

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

TSAHC Offices
2200 East Martin Luther King Jr. Blvd.
Austin, Texas 78702

Thursday,
June 14, 2012
10:04 a.m.

BOARD MEMBERS:

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

ON THE RECORD REPORTING
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PROCEEDINGS

MR. JONES: I call to order the Board meeting of the Texas State Affordable Housing Corporation.

Jo Van Hovel, Vice Chair?

MS. VAN HOVEL: Here.

MR. JONES: William Dietz, Member?

(No response.)

MR. JONES: Gerry Evenwel, Member?

MR. EVENWEL: Present.

MR. JONES: Jerry Romero, Member?

MR. ROMERO: Here.

MR. JONES: Okay. We have a quorum.

Good morning, everybody.

AUDIENCE: Good morning.

Any public comment?

(No response.)

MR. JONES: Okay. Well, Mr. David Long, give us our president's report.

MR. LONG: Thank you, Mr. Chairman. And again, good morning. Appreciate you all being here. It's good to see you all, it's been a while, and I apologize that we haven't had a meeting, but I think this is the longest time, Mr. Chairman, that we've not had a meeting, we've gone a whole quarter, since I've been here in almost eleven years. So it doesn't mean we haven't been active, I think we've been extremely busy and doing things, and

I've provided you a copy of my president's report kind of listing out the activities that everybody is engaged in, and I felt like it would be easier to hand you a report rather than read through everything.

But as you can see, staff have been extremely busy . We've got a lot going on. We've got a presentation today from Corcoran & Company that's going to give you an update on some other things we've been working on. And as a result, if you want to take a minute to read through that or if you have any questions regarding any of the staff reports, the program reports that are under Tabs A through C related to program areas, we'd be more than happy to answer those.

While we're doing that, I will kind of go around and let you know that we've got several guests with us today. Pam Stein is here, obviously, with our general counsel from Greenberg Traurig. Robin Miller from First Southwest, Pam Black and Jose Gayton are here, Greg Hasty is here with Wilmington Trust, just individual groups that we used to work with and have known us for years happened to be in town and they've come by to say hi and to sit in on our board meeting.

Did I miss anybody? Oh, I'm sorry. Don Mikeska is here from Mikeska, Monahan, Peckham. And I apologize. Don actually called me and said he was on his way and I knew he was here, and I apologize for doing that. I don't think he has anything to report. Do you, Don? He's just checking up on us.

And with that, Mr. chairman, I'll conclude. Actually, I do want to make a couple more statements. Tim Almquist has joined us. As you

remember, we've had discussions about bringing on a staff member who can head up a Single Family Compliance Division for us. Tim Almquist was selected and he's now onboard. And Tim, if you'll just kind of raise your hand, let people know you're here. Tim Almquist comes to us from Bank of America out of the Dallas Area and he's relocating here to Austin, and he's been onboard about a month now and we're very pleased with the progress and the program and the coordination that we're seeing with some of the groups that we've been talking with.

One last update is Janie Taylor has had a position posted for a government relations specialist, and we're in the final stages of filling that position, so hopefully by the next meeting we'll be able to introduce a new staff member to you on that end as well.

And with that, Mr. Chairman, unless you have any questions on the program side or on the president's report individually, I'll be more happy to take any questions.

MR. JONES: While it's true we haven't had a meeting, it doesn't mean that I don't get overnight mail to sign and send back. I've got the answer now: I just call them, set it out on my table on my porch under the lamp, and they just come pick it up.

MR. LONG: That's good to know. We'll do that in the future.

MR. JONES: It's hard to find Lone Star places, there are not a lot of places.

On Tab A I have a question, under 2009A Home Loan Program and also the second page, the 2012A Mortgage Credit Certificate Program,

under both of these it says that the VA participation, VA guarantee is 1 percent and 2 percent subsequently. How come such a low VA participation rate? Does that mean that veterans don't apply or don't get or don't need? What does that mean?

MR. LONG: That just means they're not accessing the program. It's not like there is a lack of an effort to facilitate coordination, they're just not accessing the program.

MR. JONES: How would a veteran do this, they would just do what? I mean, how would it benefit a veteran who maybe qualifies for the GI Bill, the guaranteed loan, et cetera?

MR. LONG: Well, under the two programs, they either have to be VA, they also have to be a teacher or a firefighter if they've changed, and otherwise, 80 percent and below AMFI are the three programs we offer.

MR. JONES: And it's because the veterans organizations may not know to tell the people to apply?

MR. LONG: I don't know that they don't know. I mean, if you're asking me if we've --

MR. JONES: I'm just saying that everybody is focusing -- yes, sir. You have to identify yourself.

MR. MILLER: Robin Miller with First Southwest.

MR. LONG: Robin, you need to come up here.

MR. MILLER: I was just going to say a traditional veteran, you don't need to have a down payment, so you can go to any lender, get a market rate program and you don't need cash out of pocket.

MR. JONES: Okay. So basically it's not a lot of veterans because they don't need it.

MR. MILLER: They don't need it. Yes.

MR. JONES: Okay. I just wanted to know why it was so low. Everybody is focusing on veterans now with so many coming back from recent wars.

MS. OMOHUNDRO: This is Paige Omohundro. The participation in VA loans has always been low for our programs. As David pointed out, first and foremost, they need to meet all the requirements of our demographics of the program, be an educator or a hero, and so that, coupled with them being a veteran to qualify for the veterans benefits, it's just lower, but it's historically always been low in our programs.

MR. JONES: They would come under hero, though. Right?

MS. OMOHUNDRO: No, it would not. A hero is a police officer, a firefighter, EMS personnel, county jailer or public security officer. It's a state protection, it's not federal. Like Border Patrol, they do not qualify as a hero, that's a federal employee. Our heroes are only state employees.

MR. LONG: And the VA may have their own programs that they can work through through Veterans Land Board and other groups, so it's not like they don't have access to programs, so they just would not be accessing this program.

MR. JONES: Understood. I just wanted to know.

MR. LONG: Mr. Romero. I'm sorry.

MR. ROMERO: Is there any way that we can go to the

legislature this coming session and ask them to include veterans and existing enlisted people?

MR. LONG: We could certainly discuss the opportunity with them. We tend to not go ask for things, we tend to respond in terms of need.

MR. ROMERO: Discussion with them if that's the case. I mean, I think you bring up a good point.

MR. LONG: I would argue also, in offering another option under our program, that's certainly something we'd be happy to talk with them about, but again, I would probably prefer that we also talk with the Veterans Land Board and other groups who offer these programs so we're not competing with them in that scenario and find out if there's opportunity.

MR. ROMERO: Sure.

MR. JONES: The Veterans Land Board out of the General Land Office. Jerry Patterson is over the Land Board too. So you're right, maybe somebody here could talk to them because it probably may not be necessary.

MR. LONG: That's correct. But we can have that dialogue.

MS. VAN HOVEL: Also, banks and institutions may not be telling the people that are getting loans about VA loans. I've seen that a lot.

MR. LONG: Okay. But to follow up, we can make those opportunities and have those discussions and get back with you on that if that would be helpful.

MR. JONES: Also, on Tab B, the first paragraph: "Staff has been ironing out hurdles in the sales and disposition process with the Texas

Department of Housing and Community Affairs and will continue to advocate for simpler and faster processing of sales contracts and closing.”

Can you kind of just button all that, what does that mean?

MR. LONG: In quick summary, I'll give you my two cents on it and then David can give you his. We have been working with the Department of Housing and Community Affairs under the NSP program, Neighborhood Stabilization Program. We've received over \$6 million in relation to that program as a partner with them in that program, and as a result, obviously we want to streamline any processes we can. They have certain program requirements that they have, certain processes that they've created and developed for allowing us to move through that process. As we go through the process of trying to acquire properties and sell those properties, we run into delays that we have and we want to encourage them to find ways to help us get over those delays. So it's a continued dialogue that we have with them, and that's what I think Mr. Danenfelzer is referencing.

David, do you want to add to that?

MR. JONES: Okay. In the second paragraph it says: “The ACT program finalized the purchase of the Plano Land Trust property and is making plans for the redevelopment with our local partner, Green Extreme Homes.” Who is that and what do they do, Green Extreme Homes?

MR. LONG: Green Extreme Homes.

David, do you want to go ahead and respond to the first question and follow up on the second, please?

MR. DANENFELZER: Based on the first question, Mr. Long

was correct, we've just been working with the department to make sure the closing procedures and the disposition process for families, low income families, when they purchase one of our land bank properties is as smooth and clean as possible.

On the second question regarding the land trust property --

MR. JONES: Excuse me. It says processing faster. How long does it take now on an average, or a worst case scenario?

MR. DANENFELZER: Well, on average it's taking more than 60 days to get closings done, so that's the issue that we're having. We want them to be much faster than 60 days, we don't really see a need for it to be more than 30 days which is why we're continuing to advocate for streamlined procedures.

MR. JONES: I understand.

MR. DANENFELZER: Green Extreme is the partner which we have utilized Green extreme for the last couple of years to do ACT activities in the Dallas area. They were the partner that brought the Plano Land Trust property to us which is the property we dealt with at the last board meeting and got authorization to move forward with committing funding to. We have closed on that property which is an older PHA site that closed back in 2003 and we've now purchased it. Green Extreme is our local partner so they're the local nonprofit who will redevelop the site, and they've already begun the process of fundraising.

I was up there on Monday having meetings with the city of Plano and we feel that we're going to be taking a proposal to get final approval on the

city's demolition funding for the project. We've gotten budgets for all the demolition and abatement on the site, as well as Green Extreme has hired an architect to start our preliminary planning for design on the project as well. So it's moving ahead rather quickly which is really good news for us.

MR. JONES: Finally, under lending programs: "Staff has been focused on managing and closing loans that have already been approved. New applications noted in a previous board report have been moving slowly, and there are no plans to bring new business to the board in the foreseeable future."

Is that because your plate is full or because there's no food for the plate?

MR. DANENFELZER: Somewhere in between. What I would say is the two applications we've noted previously in other board reports haven't really followed through on a lot of the due diligence that we've required from them so we're still waiting on that. One in particular, we know that they're waiting on some other funding to come through first and we know that that will actually take a couple of months to come through, so we don't really see bringing any new activity for the loan programs in the next couple of months.

However, the loan committee approved several loans in the last several months, smaller lines of credit. One was for ACT rehab in the Dallas area on NSP properties; another one is the Hillsboro development which we approved last year and actually we've closed that loan and they've started construction on homes in that subdivision. So those activities continue to keep us very busy, but as far as our pipeline for new loans, we don't see much.

And we've also been focused on working with Janie Taylor and the development team on figuring out how we can increase our fundraising capacity for the program so we can expend those lines of credit in the future.

MR. JONES: So that's why you want to update requirements for performance measures, you want to make them stricter?

MR. DANENFELZER: Well, that's another ongoing process that the corporation has been undergoing is sort of trying to consolidate performance measures, and I think Liz Bayless would be the best person to talk about that. But we've been working with the consultant that we've hired to figure out our database systems and what data needs to be collected.

MR. JONES: I don't need to go into that detail right now.

MR. DANENFELZER: Okay.

MR. JONES: Unless Liz wants to.

MS. VAN HOVEL: David, how can we bump up our mortgages, how can we bump it up?

MR. DANENFELZER: The number of loans? You know, I think at this time there's really no need to really bump up anything at this point.

MS. VAN HOVEL: You don't think so?

MR. DANENFELZER: Yes. I mean, we might be able to do a little bit more marketing, but if we did, we might run out of available money quicker than we anticipated.

MS. VAN HOVEL: So that's it is the money.

MR. DANENFELZER: So we try to balance the amount of money we have in our pipeline with the number of loans we're getting, and so

the word of mouth and the website marketing that we do right now I think is sufficient for the amount of money we have in capital.

MR. JONES: And I would assume you want to successfully complete what you're already working on too.

MR. DANENFELZER: Absolutely. We want to make sure that the projects that we've already committed to are carried through and completed successfully before we take on too much.

MR. ROMERO: But to follow up on Jo's question, this isn't about bumping up the mortgages, this is about our development program. Right?

MR. DANENFELZER: Right. It's not mortgages, single family mortgages, this is about loans to developers.

MR. ROMERO: Development. Okay.

MR. LONG: And these are typically larger project loans, not individual home loans. That's what we're talking about here.

MR. JONES: Okay. Thank you.

One final comment for David. When does the business casual dress during the summer months begin

MR. LONG: As soon as you tell me we can do it, we'll be more than happy to go that direction.

MR. JONES: Thought we could try to get Jerry out of that tie, I don't think it would do it.

MR. ROMERO: I didn't get the memo.

(General laughter.)

MR. LONG: Are you giving us permission to do that?

MR. JONES: Yes. It's like 96 out there.

MR. LONG: Duly noted, and we'll make that change for the next board meeting. We appreciate that.

MR. JONES: Until further notice, business casual. You already knew, right, Jerry?

MR. EVENWEL: Yes.

MR. LONG: Two more things, Mr. Chairman. I would like to recognize that Meredyth Fowler with the Speaker's Office is here. I didn't notice her earlier but she's now joined us.

And then one final note, today is Mr. Romero's birthday.

MR. JONES: You guys got a cake?

MR. ROMERO: I don't think I need cake.

(General laughter.)

MR. LONG: He's not really excited about having the birthday so we're not doing much more.

MR. JONES: Okay. Make believe we didn't hear that. He didn't get any older.

MS. VAN HOVEL: So how old are you now?

MR. LONG: Older than me.

MR. ROMERO: This is my 34th anniversary of my 20th birthday or something.

(General laughter.)

MR. LONG: Well put.

MR. JONES: Any other questions from any board members on the president's report?

MR. EVENWEL: I just have a little question on this Tab C at the very, very end of it where we've got the portfolio summary, and I'm a lot more used to working with stock and things like that, but when the par value and the market value and the book value are all the same and they are only two that are very little, can someone just explain. Maybe that happens only in the kind of investments we're involved in now, but why are they always just pennies difference?

MR. LONG: Melinda, do you want to explain that?

MS. SMITH: I'm not quite sure I understood the question.

MR. EVENWEL: Well, I'm used to looking at these things on the pension side and with stocks and stuff like that involved, and the par value and the market value and the book value tends, in those arenas, to be a lot more varied than this is. These are very, very close and I was just curious.

MR. JONES: There's no page number for you where you are.

MR. EVENWEL: It's the very last page.

MR. ROMERO: I think part of the answer is that we have to maintain certain public funds guidelines, and these are some of the safest investments, and unfortunately, some of the safest investments right now are also paying the least amount of return, so you're going to see a lot of the same thing with market value.

MR. EVENWEL: So there won't be changes between the three. That's what I'm saying, in the stock market area, in the pension area is where

I'm from.

MS. SMITH: And in a different environment, in a different market you might see more changes even for us, but so much of our money is invested in certificates of deposit and that sort of thing that there's just no difference.

MR. EVENWEL: It just jumped out at me.

MS. VAN HOVEL: And do you round the number?

MS. SMITH: No.

MR. LONG: These are factual numbers, actual book value.

MS. VAN HOVEL: These are factual?

MS. SMITH: Yes, ma'am.

MR. EVENWEL: You didn't even knock the zeroes off.

MS. SMITH: Well, you know, actually our investment advisor, Linda Patterson of Patterson & Associates, prepares this for us. I never even noticed that she put those zeroes on there.

MR. ROMERO: You need to have them there so you can justify your gains.

MR. LONG: In the pennies.

MR. ROMERO: The pennies that we're getting. Right.

(General laughter.)

MR. JONES: Any other questions?

(No response.)

MR. JONES: Okay. Thank you. Appreciate it.

MR. LONG: Thank you, Mr. Chairman.

MR. JONES: Okay. Tab 1: Presentation, discussion and possible approval of minutes of the board meeting held on March 22, 2012.

MR. ROMERO: Move to approve as presented.

MR. EVENWEL: Second.

MR. JONES: There's a motion and a second to approve as presented. Is there any discussion?

(No response.)

MR. JONES: Is there any public comment?

(No response.)

MR. JONES: Hearing none, all in favor of approval?

(A chorus of ayes.)

MR. JONES: Any opposition.

(No response.)

MR. JONES: The minutes are approved.

Tab 2: Update and discussion on progress made on the Texas State Affordable Housing Corporation's development plan, presented by Corcoran and Company.

MS. CORCORAN: Good morning. I'm Victoria Corcoran Neal. I'm the CEO and president of Corcoran & Company.

MR. KELLERMAN: I'm Michael Kellerman. I'm a senior consultant at Corcoran & Company.

MR. JONES: And you got the memo. Right?

MR. KELLERMAN: I got the memo today.

(General laughter.)

MS. CORCORAN: Good to see you guys, been a while.

MS. TAYLOR: I was just going to just review briefly, since I think the last time we had Corcoran here was in January, so as you recall, we hired Corcoran last year in the late fall. They're development consultants so they're the fundraising type of development and not the construction type that Dave was just referring to. And as we know, as some of you know, during the legislative session and during our Sunset review, we were asked by the legislature to put extra focus on our ability to raise private funds for our programs, and so in doing so, we decided to hire Corcoran to help us figure out what are our challenges.

And so we went through a discovery phase where they figured out where we're doing great, where we need some help. A lot of it was messaging and maybe developing some objectives for our programs, and then so in January we kind of hit the ground running with creating some deliverables based on the discovery phase. And so Victoria and Michael are here now to give you an update on everything we've been doing since January and then kind of give you, also, information on what we have left to do. And I'll hand it over.

MS. CORCORAN: So my job today is to tell you I'm the part of the commercial that says: Previously seen on the TSAHC Board meeting when we left you guys last in January we presented a report where we went through a SWOT analysis, all the things that you guys are doing great, typical SWOT analysis stuff, and we had four recommendations which were: to invest in the development staff and to create a development plan; to invest a little bit in marketing so that the programs that you do are more widely recognizable and

understandable; to develop the materials that would appropriately deliver that message; and also internally to create an infrastructure such that whatever programs are going on -- one of the strengths, for instance, that you guys have is that you're very flexible in responding to the needs of this marketplace and yet, so many things are happening that here could be a great fundraising opportunity but if the information doesn't get to the people who are knowledgeable about what funders are looking for, the left hand doesn't know what the right hand is doing. So those were our four recommendations and that's exactly what we have been doing.

So starting with that last one, did we give you guys the packets? This is a paper version of a power point presentation. We do not have the technology to project in this room. Those were our four goals, so let me direct you to the second page, Progress to Date. We started with the infrastructure which is time-consuming but worth it to go through every single program that this organization is doing, understand what its objectives are, what funds are being invested in that and what the results are. It sounds so simple but it took a little while to get there, so we have completed that.

We have completed the materials, by which I mean developing the language by which we would explain what the programs are and what the results are. Now we are in the process of developing the marketing that will kind of trumpet that information, and we have draft information to show you today and the investment and development staff and the plan is in progress. So it's kind of once you get all that work done, then you get to actually kind of like tidy it all up.

So I'm going to turn this over to Michael Kellerman. Let me tell you that Michael comes to us directly from Habitat for Humanity, so he had some really great direct experience in the housing market, and so I was really lucky to get him to work with us on this project. Michael.

MR. KELLERMAN: Thank you so much, Victoria.

And it's been a huge pleasure these last several months to be able to work with such a dynamic team here at TSAHC and to understand your great statewide reach and the many programs that you do do. So this was a discovery phase for us, as well, as we went through the process.

So if you'll flip over to the next slide, third slide, this is a list of the TSAHC programs that we're considering, and really, when we came to TSAHC, it was very clear to us that this dynamic team runs some really dynamic programs that are very unique in their statewide focus and their abilities to, again, react to the greatest needs of the housing market.

So this is just a detail for you of the different programs that we considered. As Victoria said, taking a look at those programs on an individual basis was the first chunk of work that we really did starting in January. So if you move then to the next slide, this is an example. Let's zoom in to look at a single program.

And I want to apologize, board members, this presentation is meant to show our progress and the steps that we've taken, not meant to be read necessarily, so you'll see how small the type is here, and then later on I'll actually give you even smaller type, but this is just meant to show you an example of at the single program level what we're working on with the team.

So this is an executive summary for the Texas Foundations Fund. This asks what the program has achieved over its history, this asks what's the budget associated with that, what does that cost, what has that brought in in terms of investment and development funds as well, and then ultimately where it fits into the mission of TSAHC as it executes that mission statewide.

And so again, I want to give a shout out here to the different teams that worked on this. This was a huge development for the finance team, for the program teams to be able to start looking at the programs in a different way, in a way that might translate better to a potential funder out there in the community in understanding how it fits into the TSAHC model, and also what its needs are, what does the program necessarily need in terms of funding and in terms of the strategic growth of that program.

MS. CORCORAN: And if I could just add a comment. So when you flip back to that previous page with all the different kinds of fonts, this is a snapshot of all the various programs that you guys do, and I know, because we've talked to each of you, it's a lot to try to take in. It's really hard to differentiate one program from another program, and it's complicated.

So where we started is by creating a one-page sheet, a summary that gives you an encapsulation, but in a fair amount of detail, of what each program does and we've got a one sheet like this for every program that you do so you can compare green apples to yellow apples to red apples.

MS. TAYLOR: And I will just add to it that it seems pretty simple that we created this executive summary for all of these programs, but we didn't

have this before. You know, we may have known the answers to a lot of these questions but they weren't in one location. We might have written something over here and over there and they were not in one document, so already Katie and I have found ourselves pulling from these documents that we've created when we're doing new grant applications or even discussing in our annual report or just anything, we're pulling from this information already. But it didn't exist before, we didn't have it.

MS. CORCORAN: I think it existed in David's head.

MS. TAYLOR: Well, it existed in individual heads.

MR. JONES: Everybody knew what their role was.

MS. CORCORAN: Exactly right.

MS. TAYLOR: Whoever was managing the program, a lot of this information might have existed inside their head.

MR. JONES: Excuse me. Does that suggest that those who worked on one program didn't necessarily understand what the people were doing in the other programs?

MS. TAYLOR: You know, I think that there were some cases, yes, but also, in addition, it's just the way we talked about ourselves. We talked in a way that -- and I think we're getting to that next -- we talked in a way where most human beings wouldn't understand what we did. And so this really forced us to really speak in layman's terms. And I think Victoria asked if you were trying to explain this to your mom, how would you explain it, and so really trying to get away from how we're used to speaking. You know, we issue single family bonds, instead of saying we help people buy their first home.

MR. JONES: When people ask me about the program, I tell them: Look, go to the website, look at the program and if it's something you think fits. Because you can't describe it all to them.

MS. TAYLOR: Well, we're going to help you get there.

MS. CORCORAN: But wait, there's more.

MR. ROMERO: Before we go to the next page, and you may not be ready to answer some of these questions, you talk about the funding opportunities for the Texas Foundations Fund and you talk about creating a sustainable model for funding by 2017, so what is the objective here? I mean, how are we going to get there, what is the actual steps that you're going to take to ensure that?

MS. TAYLOR: Right. And that's really a good question, and that one in particular is one that we're very much considering challenging ourselves in creating a fund. We call it a fund already, but in really creating a sustainable fund, and we're not quite sure what that's going to look like yet. An endowment is an example of a sustainable fund, and in doing that type of fundraising it's usually a long campaign, it's a major campaign, also called a capital campaign. It's a very long process, somewhere between three to five years. If your goal is to raise \$10 million, or whatever the number it may be that we come up with, then it's going to take several years of us working to get there. And so that's why that goal is so far into the future.

MR. ROMERO: But you don't have a specific idea of how you get there yet?

MS. TAYLOR: Well, we don't have yet. Our next step -- and

actually, I think Katie and I are going to start tomorrow -- we're going to start our actual development plan and in there we have action steps that we're going to take to get there.

MR. KELLERMAN: And that bold a goal was really based on two steps. One was the external recognition that Texas Foundations Fund has been one of the largest, most recognized programs that TSAHC has done, and then internally, when we talked to stakeholders and staff members and people that exist sort of within that sphere, that inner circle, it was also one of the most passionate programs that people felt was really serving the mission in a very deep way outside of the bonding authority. So in recognition of that, that's where this sort of boldness of that goal came into plan. And as Janie said, it's in our next steps to be able to put some specific steps behind that as to how that five-year goal might be achieved in the next five years.

MS. CORCORAN: And I'll just add one more comment. In developing in fundraising, as in a lot of things, it's an ecosystem, so if you push here, you might have to pull back here. So we get all the information out on the table, figure out what the biggest objectives are, and then start making priorities, and if we do this, does that diminish the opportunity here. So you kind of test a few scenarios. So at the moment that is, I would say, probably what the goal is going to be, it's probably also a little bit of put a pin in it and hold and see if that still holds true as we complete our research.

But what we've been able to accomplish so far, just in this area, is we've got that one-page summary for each thing, we can now understand what its objectives are, what its requirements in terms of resources in, results

out, and whether or not there are opportunities for charitable investment.

MR. ROMERO: And again, I know that you all are putting a lot of work into this and I know it takes a long time, but as Janie mentioned when she first started talking to the subject, we're subject to the legislature coming back to us saying what have you done for us lately. And I think for us to sit here and talk about these programs and have a success date of 2017, that's not going to cut it for next year.

MS. CORCORAN: Sure. We'll pick a shorter time example.

MS. TAYLOR: That one is completely different.

MR. ROMERO: Well, it is and it isn't, because part of your fund development is supporting the programs that you have in existence now, and I think, as you mentioned, this is a very passionate program, this is something that a lot of nonprofits across the state have participated in and they really like it. I'm passionate about this program because it's one of the few ways that we can actually help different organizations across the state. And \$250,000, while I'm glad that we do that and the board approves that amount of money, it's a very small amount when it comes to the number of organizations out there in housing.

MS. TAYLOR: And Jerry, the thing about it is that direct lending may not have such a goal that's so far into the future, and there are smaller goals that we can certainly create in between now and that, and we haven't necessarily decided. Most organizations, when they have a capital campaign, they have a goal that's five years in the future, but if you reach that in two years, well, that's even better, but you want to be realistic, and that's a realistic goal.

MR. JONES: Jo.

MS. VAN HOVEL: Well, mine was part of what Jerry was talking about. I want to know where are we starting, where is the beginning of this.

MS. CORCORAN: Of going out and asking for money?

MS. VAN HOVEL: No. With your work, what are you starting with?

MS. CORCORAN: We started back in the fall just assessing the lay of the land, four recommendations. So we've done all the work in terms of understanding every single program and collecting all that information, making sure everyone understands it internally, and now putting it into language that can be understood externally. The next step is to take that information and actually put it into the right marketing vehicles -- in other words, the delivery mechanisms so that the audiences we want to understand the programs and the results are hearing what we have to say to them, and specifically with regard to fundraising.

And then the last thing, and this is what we're finishing up, we're in mid June -- our original deadline was the end of June, we've asked to just give ourselves to the end of July -- is to complete that, just put those last pieces in place, and so we're giving you staff's report today and we begin. I don't know if that answers your question.

MS. VAN HOVEL: Not quite. Sorry.

MS. CORCORAN: That's okay. Please feel free to call me anytime or ask it again, as you wish. I'm certainly happy to answer.

MR. ROMERO: Let me expand on what Jo was saying, and I don't want to spend too much time on this but it begs that you ask a lot of questions.

The Texas Foundations Fund is a straight up grant program that we've created and that we give money out to. A lot of our other programs we have opportunities to get funding from other sources, including lending funds from other organizations, and so on and so forth. So are you all focusing on all of the programs, or are you going to focus on programs where we really need to go out and do fund development to ensure that we can continue to support and grow the programs?

MS. TAYLOR: We focused on all of them at the beginning because this was something that is necessary for all of our programs. So maybe multifamily bonds, we're not necessarily fundraising for that program, but it was helpful for us to be able to explain to funders the whole spectrum of who TSAHC is. And so we needed to create these type of documents and create what are the objectives of this program, and so on and so forth, how do we speak about this program for all of them.

But in the development plan we're only going to include specific objectives, specific tactics for those that we're going to fundraise for which Foundations Fund is one of them, direct lending is one of them, our foreclosure prevention is another one, ACT, our land banking. Those are the programs that they have opportunities for private funding.

MR. ROMERO: Those will be your priorities.

MS. TAYLOR: Those will be our priorities, right, for the

development.

MR. JONES: Well, it's obvious that you have to do more than one thing and then focus on others. Some will get more attention. The important part, I think, about Jerry's original question about 2017 is when we went through Sunset, one of the things that stood out and that people kept talking about, the legislators, was the fact that we use no general fund money, but his second point was, and that was the positive, was that we can raise money because we're a nonprofit. And in light of raising money because we're a nonprofit, and you guys were hitting some pretty good ceilings, that itself has to be something tangible that shows a significant increase over what was done within two years, and I think that's the point that he's making.

MS. TAYLOR: Right. And I don't want us to focus, because we could have picked any program --

MR. ROMERO: Sure. I understand.

(General talking and laughter.)

MR. JONES: I think it's unfortunate that we picked this one. So that 2017 is really not a real number, it's an example. Is it a real number or is it an example?

MS. CORCORAN: Let me answer in that way. That fund is, as you just said, when you have an endowment, it spits out a little bit percentage, so in order to move the needle at all, you need an enormous endowment for its interest to make any kind of difference at all. It takes a long time to raise an enormous amount of money.

Now, here's what a strategy might be. If this program proves in

the ecosystem of everything else that's going on this is the one that just gets the fire in the belly of legislators, for instance, we could say, Well, we could speed that deadline up a whole lot faster if you invested this money into this endowment, and if we could build this to say \$100 million, we'd be doing a whole lot better a whole lot faster, what do you think? Then you might get some movement. But I wouldn't advise that strategy unless I understood the ecosystem of all the other fundraising opportunities. You want to make sure you play the hand that you have in the smartest way possible.

MS. TAYLOR: And I think I will add, just for this particular program, we're thinking that there are possible funders out there for this particular program that we have no relationship with right now, and it is going to take -- you know, you don't just come up to somebody and say, after one meeting, would you give us a million dollars. You know, it takes a while to get there because people aren't as willing to write a check to somebody in that large amount that they don't have a relationship with. So it's going to take several years if this is the strategy or the direction we want to go with this particular program.

For the other programs, it will be just doing a lot more of what we're doing right now and maybe casting a wider net, but it will be continuing current funding relationships.

MR. JONES: Well, having said that, I think in two years, in terms of the fundraising as a nonprofit, I think it will go a long way to show that we have a plan. Even if we haven't reached the goals we want, the fact that we have a plan and working on maximizing it and increasing more contributions I

think will go a long way there.

MR. ROMERO: I think it would, but I think we need to be cautious about the fact that we still need to show some additional results to the legislature.

MS. CORCORAN: Yes. That's duly noted, and part of the ecosystem is sometimes you have to hit a certain mark by a certain date, so I think that's good.

MR. KELLERMAN: Well, if you want to flip to the next slide, this next slide sort of answers that question: How would you describe what TSAHC does to your mom -- or to your dad, since this is Father's Day weekend.

In our presentation in January to you, we talked about how we're starting to see, in cooperation with the staff, all of the programs as falling into this idea of helping Texans buy, build or stay. So this next slide, back from a couple of slides before where we talked about all the different programs, starts to organize the programs into those different brackets, into those different buckets, so that this would enable you to talk about well, how do you help people buy a home. That's usually one of the programs people understand the easiest. But when you're talking about building and working with developers to help build deeper levels of affordable housing and when you're talking about stay which is that more critical need that people have to be able to, in crisis or in their life crisis, be able to be in stable housing. These are the three different ways that we've allocated the programs so that those programs can start falling into a little bit more of an easier conversation for the organization to have with external constituents in an elevator, to your friend and

families and peers.

MR. ROMERO: So the stay column would be your primary focus for outside grants and contributions? They would be the mainstay, wouldn't they?

MR. KELLERMAN: Build and stay.

MR. ROMERO: Well, build, I know, but build, we have other options. You can go out and obtain funding opportunities through equity investments, through program related investments, a lot of different things that are available that aren't necessarily straight up grants.

MS. TAYLOR: Yes, they could be.

MR. ROMERO: And don't get me wrong. I'm not saying that we can't go out and get grants or contributions for any one of these programs, we can, but the last ones are the only ones that really don't have any sustainable source of income that we can go back and rely on.

MS. TAYLOR: Yes. I would say that some under the build don't necessarily have a sustainable source either, but it's just a different type of private investment. Generally they will be either donated land or they will be investments versus a grant that does not have to be paid back, but it's still a development activity, it's still part of the development plan.

And just to summarize how we're using this is we're saying: TSAHC, we help people buy their first home, we help developers build affordable housing, and we help people stay in their homes.

MR. JONES: With the volatility of the markets, I wouldn't say anything is a sustainable source. But then again, when the market first started

going upside down, we came up with that new program where they would get a \$2,000 tax credits. TSAHC was still trying to innovate and create ways to help people get homes when we couldn't do it the other way.

MR. KELLERMAN: And programs also has to do with opportunity, as well, in the private investment and private fundraising side, so under the build category some of the activities that the organization is starting to take in terms of creating land trusts. We immediately found that that may have great potential for private investment and private philanthropic funding as well, so it has to do with the leverage of opportunity and need.

And if you flip over to the next slide, this is our in-house way of representing something that will be designed in a more professional manner, but we started to notice as we had conversations with the teams about the different programs and about the mission and how they align is that it's clear from the mission that TSAHC steps in and provides housing needs to those who don't have access to market housing needs that provide what they need.

And if you look at the mission statement, it talks about serving low income, very low income and extremely low income families throughout Texas. And what we found that was really unique is that if you look at the different brackets underneath that market lever, where the market doesn't provide opportunities for housing, you're talking about the opportunity for a family to buy their first home that maybe couldn't afford it on the market, you're talking about rental assistance, helping developers build units that people that cannot afford market rental rates could be able to live in, and then you start looking at the most critical housing needs, start looking at seniors living on fixed

incomes, start looking at the needs of the homeless, supportive housing needs, folks that have those sort of most critical needs.

When we looked at the programs, started to see this evolution from what was once more focused just on first time home ownership opportunities, TSAHC, under your guidance, has really built programs to start serving that spectrum as it goes down to the most critical needs that Texans face for housing. And we wanted to show and be able to show to greater and greater people that TSAHC is really the only statewide organization that is really fulfilling that full spectrum through its programs and to be able to talk about those programs and how they serve that spectrum is a powerful tool to be able, in a very specific and visual way, to talk about TSAHC's impact on the communities that we serve rather than the programs and how they operate to deliver those.

So this was just a visual to help you there, and then again, as Janie will attest, this will represent itself in a more professional, less power point oriented way once it gets in the hands of those that are developing it.

MR. JONES: I wish I could have been there when I saw you guys started pulling this together and said, Wow, they do all this?

MR. KELLERMAN: that's what I'm saying, it was as much a discovery phase for us as it was, I think, for the team, as well, to be able to talk about it in a different way.

MS. VAN HOVEL: Have you -- I forgot, fill me in -- have you done this with other housing?

MS. CORCORAN: Specific to housing, I personally have not.

Michael has experience with Habitat for Humanity. I don't know if you're familiar with them.

MS. VAN HOVEL: Yes. You have worked with housing.

MR. KELLERMAN: I have, and I've sat on a city commission for housing, as well.

MS. VAN HOVEL: Not just nonprofit.

MR. KELLERMAN: Right, exactly. The leverage of public funds, nonprofit funds, as well as working with for-profit developers to incentivize affordable housing.

MR. JONES: Actually, I like this chart.

MS. CORCORAN: I think it's helpful. It's kind of like in the marketplace profitability of housing stops here, but there's still a whole lot of people that need housing and that's where your work begins, and you go all the way to fill in whatever gaps arise. You just said sometimes something happened, it's like we've got a problem, how can we fix it. The great thing is you guys are flexible enough to come up with something pretty darn quickly.

MS. VAN HOVEL: And our housing is getting critical.

MS. CORCORAN: Very much so.

MR. KELLERMAN: The needs are certainly critical, and again, the fire in the belly programs that people are talking about are those that are starting to address those most critical needs as well.

MR. ROMERO: Is there any reason you have the market going one way and us going the other?

MR. KELLERMAN: That's a good question, I knew I was going

to get that question. I didn't want to do up and down, so whenever I could get away from doing up and down.

So moving on to the next slide, and again, this refers back to a conversation I feel like we've had a good amount of, and again, this is where I dropped an even smaller wording, but just to show the process. From those executive summaries came the conversation about what are the objectives over the next six months, the next year, and with the example of the Texas Foundations Fund, maybe the next five years in terms of what the organization wanted to achieve. And as a way to kind of describe to you what steps we're taking to be able to codify that into a marketing and a development plan, those objectives help us look and say program by program, for those programs that are capable of further private investment and fundraising investment, what steps are we going to take, who are we going to talk to, who are the folks out there that are interested in this type of funding, and what very specific sequence will the development team go through to be able to approach for greater funding.

So this was just, again, an idea to show you that from those executive summaries has come this idea of a development plan which leads us to our last slide which is our next steps which is to complete the development plan and to deliver the marketing materials that are currently in design to represent the new way that TSAHC is talking about its programs.

MR. JONES: Very good. Any other questions?

(No response.)

MR. JONES: Thank you.

MR. KELLERMAN: Thank you so much for your time.

MS. CORCORAN: Thank you, guys. Appreciate it.

MR. JONES: Tab 3: Presentation, discussion and possible approval of modifications to the corporation's Affordable Communities of Texas Land Banking Program policies.

I enjoyed that presentation.

MR. LONG: Thank you. We've enjoyed working with them.

MR. DANENFELZER: David Danenfelzer, manager of Development Finance.

This agenda item, as Mr. Jones said, is an update to our policies regarding the ACT, Affordable Communities of Texas Land Banking and Land Trust Program. Over the last several months, as you know and it was noted earlier, we sort of dipped our feet much more firmly into the land trust activities that were permitted under the policies originally, but as we've done so, in terms of the discussions and including our discussions on this last process for fundraising, helped us to uncover that there was some need for clarity within our policies and our procedures as we move forward and as we expand the land trust program.

To that end, staff went through and reviewed all of our policies. The most significant addition to the policies was some clarification and separation of land trusts under Section 4 of the current policy which details more of our responsibilities and the roles of parties involved in land trust activities, but it also helped us clarify later in Section 9 under Qualified Projects just how we consider what we would look at as a land trust property rather than just simply a

land bank property.

Again, it's one of those things that was noted before that it's much easier for us internally to discuss it because we deal with it every day and we've imagined these programs and made them take form over the last several years, but one of the things that helped us kind of flesh out some of the details and clarity was the idea that we have to be able to express these programs and their goals not only internally but externally and that's to both funders and the legislature.

MR. JONES: Well, when I read through it, when you clarify instead of affordable, used for the benefit of, that makes a lot of sense.

MR. DANENFELZER: Right.

MR. JONES: The only question I had was on your page 4 of 6 you struck out under B, "as determined by HUD."

MR. DANENFELZER: Yes, and I think that was in particular the reason that was struck out --

MR. JONES: Because we should stay close to their guidelines.

MR. DANENFELZER: Right, we do try to stay very close to their guidelines, but there are circumstances in which where we look at the 40 percent of AMI, HUD defines AMI levels in different ways based on different programs. For example our single family mortgage bond programs use HUD income levels but they generally use a statewide income level, not the countywide income level, and what we decided was that it wasn't necessary to have that language in there. And I also believe it was struck because some of that language is detailed in a previous section about how we define AMI, and so

it was somewhat repetitive. But it is something that we continue to use HUD but also some programs don't use HUD. For example, when we do things with USDA, they have their own income certifications.

MR. JONES: Well, it seems that would give you more flexibility by not having that there.

MR. DANENFELZER: Right.

MR. JONES: Did anybody have any specific questions regarding this material?

(No response.)

MR. JONES: Is there anything, Mr. Danenfelzer, that you think stands out that you need to say about it other than what we've read for ourselves?

MR. DANENFELZER: No. I think the two points that I made about the clarifications on the qualified projects, as well as the activities that we're permitting and the clarification of land trusts are the two biggest points. There was also a lot of little cleanup as we had other eyes looking at it, grammatical errors that we were trying to correct.

MR. JONES: So if it's adopted by us and published on the website, is that it, there's nothing else that has to be done?

MR. DANENFELZER: There's nothing else that needs to be done. These policies are not something that we go out for public comment on. Generally, we wouldn't do that when it's these kind of programmatic changes. If there was something very big where we wanted to do a completely new program or we were really changing how we interacted with local partners, we

might go out with public comment and get their feedback, but most of the changes here are really just clarification issues.

MR. JONES: Okay. I'll entertain a motion.

MR. EVENWEL: So moved.

MR. JONES: It's moved that it be approved, tab item 3 as written. Is there a second?

MS. VAN HOVEL: I'll second, Mr. Chair.

MR. JONES: It's moved and seconded. Any further discussion?

(No response.)

MR. JONES: Is there any public comment?

(No response.)

MR. JONES: Hearing none, all in favor of approval?

(A chorus of ayes.)

MR. JONES: Any opposition?

(No response.)

MR. JONES: It's approved. Thank you.

MR. DANENFELZER: Thank you.

MR. JONES: Tab 4: Presentation, discussion and possible approval of the publication for public comment of the Texas Foundations Fund draft guidelines and application requirements.

Hello, Ms. Bayless.

MS. BAYLESS: Hello. I'm Liz Bayless, executive vice president of TSAHC.

Mr. Chairman and members, Tab 4 is an action item related to the Texas Foundations Fund. As you know, the Texas Foundations Fund is a segregated fund of the corporation that is used to provide grants to nonprofit organizations or rural government entities to address critical housing needs of very low and extremely low income Texans. Last year the fund made six awards of \$50,000 each and we would like to do the same again this year.

Staff has developed a timeline for the 2012 round of grant making. It begins with posting the guidelines and application requirements for public comment and that's what we're asking you to approve today. The guidelines and application requirements are behind Tab 4 of your board book. If you approve us posting them for public comment, we anticipate coming back to you at the July board meeting with any revisions we make as a result of public comment we receive and asking for your final approval of the guidelines at that point.

MR. JONES: On page 1 it talks about the following types of projects, and it talks about rehabilitation and construction of single family homes. Then you put at the bottom of the page: Once again, it is not a funding source for the construction and rehabilitation of multifamily rental units. Do you get a lot of applications for those to our Foundations Fund? I mean, why did you reiterate it so strongly?

MS. BAYLESS: Well, we don't get a lot of applications because we do state clearly that that's not the purpose of the funds. It's always sort of a disappointment if you get an application that someone has put in a lot of hours and a lot of work on and just right from the bat it's obvious that it's not eligible.

So we just try to be crystal clear that if someone is applying for funds for construction or rehab, we do intend it for it to be single family homes and not multifamily. We have other programs to address the construction and rehab of multifamily affordable housing.

MR. JONES: Okay. So it can go to organizations that own and operate multifamily housing with supportive services but no construction and rehab of those.

MS. BAYLESS: Right.

MR. JONES: And by supportive services you specifically mean educational programs and things?

MS. BAYLESS: Exactly. It could be anything from drug rehab to GED to computer training. There's a wide variety of supportive services.

MR. JONES: Okay. Any other questions?

MR. EVENWEL: I just have more of a comment. The designation of 501(c)(3) is typed separately and differently in three locations. On page 1 it's got the brackets but not around the 3; on page 4 it has the 501(c)(3) buried in different brackets but you missed the bracket on the 3; and on page 5 at the top 501(c)(3), I think that's the way I'm used to seeing it the way it is on the top of page 5, but the other two, I don't know if that's missing something, or just look at the brackets.

MS. BAYLESS: Thank you, Mr. Evenwel. I actually do care a lot about getting things like that correct, so I appreciate your pointing that out, and we will correct that.

MR. EVENWEL: Us guys in the pension world are so used to

seeing those things.

MR. JONES: Page 5 is the way I've always seen it.

MS. BAYLESS: We'll get that corrected, and thank you for pointing it out.

MR. JONES: You've got to find the person in charge of brackets.

(General laughter.)

MR. JONES: Any other discussion?

(No response.)

MR. JONES: Is there a motion?

MR. ROMERO: Move to approve.

MR. EVENWEL: Second.

MR. JONES: Moved and seconded. Any further discussion?

(No response.)

MR. JONES: Any public comment regarding tab item 4?

(No response.)

MR. JONES: Hearing none, all in favor of approval signify by saying aye.

(A chorus of ayes.)

MR. JONES: Any opposed?

(No response.)

MR. JONES: Okay. It carries. Thank you.

Do you stay here for the next one too?

MS. BAYLESS: I do.

MR. JONES: Tab 5: Presentation, discussion and possible appointment of a member to the advisory council created by the board of directors of the corporation.

MS. BAYLESS: Yes. Tab 5 is also related to the Texas Foundations Fund, specifically to the makeup of the advisory council that assists staff in managing the Texas Foundations Fund.

The board created a five-member advisory council for the fund. At present, three of the five places are filled. Edwina Carrington is chair, Russell Vandenburg is a member, and I serve as the corporate member. The resolution behind Tab 5 is to appoint Steven A. Carriker to the advisory council to fill one of the open positions. The resolution also restates and affirms the current members of the advisory council.

Steve Carriker has been the executive director of the Texas Association of Community Development Corporations since November of 2005. TACDC is the association of the state's nonprofit, community-based development organizations. As executive director, Steve has been closely involved with numerous people and organizations that build and manage affordable housing and provide community facilities for the benefit of low income residents.

Steve previously served in the Texas House of Representatives and the Texas Senate for a total of twelve years, served as state director for USDA rural development for four years, and established a successful community development financial institution which he managed for four years. He's a graduate of the University of Texas and has post-graduate training from

the Lyndon B. Johnson School of Public Affairs and from Cornell University's Community and Rural Development Institute.

We are pleased that Steve is interested and willing to help us with the Texas Foundations Fund by serving on the advisory council, and I ask your approval of the resolution appointing him.

MR. ROMERO: If I could make a comment. I think Steve would be a wonderful addition to the foundation board, not only from his past experience with the TACDC, but the fact that he was state senator and he's very well known at the Capitol and he could also be very instrumental in helping us to build the fund up for the Texas Foundations Fund.

With that, I would move to approve Steve Carriker as the new board member for the Texas Foundations Fund.

MS. VAN HOVEL: I'll second, Mr. Chair.

MR. JONES: It's been moved and seconded. Any other discussion?

(No response.)

MR. JONES: Is there any public comment on this item?

(No response.)

MR. JONES: Hearing none, all in favor of approving Mr. Steven A. Carriker to serve on the advisory council to the Texas Foundations Fund please say aye.

(A chorus of ayes.)

MR. JONES: Any opposition?

(No response.)

MR. JONES: Carries unanimously. Thank you again.
Looking forward to meeting him.

MR. ROMERO: David, if I may ask, there's one vacant position that's open for the advisory council. We do have some representation from far West Texas, we have Central Texas, I think it would be incumbent on us to hopefully look for a candidate in the Valley, South Texas or far East Texas, so we can have good coverage across the state, for that final member.

MR. LONG: Duly noted.

MR. JONES: Item 6: Presentation, discussion and possible approval of the appointment of members to the board of directors of Texas Community Capital, LLC.

MR. LONG: Thank you, Mr. Chairman.

As you may recall, a few years ago the Texas State Affordable Housing Corporation and the Texas Association of CDCs coordinated in an effort to revise and redevelop the Texas Community Capital, LLC. It was an existing 501(c)(3) entity that had somewhat gone dormant. In coordination between the revisions to the bylaws and articles, both the boards of TSAHC and of TACDC agreed to appoint two members each to serve on a five-member board, and then the fifth member was appointed as a member at large by those four members.

Under tab item 6 you can see the current list of members includes: Mr. Wilkerson, Mr. Carlton, both appointed from the TACDC board; Cynthia Leon, a prior board member of TSAHC, and Jerry Romero, both are the TSAHC representatives; and then John Garvin, who is the member at large.

TACDC is currently doing the same thing we are, just so you know that. Their meeting is on the 27th and 28th of this month, and they'll be looking to reaffirm Mr. Carlton as a board member continuing, but what we did when we started this process is the board members, just like most boards do, we appointed them on alternating terms, so we had a two-year term for one appointment and a four-year term for the second appointment. A current member, Cynthia Leon has a four-year term, she's not due to expire until the end of January 2014, as well as Mr. Wilkerson and Mr. Garvin.

Mr. Carlton and Mr. Romero have both agreed that they would be willing to serve in a capacity, continue in that capacity. I might add that they both bring exceptional qualities to the TCC board, and the connection that Mr. Romero brings as a board member of TSAHC and that Mr. Carlton brings as a board member of TACDC is important for us to have that continuity from the board itself.

MR. JONES: Is Ms. Leon still active?

MR. LONG: She is. I've spoken with her and she continues to be an active member. We actually have a meeting for Texas Community Capital as a followup meeting on the 28th immediately following the TACDC board.

MR. JONES: I saw her in Fort Worth last week, and she just got back from Morocco the night before.

MR. LONG: Right.

MR. JONES: She's a traveling lady. And she's now the chairman of the board of the Texas Department of Public Safety, DPS.

MR. LONG: Texas Department of Public Safety, that's correct.

MR. JONES: Her husband said it's a job for her.

MR. LONG: She's very good at what she's doing, and obviously, we've missed her, leaving our board to take that role, but she's very active and she's still engaged and I've spoken with her about her term doesn't expire until 2014 and she's very active and wants to continue to serve.

MR. JONES: That's good news.

MR. LONG: The backup pages here I have are just snippets from the articles of the Texas Community Capital articles of incorporation and bylaws showing you the process whereby we go for selection of a board member and the terms of those board members, and I wanted you to have that so that you saw we were following that guidance.

And so at this time what we're asking, I've spoken with Mr. Romero and he is willing to continue to serve another four-year term as the representative from the Texas State Affordable Housing Corporation on the board of the TCC.

MR. JONES: Okay. So we're here to vote on our representatives.

MR. LONG: Our representative only. And since Ms. Leon does not expire, she's continuing at this time.

MR. JONES: And who selects Garvin, the at large guy?

MR. LONG: The four members that are on the board.

MR. JONES: That are on the board.

MR. LONG: That's correct.

MR. JONES: So this is to reappoint -- well, she's on, she doesn't need to be reappointed.

MR. LONG: That's what I said.

MR. JONES: Only Mr. Romero.

MR. LONG: Mr. Romero is the one that we're asking to be reappointed. I've spoken with him. Certainly the board can make a decision to do otherwise, I'm just telling you that Mr. Romero has agreed to do it another four-year term.

MR. JONES: That's what I'm saying, do we want him? What do you think?

MR. ROMERO: Majority rules.

(General laughter.)

MR. JONES: We'll entertain a motion to that effect.

MR. EVENWEL: I move that.

MR. JONES: Moved that Mr. Romero be reaffirmed as a member of the Texas Community Capital board of directors.

MS. VAN HOVEL: I'll second, Mr. Chair.

MR. JONES: Moved and seconded. Any further discussion?

(No response.)

MR. JONES: Hearing none, any public comment?

(No response.)

MR. JONES: Hearing none, all in favor of Mr. Romero continuing say aye.

(A chorus of ayes.)

MR. JONES: Any opposition?

(No response.)

MR. JONES: When she was in Fort Worth there was always a no on everything.

(General laughter.)

MR. JONES: Okay. Is that it?

MR. LONG: Mr. Chairman, that would be the end of the tab items that we had for board presentation. The only thing that we tend to do is at least set a tentative date for the next board meeting which per my calendar and kind of some suggested dates that staff had for making sure we have time to get things done would be July 19.

MR. JONES: Okay. That works for me.

MR. LONG: And that is not the second Thursday, it is the third Thursday, but according to staff, that would be better for staff in terms of getting things prepared and put together because that puts us further out in the month rather than a short end of the two weeks on the front end.

MR. JONES: Understood.

MR. LONG: So we have time to get reports in from not only our trustee accounts and all that, but gives us a chance to pull together the board packet.

MR. JONES: Okay. Are there any final comments from any of the board members?

MS. VAN HOVEL: I'd just like to say, Mr. Chair, that I think that we should be more attentive to our board meetings and not have two months in

between.

MR. LONG: Ms. Van Hovel, you're not the first one to mention that. I agree.

MS. VAN HOVEL: It was too long.

MR. LONG: We're very conscious of the fact that we want to be respectful of your time and not draw you in for a meeting that may or may not have a lot of items to be reviewed, but we also do it based on when we have timing and need, but I would agree with you that what we've determined is we probably need to meet at a minimum every other months just to bring you in for an update.

MR. JONES: But I will say this, we went over the agenda, we went over all the things that we have approved, we had all the things that they were working on, and I mean, if you want to show up for like five minutes and say we have nothing on the table right now but if you have any questions, we can do that. But we were trying to save taxpayers' money, at the same time, if there wasn't significant information to have on an agenda. I mean, the decision not to have the board meeting was not taken lightly and was reviewed each month to determine if that was necessary or not necessary.

MS. VAN HOVEL: Why is it like this and it didn't used to be?

MR. JONES: Well, because what they were working on and they were doing, they were working on it and they were doing it and there wasn't anything new to discuss.

MR. LONG: I can assure you we're as busy, if not more busy, than we were. It's just that we have not required -- the board has done an

exceptional job of keeping us authorized and approved with the programs that we have and they're functioning well. The single family programs are doing exceptionally well, we're doing more volume than we ever have. David has got the two multifamily deals which the board authorized and approved, and when those get to the point where they're ready for the next level of approval, we'll bring them back to the board.

We've got reports that we do, and my strategy that we talked amongst the staff was that we sent you a packet of information. Rather than giving you nothing, we did send you a report packet that went out to everybody so you kind of got an interim update, and we felt like that was a good strategy to give you an update where we were at and what we were working on, as well as kind of just information in general.

MR. JONES: But I've been on this board over four years, and it was unique, no doubt about it, it was unique, but that's just the way it fell into line that it wasn't important enough to elicit expenses to summon the board together when there wasn't a need to really have the board make a decision on something. But the update, I think, was appropriate.

MR. ROMERO: If I could just say, Mr. Chairman, I agree with what Jo is saying as far as going almost a full quarter without having a board meeting, I think, is probably a bit much. At the very least, I appreciate the information that you sent out, but I think at the very least if there's a month in between, a conference call with us, although it's not an official board meeting, at least a conference call to just bring everybody up to speed would be nice.

MS. VAN HOVEL: Yes.

MR. JONES: I don't think we're allowed to take action on a conference call.

MR. LONG: I would ask for counsel's opinion whether we can even have a call. Can we do that?

I mean, individually, Mr. Romero, or as a group?

MR. ROMERO: It doesn't matter. As long as we have the ability to go ahead and communicate with you all one on one.

MR. JONES: But you always have that ability.

MS. VAN HOVEL: We're losing contact as a board, and I don't like that feeling if I'm going to be on the board.

MR. LONG: Yes, ma'am.

MR. ROMERO: One other thing that Mr. Evenwel brought up, and I agree with him as well, he's new to the board, and while we used to have every staff member make their presentation originally, we kind of cut back on that, I think for his purposes, and again, for mine as well, if we could have staff make their presentation for their particular area of expertise on a quarterly basis, I think that would be nice. Kind of hear back from you all, from the team and see what you all are doing.

MR. JONES: Let me follow this. You want every quarter each staff member to say what they're doing.

MR. ROMERO: Just once a quarter just to give us a list of what's going on, what they're doing, what they're working on. We used to do it before.

MS. VAN HOVEL: Otherwise, how would we know?

MR. ROMERO: I mean, every single staff member would come up and make a presentation. Correct?

MR. LONG: Yes.

MR. ROMERO: Obviously, if there's nothing to report, there's nothing to report, but again, once a quarter it would give Mr. Evenwel an opportunity to really get to meet the staff individually.

MR. JONES: I agree. I just need to know what parameters you're saying, every quarter every staff member from each department.

MR. ROMERO: The department heads.

MR. LONG: Is that on a calendar quarter you want that done? I'm just trying to make sure we're consistent.

MR. ROMERO: It doesn't have to be exactly every quarter. If there's something to report that's significant -- which I'm sure all of you are working on significant projects -- it would just be nice for us to hear from them on a quarterly basis.

MR. JONES: I would suggest that for our next meeting we do schedule that for the very next meeting to be included. It might be along agenda with the other business that they may or may not have. And then I think the staff ought to report as needed or as there might be a request to ask what they're doing, but I think a full review of each staff member and their department should be scheduled for the next meeting.

MR. LONG: So have them make individual presentations?

MR. JONES: An individual presentation at the next meeting, and then each quarter we'll see as is determined and as we need it. That at

least would bring Mr. Evenwel up to speed on every department, who's in charge of what department, what they do and what they're working on.

MR. EVENWEL: We see a lot of faces out there.

MS. VAN HOVEL: This is the contact that we're losing.

MR. JONES: Yes. He's not connecting a lot of the faces to programs and things like that, so I think a full presentation by each member next meeting would be in order.

MR. LONG: Okay.

MR. JONES: Would you agree, Jerry?

MR. ROMERO: You guys get prepared. I've enjoyed listening to them.

MS. VAN HOVEL: I agree with that.

MR. JONES: Now, on the second part of it, in terms of -- and this was unique, this is the first time we haven't had a board meeting in consecutive months.

MR. LONG: The first time in my career here.

MR. JONES: And if it was at the end of one quarter and the beginning of another quarter, we wouldn't be saying most of the quarter. It just fell the way they fell. But I don't know, is it possible -- I mean, on a conference call you'll find out if you make decisions or take votes in a conference call? They should be for information only. Correct?

MS. STEIN: Pam Stein. I'm general counsel to the corporation.

I think it's probably safer not to do a conference call. I mean, it

would be nice if the legislature might consider allowing that as a form of open meeting if it is advertised and the number is made available to people to call in, but until that's done I think it would be a difficult thing to do.

MR. JONES: Understood.

Okay. Jo, take over, please.

MS. VAN HOVEL: Where are you going?

MR. JONES: I have to go out.

(General laughter.)

MR. LONG: Ms. Van Hovel, with those considerations, we're more than happy to certainly provide the staff presentations on a quarterly basis, and then the other thing is we can have communications with the board on a regular basis.

MS. VAN HOVEL: I've been on the board eight years and I just feel like that we're losing the touch that we used to have with the staff and with us and we'll forget what's going on.

MR. LONG: Right. Well, we're more than happy to communicate on a regular basis. I know staff are available all the time and there is certainly access to us by phone or email any time you need to.

MS. VAN HOVEL: But sir, if we don't know what to ask, we're not going to call. Right?

MR. LONG: I understand. We'll continue to provide the reports, even if we don't have a meeting, and we will also try and meet as regularly as we deem possible. And I will tell you every time there is a decision of whether we're going to meet or not meet in terms of what's on the agenda, I

run it by the chairman and make sure that we have one item that might or might not be but it's not time sensitive and therefore we could move it to next month. I would think that from a standpoint of making sure that we don't draw you in for a five- or ten-minute meeting, we just want to make sure that that's the best use of your time, but I'm more than happy to have those meetings if you want.

MS. VAN HOVEL: But if we're doing the staff, like Jerry suggested and everything, it will be more than five minutes.

MR. LONG: If you hear from the staff every month, yes, you would be. I'm not trying to argue with you at all, ma'am. I agree with you and we'll have those meetings if that's what the board determines is appropriate.

MS. VAN HOVEL: Because we're fixing to have a board change here shortly, and we just need that.

MR. LONG: Understood.

MS. VAN HOVEL: We have one new one here now.

MR. LONG: Okay. Understood.

MS. VAN HOVEL: And I'll be gone in January. Yes, I'm done, eight years.

MR. LONG: Very good years.

MR. EVENWEL: Maxed out, huh?

MS. VAN HOVEL: I'm maxed out.

MR. ROMERO: No, she's not. She could still be appointed.

MS. VAN HOVEL: Hey, guys, I had six in Minnesota and eight in Texas. It's been wonderful.

MR. LONG: And we've enjoyed having you.

MS. VAN HOVEL: But anyway, I'm just thinking about the people who will come aboard on our board.

MR. LONG: Sure.

MS. VAN HOVEL: And what I feel like I need and I know everybody probably does that comes on the board.

MR. LONG: Right. Point well taken and we'll make those accommodations so that we can move forward to have you guys regularly engaged. Okay?

MS. VAN HOVEL: Okay.

MR. LONG: With that, Madam Chair, we have no additional items, and I'll leave it up to the board at this point to adjourn or not. If they have other questions, we're available.

MS. VAN HOVEL: That's it?

MR. LONG: That's it.

MR. ROMERO: I'll move to adjourn.

MR. EVENWEL: Second.

MR. JONES: Adjourned.

(Whereupon, at 11:21 a.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: TSAHC Board of Trustees

LOCATION: Austin, Texas

DATE: June 14, 2012

I do hereby certify that the foregoing pages, numbers 1 through 58, 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.

06/20/2012
(Transcriber) (Date)

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