: January 12, 2012

I do hereby certify that the foregoing pages, numbers 1 through 109, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas State Affordable Housing Corporation.

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(Transcriber) (Date)

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