

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
December 12, 2013
10:36 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair
WILLIAM H. DIETZ, JR.
GERRY EVENWEL
JERRY ROMERO

ABSENT:

ALEX MEADE

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P R O C E E D I N G S

MR. JONES: The December meeting of Texas State Affordable Housing Corporation board of directors is now called into session. William Dietz, Vice Chair?

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel, Member?

MR. EVENWEL: Present.

MR. JONES: Alex Meade, Member?

(No response.)

MR. JONES: Jerry Romero, Member?

MR. ROMERO: Here.

MR. JONES: And I am here, I think. Okay. We have a quorum.

At this time, is there any public comment?

(No response.)

MR. JONES: Can we say speak now, or forever hold your peace? No. At this time, by hearing no public comments, we will turn this over for the Audit Committee report to Bill Dietz, who chaired the Audit Committee.

MR. DIETZ: The Audit Committee met at 9:07 a.m. this morning, and I think we approved for presentation to the board of directors, the 2013 audit, dated August 31, 2013. And I would like to turn it over to Ms. Smith to talk in more detail about that.

MS. SMITH: Yes. The audit for fiscal year

1 2013 was approved this morning. Don Mikeska presented it
2 to the Audit Committee. And will also make a
3 presentation, a short presentation to the Board today. We
4 also approved the Audit Committee guidelines during the
5 meeting this morning.

6 MR. DIETZ: Do we go into that right now, or is
7 that --

8 MR. LONG: No. Just do your Audit Committee
9 report, and anything else you want.

10 MR. DIETZ: Okay. No. Other than reviewing
11 the Audit Committee guidelines that we discussed, I guess,
12 a couple of Board meetings ago, we approved those. And
13 so we will be voting on both of those later in the
14 meeting.

15 MR. JONES: Okay. And so the rest of it is
16 laid down in the agenda, correct. On Tab 3. At this
17 time, the President's Report. David.

18 MR. LONG: Thank you, Mr. Chairman. As always,
19 you have your program related reports in Tab Items A
20 through C in your Board book. If you have any questions
21 on those, I would be more than happy to try and answer
22 those. The program manager can come up and talk about
23 those.

24 Just a quick update on some things. Texas
25 Foundation Fund, we are moving forward with creating an

1 online application. If you recall this year, we had 49
2 applications; the largest submission we have ever had to
3 that program. And there is an effort to move forward to
4 try to put that as an online application, kind of
5 streamline it, as well as create some efficiencies in that
6 process.

7 Myself and Mr. Meade, who is not with us today,
8 and Mr. Romero had a chance to be in the Valley this past
9 week. And had a chance to meet with a potential candidate
10 to serve on the Foundation's Advisory Council.

11 And I think Ms. Bayless is forwarding a packet
12 to him, if we can get him to sign on, we are looking
13 forward to having representation from South Texas if all
14 goes well there.

15 NFMC, National Foreclosure Mitigation
16 Counseling program, the Corporation continues to
17 administer that program with TDHCA. We had our monthly
18 meeting this past month on the 21st of November. Just so
19 you know, we are finishing up Round 7; we got an
20 extension.

21 Not finishing up; we're in the middle of Round
22 7. We got an extension to procure and use the dollars
23 that were awarded under Round 7. The amount under Round 7
24 was about \$325,000 that we'll use to allocate out to
25 participating counseling organizations. And they get

1 those funds to complete and provide counseling sessions
2 with borrowers in distress as well as to cover some of
3 their expenses.

4 Melinda already brought up to you that Mr.
5 Mikeska will be here to give you an audit presentation.
6 It is under Tab Item 2.

7 Paige and Sarah, Paige Omohundro and Sarah
8 Ellinor continue to participate in the Texas Association
9 of Realtors United Texas training, including eight local
10 associations attended. Fifty-plus realtors were in
11 attendance overall. We sponsored and attended the Austin
12 National Association of Hispanic Real Estate Professionals
13 homebuyer event.

14 Under the Texas Statewide Homebuyer Education
15 Program, we received 13 registrations so far for our
16 training for this year, excuse me, for next year's
17 training that will be held in February. So we are pretty
18 pleased to have that kind of representation in terms of
19 demand for the program, for the training already.

20 Guests today: Obviously, we have Katy
21 Livingston with Greenberg Traurig serving as General
22 Counsel. We also have with Ms. Livingston, Mr. Bill
23 Gehrig who is in from their Washington, D.C. office.

24 Robin Miller, with First Southwest Company, our
25 financial underwriting, excuse me, our financial advisor

1 firm. Steve Bolden with Mahomes Bolden, one of our
2 attorney firms that we work with. And as I mentioned
3 earlier, Don Mikeska will be here.

4 As I always do, I throw out the dates for a
5 potential next meeting, which will be the second or third
6 Thursday in January. I throw those out as the second or
7 the third, because the 9th is actually the second
8 Thursday.

9 Pretty early in the month. And in the past, we
10 have kind of had the opportunity to ask the Board if they
11 want to push that back a little bit.

12 But Mr. Chairman, that would conclude my
13 report. And I just wanted to give you the opportunity to
14 talk about that next Board meeting later on the meeting.

15 MR. JONES: Any comments or questions for David
16 from any of the members?

17 (No response.)

18 MR. JONES: Hearing none, thanks, David.

19 Presentation, discussion and possible approval of the
20 minutes of the Board held on November 14th. I have on
21 page 4, Tab 2, I am going to say this in the form of a
22 question.

23 We talk about our investment portfolio, insured
24 by FDIC and fully collateralized to 102 percent and that
25 portfolio had earned \$25,000. Isn't it more informative,

1 well, maybe not necessary, to talk about how much we had
2 invested in it, based on the strict investment ruling that
3 we are under, that it was a good thing that we did have
4 some gain, as opposed to a loss in a low performing
5 market?

6 MR. LONG: Mr. Chairman, I would be more than
7 happy to word that, and add language or dollar amounts in
8 any way you want.

9 MR. JONES: Well, I am asking. Isn't it
10 appropriate for somebody that would be looking at these
11 minutes?

12 MR. LONG: Pardon?

13 MR. JONES: I mean I think it is appropriate.

14 MR. LONG: Sure. I mean, obviously, the intent
15 of the minutes is to make sure that we have as much
16 information in there, but we also consolidate the
17 transcript into the minutes. So the transcripts are also
18 posted on our website.

19 MR. JONES: I see.

20 MR. LONG: So it is -- I am more than happy
21 to -- I will say this, as we transcribe --

22 MR. JONES: More people are going to grab these
23 and look at these, than watch the whole meeting.

24 MR. LONG: Well, and as we transcribe down into
25 the minutes, it is somewhat of --

1 MR. JONES: Sure.

2 MR. LONG: -- an art to try and make sure we
3 take out stuff that we feel isn't necessarily needed, and
4 summarize it into detail. So if we have left something
5 out, we are more than happy to add it back.

6 MR. JONES: But because it looks like that
7 amount of money that we have invested, only \$25,000. But
8 it directly reflects that we didn't recognize a loss. As
9 bad as the market has been the last few years, I think
10 that is an appropriate statement to have included.

11 MR. LONG: We are, I am more than happy to
12 reword that, if you want to either give me language.

13 MR. JONES: I don't have any language.

14 MR. LONG: Okay. Do you want me to reword it,
15 or in the future, just make sure we --

16 MR. JONES: And in the future. I don't think
17 it is necessary to change it at this time.

18 MR. LONG: Okay. I am more than happy to do
19 so, and I appreciate your comments on that.

20 MR. JONES: Okay. And on page 6, it says I
21 thanked the court reporter for her work today. Probably
22 should have included her name.

23 MR. LONG: Okay. We will add her name.

24 MR. JONES: And then, on the last paragraph,
25 when we talked about presentations at future Board

1 meetings, on each of the Corporation's programs, you said
2 that the staff would be available before every meeting to
3 the Board member. Drop it. Never mind.

4 MR. LONG: All right. We still make ourselves
5 available at any time when the Board members show up, if
6 they want to.

7 The point there, Mr. Chairman, was to say that
8 if the staff has a -- I mean, if a Board member would like
9 to have a presentation, and they want to show up early,
10 rather than doing it during the Board meeting, we could
11 meet with any one Board member and have time before or
12 after, whatever, at the Board's discretion. That is all I
13 was trying to do there.

14 MR. JONES: Yes. And I understand. We don't
15 want to prolong the meeting. But I think those three
16 presentations worked well for you, didn't it?

17 MR. EVENWEL: Yes.

18 MR. JONES: But you know for him, if coming in
19 early works. But if it doesn't, you have to come up with
20 some other meetings to bring him up to speed quicker.

21 MR. LONG: We can do that, or we could travel
22 to meet with the Board member, at their discretion. Or we
23 can do it during the meeting. Whichever the Board would
24 prefer.

25 MR. JONES: Okay. I just don't want to --

1 because he seems to be really valuable.

2 MR. LONG: Right.

3 MR. JONES: But there is so much he doesn't
4 know yet.

5 MR. LONG: Okay. I'll be more than happy to
6 make sure he is informed.

7 MR. JONES: Okay. Is there a motion on the
8 minutes. The only correction is, just add the reporter's
9 name, I guess.

10 MR. EVENWEL: So moved.

11 MR. ROMERO: Second.

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

14 (No response.)

15 MR. JONES: Any public comment on this item?

16 (No response.)

17 MR. JONES: Hearing none, all in favor, say
18 aye.

19 (Chorus of ayes.)

20 MR. JONES: Okay. Item 2, presentation,
21 discussion and possible approval for the annual
22 independent financial audit for the fiscal year ended
23 August 31, 2013.

24 MS. SMITH: Good morning. My name is Melinda
25 Smith. And we are required to have an annual audit. It

1 is due to the Comptroller of Public Accounts on December
2 20th. The Corporation is a component unit of the State of
3 Texas. And our audit report will be presented along with
4 the rest of the agencies for the State, in the statewide
5 financial statements which will be issued in January or
6 February. Don Mikeska with Mikeska, Monahan and Peckham
7 is our auditor, and he is here this morning to briefly go
8 over the audit. We went over it in some detail in the
9 Audit Committee meeting this morning. So I will turn it
10 over to Mr. Mikeska.

11 MR. MIKESKA: Thank you. My name is Don
12 Mikeska, with the firm of Mikeska, Monahan and Peckham.
13 We have completed our field work for the audit of the
14 Texas State Affordable Housing Corporation. Just to add
15 one comment to what Ms. Smith said. The reason why you
16 are a component unit of the State of Texas is because the
17 Governor appoints all of the Board members. That deems
18 you, by definition, to be a state agency, even though you
19 are a separate 501(c)(3) corporation.

20 But as Ms. Smith said, you are a component
21 unit. We as the auditors will be reporting directly to
22 the State Auditor's Office because the State Auditor is
23 responsible for all of the entities and agencies that are
24 part of the CAFR, the basic financial statement for the
25 State. So our work papers will be open to inspection by

1 them if they so choose.

2 In terms of the financial statements, I would
3 like to just briefly go over just a few points. The
4 financial statement audit is a clean, unmodified opinion,
5 meaning there is no reason to qualify the opinion; there
6 were no findings, no questioned costs.

7 So the Yellow Book opinion which is the audit
8 conducted in accordance with Government Auditing
9 Standards, there were no findings relating to compliance
10 with laws, grievance contracts and other requirements that
11 could have a bearing on the financial statements. Meaning
12 that, noncompliance could have a potential material effect
13 on your financial statements. There was no noncompliance
14 noted.

15 The other part of the audit is the single
16 audit, it is an audit conducted in accordance with OMB-
17 A133, the single audit. The program that was the major
18 program for the Corporation this year was the National
19 Foreclosure Mitigation Counseling or NFMC program. It
20 expended the largest amount of dollars. And that is the
21 program that was audited in detail.

22 There are 14 attributes which the auditor is
23 required to test for, if they apply to your program. Not
24 all 14 apply. But there were no findings, and no
25 questioned costs as a result of the single audit as well.

1
2 So there are three opinions in this financial
3 statement package. One is the independent auditor's
4 opinion on the financial statement, a clean opinion. The
5 Governmental Auditing Standards opinion, called the Yellow
6 Book opinion, it is a clean opinion. And the OMB-A133
7 compliance opinion, which is also a clean opinion.

8 I just would like to go over the financial
9 statements briefly. And I am going to really just deal
10 with the statements themselves, if we can.

11 On page 10, this is the statement of net
12 position. That is a new term that is in effect for this
13 year. Brand new. It used to be called net assets. Now
14 it is called net position. Let's call it a balance sheet,
15 because that is really what it is.

16 The balance sheet shows the assets divided
17 between current assets, those assets that are expected to
18 be liquidated if you will, or become cash equivalents
19 within one year. Current assets of \$23 million. And
20 noncurrent assets of \$213. So total assets are \$236
21 million.

22 Certainly, the largest item on the financial
23 statements in terms of assets relates to the assets held
24 by the bond trustee, the single-family bond program has
25 \$12 million in cash and cash equivalents and \$189 million

1 in restricted investments. Those investments represent
2 the Ginnie Mae, Fannie Mae certificates that are the
3 mortgage-backed securities that are held by the bond
4 trustee, Wells Fargo Trust Services. So that is the
5 largest component.

6 But some of the items that I think that are
7 worthy of noting, the cash and cash equivalents, the top
8 line of \$3 million, that is your money. That is free and
9 clear. The investments of \$3.5 million.

10 And under the noncurrent assets, if you will
11 look under owned real estate, that number has grown quite
12 substantially since last year; almost \$10 million. That
13 represents the properties that were donated by Bank of
14 America, roughly \$6.6 million, I believe, of that.

15 And then the remainder is the properties that
16 were acquired under the Neighborhood Stabilization
17 Program, which was funded by HUD, passed through from
18 TDHCA, Texas Department of Housing and Community Affairs.

19 And that represents the Neighborhood Stabilization
20 Program properties, about 4.1 million.

21 So all told, there are approximately 500
22 properties that the Corporation has and is responsible
23 for. But that is why that number has grown quite a bit.

24 The next page, page 11, represents the
25 liabilities. And I will point out the current liabilities

1 of 5.8 million. So your current position is quite
2 attractive. You have current assets of \$23 million,
3 versus current liabilities of 5.8-. It is a good position
4 in which to be.

5 Again, the largest items in the liability
6 section are going to be the liabilities related to the
7 single-family bond program. Current bonds payable of
8 roughly 2.4 million and long term bonds payable of \$191
9 million.

10 And you will see, the format is a little bit
11 different from than what it was in prior years. We
12 started out with assets, then we subtract liabilities, and
13 we end up with net position. So net position is \$31
14 million.

15 Net position is categorized as it is shown
16 there; \$1.5 million is invested in capital assets. That
17 is this building. That is the furniture in the building,
18 the computers and various capitalized software. That is
19 the 1.5 million. I will point out that the building was
20 paid for this year. And so that is why that 1.5 million
21 is free of all debt.

22 The restricted net position of \$16 million,
23 that is the net assets that are held by the bond trustee.

24 Total investments, total cash, minus the bonds payable.
25 That is money that is held by the bond trustee. And the

1 14 million is unrestricted. That is the corporation's
2 pocketbook if you will. That is the unrestricted assets.

3
4 On page 12, this is called a segment of revenue
5 in expenses and changes in net position. I am going to
6 refer to it as an income statement, even though you are a
7 nonprofit. You still do want to preserve capital. You
8 want to show a profit if at all possible. Under operating
9 revenues, the largest item, obviously, is the interest
10 earned on the mortgage-backed securities of \$10 million.

11 The next line, decrease in fair value
12 investments, that is \$11 million. That is the same animal
13 that we deal with on a regular basis. That represents the
14 decline in the fair market value of the Ginnie Mae, Fannie
15 Mae certificates that the bond trustee is holding.

16 That is a requirement. Governmental Auditing
17 Standards bulletin 31, GASB-31 requires that the
18 Corporation record assets at fair market, record these
19 investments at fair market value. That is not a loss that
20 should be realized in that when those mortgages are paid
21 off, the certificates are then paid off, you are going to
22 get par value or face value, not fair market value.

23 The 3.9 million under the single-family income,
24 that is largely due to the to be announced, TBA program, the
25 to be announced, which are single-family mortgages that

1 you are pooling, as well as the MCC certificates. So that
2 is where that 3.9 million is coming from.

3 Under public support, the federal grants of
4 \$577,000, that is the NFMC program, as well as the
5 Neighborhood Stabilization Program. That is the receipts
6 that you collected during 2013. The \$6.6 million
7 represents the fair market value of the donated
8 properties, primarily from Bank of America.

9 And those went into the ACT/Veterans program
10 where you are taking these properties and refurbishing
11 them and then providing them to the veterans or to those
12 people that qualify under the standards that you all have
13 established. And then, those properties will be sold.

14 In fact, there were some properties that were
15 sold this year. I think you enjoyed a profit of somewhere
16 to run a half a million dollars on properties that were
17 turned this year. That is over and above the amount that
18 you paid to your local partners, who also share in that
19 program, and get a certain amount of the profits as well
20 as a certain amount of general administrative costs
21 reimbursements.

22 In the expense section again, the largest
23 single item is going to be the interest that is paid on
24 the single-family bonds. Salaries and wages come in right
25 after that. The amortization number that you see there is

1 the amortization of the bond issuance cost. Those are
2 amortized as the bonds are paid off.

3 The program and loan administrative costs, that
4 is the cost of your programs for the ACT/Veterans program.

5 Having those 500 properties include the NSP, Neighborhood
6 Stabilization Program properties. So you are not having
7 to maintain 500 properties, but it is a substantial
8 number. I would hate to speculate what it is. But that
9 is the cost of maintaining and refurbishing those
10 properties.

11 The grant expenditures primarily represent
12 expenditures under the Texas Foreclosure program, the NSP
13 program, the NFMC program and three houses that were
14 donated in the current year under the Veterans programs.
15 That is those costs. And then the Foundation Fund grants,
16 that is the \$300,000 in cash donations that were passed
17 out.

18 Page 13 is the cash flow statement. You can
19 see that cash flow was positive in terms of operations.
20 There is a positive \$700,000 cash flow. The second
21 section deals with the bonds and the notes payable. So
22 you can see that \$74,000 of cash was used there. That was
23 primarily out of the bond trustee accounts, because bonds
24 were paid off during the year.

25 Under the third section there, you can see

1 payments of principal of \$738,000. That is primarily
2 paying off the mortgage on this building. So that is why
3 that went down; why cash went down for that.

4 But -- and so overall, the net decrease in cash
5 and cash equivalents was \$17 million. You still enjoy a
6 cash and cash equivalents at the end of the year of \$15
7 million.

8 On page 14, this is the indirect method of cash
9 flow. And it just gets more detail of where the cash flow
10 comes from operations. Note the noncash transactions
11 below, though; \$6.6 million of noncash contributions were
12 received in the form of real estate, donations, noncash
13 donations of \$343,000 was made under the Veterans program.

14 And there was \$13,600 of debt forgiveness,
15 again, tied to the Veterans programs, where if they live
16 in the home for ten years they received a 25 percent down
17 payment assistance at closing. And that is the
18 amortization of that cost.

19 The footnotes are very similar to the footnotes
20 that have been in the audit report over prior years. On
21 the last page of the footnotes, second to last, page 41
22 and 42, the subsequent events.

23 The only real subsequent event that bears
24 mentioning is the sale of the multi family bond issue up
25 in Georgetown, which occurred after the end of the year.

1 So just putting the reader on notice that hey, there was
2 another multi family bond issue.

3 Note 25 just deals with the noncash
4 contributions primarily from Bank of America and Wells
5 Fargo, we can't leave them out. And Note 26 is just
6 repeating the fact that Sunset Act is out there. But the
7 fact that the Commission has breathed life into the
8 Corporation at least through September of 2023 as it
9 currently stands.

10 On page 44, this is the statement of
11 expenditure of federal awards, commonly known as the SEFA.

12 And as we mentioned earlier, it is made up of the
13 Neighborhood Stabilization Program, and the National
14 Foreclosure Mitigation Counseling programs.

15 I believe that NSP has pretty much wound down.
16 There won't be any more funds received there. There
17 probably will be some more funds under Round 7, but not
18 much, right?

19 MS. SMITH: Right. And we will get some
20 ongoing maintenance costs under NSP.

21 MR. MIKESKA: That is true, maintenance costs.
22 Page 46 is the auditors opinion on Governmental Auditing
23 Standards. Again, it is a nonmodified, clean report, no
24 findings.

25 MR. JONES: Forty what?

1 MR. MIKESKA: Pardon?

2 MR. JONES: Page 40 what?

3 MR. MIKESKA: Page 46. Commonly referred to as
4 the Yellow Book opinion. It is a clean opinion. There
5 were no findings, no questioned costs. And then, on pages
6 47 and 48 is the opinion relating to the single audit act
7 on which conducted -- yes?

8 MR. JONES: This 46 is the same thing you have
9 here? Right?

10 MR. MIKESKA: No, sir. I will cover that
11 later, in a second.

12 MR. JONES: Okay. Well, it says some of the
13 same things, because --

14 MR. MIKESKA: It will say a lot of things.
15 What you have there, Mr. Jones is the management letter.
16 And I am going to say, it is a nonmanagement management
17 letter in that there are no findings, no questioned costs,
18 and no significant deficiencies, no material weaknesses in
19 internal control.

20 The reason why the auditor supplies that
21 particular letter is, a lot of times, when you give your
22 audit report to a grantor, you are requesting grant funds,
23 they say, we want to see your management letter. Well,
24 you don't have a management letter, because there are no
25 findings, no questioned costs, no things that need to be

1 reported.

2 So we are giving you a management letter in
3 which we state that there were no material weaknesses, no
4 significant deficiency. It is very similar to what you
5 are reading on page 46, because page 46, if you will see,
6 we are required to review internal control to the extent
7 that you have internal controls over compliance with laws,
8 regulations, grants, and other agreements, so --

9 MR. JONES: Yes. And it is like half of the
10 third paragraph of the non-management management letter.
11 That third paragraph under internal control over financial
12 reporting, is the condensed version of that.

13 MR. MIKESKA: That is right.

14 MR. JONES: But it is a heck of a disclaimer.

15 MR. MIKESKA: That is fine. But in terms of
16 what the purpose --

17 MR. JONES: Let's talk about that internal
18 control. What you are saying here is that we can only do
19 it, but we can do it, but we can't do it all, because we
20 don't know. We don't know, we think we do, but we can --
21 that is what is see, when I read this.

22 MR. MIKESKA: Well, okay. Unfortunately, this
23 is boilerplate language that is put out by the AICPA,
24 American Institute of Certified Public Accountants. And
25 what it is saying is, number one, you must tell your

1 client the definition of a significant deficiency.

2 You must tell your client the definition of a
3 material weakness. If there are no material weaknesses,
4 if there are no material weaknesses or significant
5 deficiencies, you state that in your audit opinion. In
6 terms of this opinion, which is the Yellow Book opinion,
7 the auditor is responsible for reviewing internal control
8 as it applies to compliance with laws, regulations, grants
9 and other agreements, such that noncompliance with those
10 documents could have a direct material effect on your
11 financial statements.

12 Giving you an example, you have certain bond
13 covenants that you must comply with. If you fail to
14 comply with those bond covenants, or let's say, some other
15 debt requirements by a lender, you could be in default.

16 If you were in default, they could immediately
17 call that obligation right now, demand it. You couldn't
18 pay it back right now. That would have a significant
19 direct material effect on your financial statement.

20 That is why we are looking at internal control.
21 Do you have internal control over compliance. And we are
22 saying, yes. We found nothing in our work, we found no
23 material weaknesses, no significant deficiencies in the
24 internal control.

25 We are not issuing an opinion on internal

1 control, because that is a separate audit engagement. And
2 since you are not a public company --

3 MR. JONES: Right. That is the point I saw.

4 MR. MIKESKA: You are not required to have an
5 audit of internal control. If you were a publicly held
6 company, yes. And the auditor who does the audit cannot
7 do the audit of the internal control. It has to be two
8 different firms. You can't audit your own work,
9 theoretically.

10 MR. JONES: So we don't -- do we do -- we are
11 not required, I guess, to do an audit of internal
12 controls?

13 MR. MIKESKA: No, you are not. Not at this
14 time. If the people up in Washington, the Governmental
15 Finance Officers Association, if they had their way, I
16 think they probably would want a lot of government
17 agencies treated like public companies --

18 MR. JONES: But what you --

19 MR. MIKESKA: Because you have public money,
20 you know.

21 MR. JONES: Right. But what you can tell by
22 your audit is that it appears there would be solid
23 internal controls.

24 MR. MIKESKA: We found --

25 MR. JONES: But you don't give that opinion.

1 MR. MIKESKA: I can't give you that opinion. I
2 can honestly say that we looked at internal control when
3 we were designing our audit test.

4 MR. JONES: Right.

5 MR. MIKESKA: We have to do a walk through of
6 the system. We have to see just how it happens when a
7 bill comes in here to be paid. Who signs off on it. Who
8 codes it. How does it get entered in the general ledger.

9
10 And we make, we select certain transactions and
11 review them. Specifically, we did a lot of that in terms
12 of the National Foreclosure Mitigation Counseling program.

13 We probably looked at 50 to 60 percent of the dollars
14 that went through that program, tracking it all the way
15 through.

16 You are fortunate, because you have one
17 internal control system in theory. You have one
18 accounting department. You don't have multiple locations.

19 There aren't too many people that are messing with the
20 records. We know who does what.

21 So we review that to see if there are any
22 things that we would have to report to you. Obviously,
23 when you have an organization that is small as your
24 accounting department is, we can't have complete
25 segregation of duties. It is just not practical.

1 But for the most part, the segregation of
2 duties that are significant are in place. The person who
3 reconciles the bank statement is not the same person who
4 signs the check. The person who does the payment of the
5 bills and stuff like that is not necessarily the same
6 person that writes the check, signs the check. Somebody
7 else signs the check.

8 With respect to deposits, you have a separate
9 person making deposits. Most of your deposits now are
10 wire transfers anyway. There is not a whole lot of cash
11 comes through.

12 MR. JONES: Yes. I just thought it was --
13 since it says clearly that you don't do that, I think it
14 is good for us to know that it apparently has solid
15 internal controls in place.

16 MR. MIKESKA: And that is important, because
17 that is the responsibility of those charged with
18 governance, you know.

19 MR. JONES: And I know.

20 MR. MIKESKA: That is right. So you have to
21 delegate those things. But at the same time, you need to
22 make sure that somebody is reviewing those internal
23 controls.

24 MR. JONES: Thank you.

25 MR. MIKESKA: Very well. And then the last

1 opinion on page 47 and 48 will have some of the same or
2 similar language in it. But this is the single audit
3 opinion by the auditor.

4 And it states what is management's
5 responsibility. Management is responsible for compliance
6 with regulations, laws, regulations in contracts and grant
7 agreements of the federal programs. Our responsibility is
8 to detect material fraud or abuse.

9 And on the bottom of page 47 is our opinion,
10 that Texas State Affordable Housing Corporation complied
11 in all material respects with the compliance requirements
12 referred to above that could have a direct and material
13 effect on each of its major federal programs. Now, the
14 major; we didn't find any findings.

15 If there were some that were not considered
16 significant, we would still put them in your management
17 letter. Well, your management letter doesn't include
18 those insignificant findings, because there were no
19 insignificant findings. So again, it is a clean opinion.

20

21 MR. JONES: Any questions from any of the Board
22 members for Mr. Mikeska?

23 MR. MIKESKA: So the other letter you have is
24 the one that is the non-management management letter. And
25 then the third document you have is the auditors required

1 communication with the Finance Committee, which we went
2 over.

3 When we met with the Finance Committee on
4 August 15th, we laid out a preliminary plan of how we were
5 going to approach the audit, what the auditor's
6 responsibilities were. What management's responsibility
7 is. And what the responsibility of the finance committee
8 is.

9 This is just a follow-up letter indicating that
10 there were no findings, no questioned costs, no
11 difficulties dealing with management. And we also pointed
12 out that there are some significant estimates that are
13 used in preparing financial statements.

14 Yes, one and one is two, but how do you value a
15 donated property? BPOs, Brokers Price Opinions. How do
16 you determine if your receivables are collectible?

17 We base that on historical facts. How have
18 they have been paying off so far? Yes. Build in a factor
19 for uncollectibleness. So that is, again, in that letter,
20 these are the items that represent guesses, estimates and
21 how they are arrived.

22 But I do want to take the opportunity to thank
23 David, Liz, Melinda, and Nick, Betsy. Everybody. I think
24 everybody will tell you, I sat in everybody's office here,
25 just about, while we were doing the audit.

1 And it is an interruption. It really is. It
2 is hard to get your regular work done, and then have the
3 auditor sticking their head in your office.

4 MR. JONES: A couple of people in the audience
5 smiled.

6 MR. MIKESKA: They are going to be glad to see
7 me leave. But no, they all deserve a pat on the back.
8 This is another year again, in which there were no audit
9 adjustments and no findings, no questioned costs. So they
10 are to be congratulated. So, I thank you.

11 MR. JONES: At this time, the Chair will
12 entertain a motion regarding the approval of the Annual
13 Independent Financial Audit for the fiscal year ending
14 August 31, 2013.

15 MR. ROMERO: Move to approve.

16 MR. EVENWEL: Second.

17 MR. JONES: It has been moved and seconded.
18 Any further discussion?

19 (No response.)

20 MR. JONES: Is there any public comment
21 regarding this item?

22 (No response.)

23 MR. JONES: Hearing none, all in favor, say
24 aye.

25 (Chorus of ayes.)

1 MR. JONES: It passes unanimously. Thank you.
2 Okay. We are down to three. Presentation, discussion
3 and possible approval of the Audit Committee guidelines.

4 That would be you, Mr. Dietz, or would that be
5 you, David and Melinda? I am confident that he knows
6 everything about it, though. Right it?

7 MR. DIETZ: We reviewed it in the Audit
8 Committee this morning.

9 MS. SMITH: The last Audit Committee meeting,
10 when we reviewed the budget, the Audit Committee brought
11 up an important issue that there were -- it was not stated
12 specifically in the Audit Committee guidelines that that
13 was one of the responsibilities of the Audit Committee.

14 So we have modified the Audit Committee
15 guidelines to clarify that the Audit Committee is
16 responsible for reviewing and approving the annual
17 operating budget and submitting it to the full Board for
18 approval. And we also, and that change takes place on
19 page 2, primarily.

20 And then on page 3, we clarify the Audit
21 Committee's responsibility to review and approve the
22 annual audit and submit that to the Board for approval as
23 well. And those are the only two changes that we made to
24 the guidelines.

25 MR. JONES: And changes in three places.

1 MS. SMITH: Yes. On page 1, I included
2 budgeting process under purposes.

3 And then on page 2, under responsibilities and
4 duties, that is where we have included the language that
5 specifically discusses the Board's review and approval or
6 the Audit Committee's review and approval of the operating
7 budget. And on page 3, that is where we clarify that they
8 are to review and approve the audit report and submit that
9 to the Board.

10 MR. JONES: Okay. And considering results of
11 the audits, the last couple of years, then no complaints.
12 What is your pleasure for the Board? Mr. Dietz, would
13 you move that we approve this?

14 MR. DIETZ: I move that we approve the changed
15 Audit Committee guidelines as presented.

16 MR. JONES: Second.

17 MR. EVENWEL: Second.

18 MR. JONES: Okay. Moved and second. Any
19 public comment?

20 (No response.)

21 MR. JONES: Hearing none, all in favor, say
22 aye.

23 (Chorus of ayes.)

24 MR. JONES: It carries again, unanimously.

25 Thank you.

1 MS. SMITH: Thank you. And I would also like
2 to take the opportunity to thank Betsy and Nick for such a
3 wonderful job on the audit. And Cynthia as well.

4 MR. JONES: Okay. Presentation, discussion and
5 possible approval of a resolution consenting to the
6 liquidation of the properties and assets security of the
7 Texas State Affordable Housing Corporation multifamily
8 housing revenue bonds, HDSA Texas affordable housing pool
9 project, Senior Series 2011-A and taxable Series 2011-A-T
10 and Subordinate Series 2011-B, and Junior Subordinate
11 Series 2011-C and authorizing the execution of a
12 settlement agreement, amendments to the trust indenture
13 and regulatory agreement and other documents and
14 instruments necessary or convenient to carry out the same.

15 That way we can just vote on the motion as it
16 is. Somebody has got to say it one time. That is the
17 Chairman's responsibility to say it one time. Mr.
18 Danenfelzer.

19 MR. DANENFELZER: Good morning. Thank you for
20 reading through that. I know that is a lot to say in one
21 long, long sentence. You know, this actually comes as one
22 of those disappointing things I have to bring to you,
23 because it is a property or a portfolio of properties that
24 the Corporation refinanced back in 2011.

25 The original portfolio was financed by the

1 Corporation in 2002 as a 501(c)(3) bond portfolio. And we
2 had high hopes that the refinancing in 2011 would help
3 preserve the affordability long term on these units.

4 Unfortunately, for the reasons explained in the
5 writeup that you all have there, including difficulty with
6 high costs of rehab, unforeseen rehab needs, getting the
7 property back online from a marketing standpoint, as well
8 as probably the most significant issue, which is the
9 requirement or need to advance tax payments in order to
10 fight the tax exemption that was denied by all but one of
11 the five counties that the properties exist in. So that
12 being said, I mean, again, we are very disappointed, but
13 we do see, and we know that the owner of the property has
14 been working with the trustee for several months; almost a
15 full year now.

16 On working through these issues, particularly
17 with the tax issues, and has made a number of minor
18 improvements to the properties to keep them running and
19 operating in a safe and habitable manner. But the long
20 term feasibility of the properties has really come into
21 question.

22 And at this time, and after consulting with
23 bond holders and others, it really does appear to be the
24 best solution for the portfolio to liquidate. We have
25 been working through and talking about business terms with

1 the bond holder, the trustee and the owner at this time.

2 But until we get authority and this resolution
3 signed, we really don't have any hard and fast business
4 terms negotiated or agreed to yet. So we are looking to
5 get that authority from you today, so that we can move
6 forward.

7 I do have Steve Bolden with Mahomes Bolden
8 today, behind me. And he is our issuer counsel and has
9 been representing us in the talks with the trustee and
10 borrower. And he can answer any technical questions about
11 the defeasance of bonds or redemptions that you need to
12 know.

13 MR. JONES: Okay. I have some questions. The
14 two primary causes for the project failure, a higher than
15 anticipated rehab cause, and denial of property tax
16 exemption.

17 I read down here somewhere that the property
18 tax exemption should have passed through to these new
19 guys. But you also say that they were denied exemption on
20 technical grounds. On what basis is that?

21 MR. DANENFELZER: Yes. The technical grounds
22 that most of the -- in effect, all of the taxing entities
23 or the county tax assessors have denied the exemption on
24 is that the Tax Code, which grants the exemption provides
25 that in the case of a property that previously had the

1 exemption which these did, and out of foreclosure is sold
2 to or purchased by a qualifying tax-exempt entity, then
3 the exemption remains in place.

4 MR. JONES: Like a CHDO.

5 MR. DANENFELZER: Like a CHDO.

6 MR. JONES: And they were a CHDO.

7 MR. DANENFELZER: And they were a CHDO, and
8 they had legal opinions regarding the tax exemption and
9 their right to the exemption. However, the technical
10 aspect, that court cases from the counties. And the
11 reason they have denied is that Texas foreclosure law
12 requires that a foreclosed property, once it is foreclosed
13 is transferred into a holding entity at foreclosure, and
14 then sold from that entity on to the buying entity.

15 Because the foreclosure law doesn't take into
16 consideration, or because the tax exemption statute
17 doesn't take into consideration that step in our
18 foreclosure laws, the taxing entities have argued that
19 because there was an interim holding entity, and that
20 holding entity was not qualified to receive the exemption,
21 the exemption then was washed away, and the entity buying
22 it from the holding company is no longer exempt.

23 MR. JONES: So they are saying, for that period
24 of time, then, taxes are due? Even though the CHDO didn't
25 get new exemptions --

1 MR. DANENFELZER: No. They won't get a new
2 exemption. The only way to -- the exemption that was in
3 place before foreclosure is no longer in the statute. But
4 there was a process to preserve that exemption if it was
5 bought by a qualifying entity.

6 MR. JONES: So they made that mistake, in not
7 realizing that?

8 MR. DANENFELZER: It is not that they made the
9 mistake. In fact, in Dallas County, we understand that
10 the Court there has actually ruled in favor of the
11 properties, and gave them summary judgment and said that
12 regardless of what the tax law and the foreclosure law
13 state, the intent was always that the property was being
14 foreclosed upon by a CHDO and sold to a CHDO.

15 The technical aspects of that transfer are
16 irrelevant to the tax code that preserves the exemption.
17 But we are still waiting on all of the other --

18 MR. JONES: And they want the money.

19 MR. DANENFELZER: The other county courts and
20 district courts need to rule. And we just don't have any
21 idea of how they are going to rule yet.

22 MR. JONES: So, if I am understanding this
23 correctly, because of that, and they have made them put
24 all of that 3 million something into some holding account,
25 they don't have enough money to maintain the properties.

1 So the properties invariably are going to go down.

2 MR. DANENFELZER: Right.

3 MR. JONES: Which makes --

4 MR. DANENFELZER: It is just like if you --
5 just like at your home, if you had a lot of repairs that
6 you wanted to get done, but all of a sudden, you have got
7 to throw a bunch of money into another account and let it
8 sit there, but you can't touch. Well, that is all your
9 cash flow goes into that, because you are trying to defend
10 that money and make sure you get it back.

11 MR. JONES: So counsel recommendation is that
12 we get out?

13 MR. DANENFELZER: Yes. It is --

14 MR. JONES: Do we get out at a loss? Do we
15 lose anything?

16 MR. DANENFELZER: No. The Corporation has no
17 real liabilities at this time. Maybe the only significant
18 is the potential ongoing income to our asset oversight and
19 compliance review, as well as our bond fees that we would
20 collect over time. We would lose those future revenue
21 streams.

22 But at this time, those are things that we are
23 trying to roll into the negotiations with the liquidation.

24 So if there is additional funds beyond the payment of
25 bonds, that the Corporation may have an opportunity to

1 collect on some of those --

2 MR. JONES: But also with TSAHC pulling out of
3 the deal, it makes it even more difficult for them to get
4 secured financing to move forward, do you think?

5 MR. DANENFELZER: No. The plan is that these
6 will each be sold separately. That there is no promise
7 that they will become affordable or maintain
8 affordability.

9 At this point, we are just looking to liquidate
10 and sell to the highest bidder. Because we just don't --
11 we don't see how the properties will get to recovery any
12 time soon.

13 MR. EVENWEL: So basically, essentially, what
14 you are suggesting we do is sell the property on the open
15 market. We will lose affordability status. Sell to fair
16 market value.

17 The proceeds of that liquidation will pay off
18 the bonds. And if -- we do anticipate the proceeds will
19 fully pay off the bonds?

20 MR. DANENFELZER: Yes. We have, I mean, based
21 on the evaluations we have now, the bond holders -- and
22 they have looked at those as well -- agree that
23 liquidation is the best opportunity for them to capture.

24 Right now, we know that we can very likely pay
25 100 percent of the A bonds and 100 percent of the B bond

1 holders off. After that, then it goes through the process
2 of what fees are owed to the trustee, to us.

3 You know, we have gotten commitments from the
4 trustee that our issuer consult fee as well as any other
5 fees and expenses we have incurred for this process will
6 get paid out of the proceeds from sale. What ends up, at
7 the end of the day, we don't know exactly the difference
8 between what the value is and what the total cost will be
9 yet, though.

10 MR. DIETZ: Do all our bonds have a provision
11 for allowing for special event redemptions like this?

12 MR. DANENFELZER: Yes. There are -- yes. In
13 the thousand or more pages of the bond indenture, and loan
14 agreements, there is a lot of terms and requirements.
15 Steve is the guy who kind of helps interpret all of that
16 for me, and helps me understand.

17 MR. JONES: I guess what I wanted to know, on
18 what basis. Because you relied heavily on Counsel. So
19 your overall recommendation was based on what?

20 MR. BOLDEN: Exactly what Mr. Danenfelzer said.
21 And additionally, the trustee has recommended liquidating
22 for all of the reasons stated.

23 MR. JONES: Okay. So the trustee was the one
24 that recommended it. And then you, as our counsel looked
25 at it, and agreed with that recommendation. It is not

1 that we initiated the recommendation, the trustee did.

2 MR. BOLDEN: That is correct.

3 MR. JONES: Okay. All right.

4 MR. DANENFELZER: The borrower, the trustee and
5 the bond holders all looked at a lot of events. And they
6 came to the conclusion liquidation was a good idea. They
7 proposed that liquidation to us. And we agreed.

8 MR. JONES: Okay. And then, our counsel
9 reviewed it to make sure that it was in our interest to
10 agree to it?

11 MR. DANENFELZER: Yes. There is a lot of
12 documents that he is still reviewing to make sure that
13 everything is covered and we are safe.

14 MR. BOLDEN: Correct.

15 MR. DANENFELZER: From the issuer's standpoint,
16 we will be safe. We will also be bringing in Bob
17 Dransfield, our bond attorney, because there are some
18 opinions we will need from our original bond counsel. Our
19 ongoing bond counsel Bob Dransfield at Norton, Rose,
20 Fulbright as well.

21 MR. JONES: Any other comments or questions?

22 MR. DIETZ: What happens if we have excess?
23 Does it get redeemed at par? I am assuming, is that kind
24 of what happens?

25 MR. DANENFELZER: Yes. The bonds will be --

1 well, par -- I believe there is a premium for early
2 redemption.

3 MR. DIETZ: Okay.

4 MR. DANENFELZER: I think it might be 103
5 percent right now, is the early redemption premium on the
6 bonds. But I can't -- we are working on too many of
7 these, unfortunately.

8 MR. JONES: And the front for redemptions comes
9 from where?

10 MR. DANENFELZER: From the sale of the
11 properties.

12 MR. JONES: Okay.

13 MR. DANENFELZER: So, once they are sold, just
14 like in a normal foreclosure, the lender in this case, the
15 bond holders will get their money first. And it will go
16 through the waterfall of their priorities.

17 MR. JONES: You sound pretty confident that
18 they will be sold.

19 MR. DANENFELZER: Well, if we agree to move
20 forward, then they will begin marketing immediately.
21 Their plan is actually to begin marketing before the end
22 of the year, if we can sign off on agreements next week.

23 MR. ROMERO: David, your \$5 million that you
24 talk about here in the summary, was there an audit of
25 those expenditures to ensure that they were used

1 appropriately?

2 MR. DANENFELZER: We did look at the
3 expenditure reports from both the trustee and the
4 borrower. We have accounts of all of the individual or at
5 least the line item expenses and budgets and how they were
6 expended at each property. The one thing that we keep
7 talking with Mindy Taylor, who is our manager of asset
8 oversight, our multi family oversight, we would always
9 love to see a lot more detail. But I mean, there was 40
10 to 50 pages of detail already. And any more detail like
11 invoices, receipts and things would take us a long time to
12 go through. We are talking though, about ways that we can
13 better account for those expenditures to make sure that
14 they are done appropriately.

15 MR. JONES: Okay. Is there a motion to approve
16 concerning to the liquidation of the properties, et
17 cetera.

18 MR. ROMERO: I move to approve the resolution
19 as presented.

20 MR. DIETZ: Second.

21 MR. JONES: It is moved and seconded. Is there
22 any public comment on this item?

23 (No response.)

24 MR. JONES: Any further discussion of the
25 Board?

1 (No response.)

2 MR. JONES: All in favor, say aye.

3 (Chorus of ayes.)

4 MR. JONES: It is approved. Item 5,
5 presentation, discussion and possible approval of the
6 guidelines, scoring criteria and targeted housing needs
7 for the allocation of qualified residential rental project
8 tax-exempt bond funds under the multifamily housing
9 private activity bond program Request for Proposals and
10 the 501(c)(3) bond program policies for calendar year
11 2014. That is still you?

12 MR. DANENFELZER: That is still me.

13 MR. JONES: Go for it.

14 MR. DANENFELZER: All right.

15 MR. JONES: That was professional language; go
16 for it.

17 MR. DANENFELZER: David Danenfelzer, Manager of
18 Development Finance. This is, well we looked at -- every
19 year the Board approves our policies and our RFP for the
20 501(c)(3) and tax-exempt bond program. It is a
21 requirement under the statute that you review the scoring,
22 the application, the scoring and targeted needs of those
23 programs, which we did back in October, look at the draft.

24 We have gone -- we have the draft posted for
25 public comment for well over 30 days, which is customary.

1 And we didn't receive any public comment, but we did
2 receive a little bit of comment from our professional
3 service providers, our bond issuer, bond counsel, issuer
4 counsel and FA, or financial advisor. And based on those
5 comments, we did make a few changes. Some of them were
6 just technical changes, to make sure that the policies
7 agreed with the agreements we put in place with bond
8 counsel and FA. But one was to add some more specific
9 language about what we would accept under the letters of
10 support section, because there was a statutory change in
11 requirement for tax credit properties, and we allowed that
12 change to be incorporated into our rules.

13 And then we did make another small change on
14 our issuer closing fee. We did increase that in order to
15 make sure we recover all the costs of staff time and other
16 overhead that go into the closing process.

17 So other than that, there was no material
18 changes between the original draft, and the one that has
19 been presented today. Your Board book does include the
20 draft, which is underlined with all of the changes, as
21 well as the final document, which we are proposing to
22 accept today.

23 MR. JONES: I don't think intent is the right
24 word, but is there any anticipation that in 2014, you will
25 actually do any 501(c)(3) bonds?

1 MR. DANENFELZER: 501(c)(3) bonds, new issue is
2 unlikely.

3 MR. JONES: Okay. That is sufficient. I
4 understand.

5 MR. DANENFELZER: Yes.

6 MR. JONES: But you have this in place,
7 regardless.

8 MR. DANENFELZER: We do have to have a rule and
9 policy in place, and the statute requires that we update
10 it annually.

11 MR. JONES: Okay.

12 MR. DANENFELZER: So we are doing our duty to
13 meet statute.

14 MR. JONES: I am just jumping to the chase.
15 Any other questions?

16 (No response.)

17 MR. JONES: Okay. Is there a motion on Item 5?

18 MR. EVENWEL: So moved.

19 MR. JONES: It has been moved.

20 MR. ROMERO: Seconded.

21 MR. JONES: It has been moved and second. Any
22 public comment?

23 (No response.)

24 MR. JONES: Any further discussion?

25 (No response.)

1 MR. JONES: Vote to approve as presented, say
2 aye.

3 (Chorus of ayes.)

4 MR. JONES: It passes unanimously. Thank you.

5 MR. DANENFELZER: Thank you very much.

6 (No response.)

7 MR. JONES: We will go into six, then we will
8 go into closed session. Presentation, discussion and
9 possible approval for publication and public comment on
10 the draft of the Texas State Affordable Housing
11 Corporation 2014 Annual Action Plan.

12 I use your action plan when people ask me about
13 the program. I just break this out and say this is what
14 we do.

15 MR. LEAL: Good morning, Mr. Chairman, members
16 of the Board, Charlie Leal, Government Relations
17 specialist here at TSAHC. On the agenda today at Tab 6 is
18 the draft of the TSAHC 2014 Annual Action Plan which we by
19 statute are required to produce.

20 The plan offers the Governor, the Legislature,
21 housing stakeholders and the general public a
22 comprehensive look at the actions of the Corporation for
23 the previous year, in addition to laying out the projected
24 activities of the Corporation for the year ahead. I would
25 like to recognize and thank all program managers and

1 staff, as well as executive staff for their input and
2 assistance in putting this plan together.

3 As specified in the statute, the Corporation's
4 plan is submitted to the Texas Department of Housing and
5 Community Affairs to be included in the annual state low
6 income housing plan referred to as the SLIHP. The SLIHP
7 is comprised of the Corporation's plan and TDHCA's plan to
8 address the issue of housing statewide. The SLIHP is also
9 submitted to the Governor, Lieutenant Governor and the
10 Speaker of the House.

11 Today, we are requesting the Board to approve
12 the publication and public comment period for the
13 Corporation's draft, 2014 Annual Action Plan. We have
14 recommended that the public comment period begin on
15 December 27, 2013 and end on January 27, 2014.

16 During the public comment period, the
17 Corporation, along with TDHCA plans to hold a public
18 hearing scheduled for 10:30 a.m. on January 16, 2014, here
19 in Austin, providing an opportunity for anyone to express
20 their comments on the plan in person. Throughout the
21 entire public comment period, anyone may submit their
22 comments by email, phone or mail throughout this public
23 comment period.

24 Any member of the Board may also submit changes
25 to the plan. We anticipate bringing the final plan, and

1 including any changes based on public comments received
2 back to the Board in February of next year for your final
3 approval. And that concludes my comments. If there is
4 any questions, I would be happy to answer.

5 MR. JONES: So this is just to approve that it
6 go out as a draft. You will bring it back in 30 days.

7 MR. LEAL: Yes, sir.

8 MR. JONES: Probably January's meeting with any
9 comment.

10 MR. LEAL: February.

11 MR. JONES: February.

12 MR. LEAL: We are starting the public comment
13 period December 27th.

14 MR. JONES: Okay. All right. February. Okay.
15 Board. Any motion just to go ahead and pass it. Is
16 there any more questions?

17 MR. ROMERO: Move to approve.

18 MR. JONES: Okay.

19 MR. EVENWEL: Second.

20 MR. JONES: Moved and seconded. Any public
21 comment?

22 (No response.)

23 MR. JONES: Hearing none, all in favor of
24 moving to approve, say aye.

25 (Chorus of ayes.)

1 MR. JONES: Okay. It passes. See you in
2 February. At this time, it is 11:35. And the Board is
3 going into closed session regarding Texas Government Code
4 Section 551-071 and Texas Government Code 551-074.

5 (Whereupon, the Board recessed into Executive
6 Session at 11:35 a.m.)

7 MR. JONES: Okay.

8 MR. DANENFELZER: Do we want to wait for Mr.
9 Dietz.

10 MR. JONES: Yes. That is right. He said he
11 would be right back. Okay. It is 12:18. And the Texas
12 State Affordable Housing Corporation board of directors is
13 now back in open session. And for the record, no
14 decisions were made during closed session at all. Now we
15 are down to any final comments on anything. A date for
16 next meeting, tentative, et cetera. David.

17 MR. LONG: Yes. There is no other business
18 that I am aware of that we need to address with the Board,
19 unless the Board has any follow-up questions. The only
20 other thing would be, as you mentioned, Mr. Chairman, the
21 fact that January 9 is the second Thursday.

22 It is rather early in the month, so we always
23 offer the Board the opportunity to move to the 16th if
24 that is more appropriate for you all. I just leave that
25 open. If you want, we can send it. Mr. Meade is not

1 here.

2 We can certainly send out an email and ask you
3 all opinion of that. Or you can tell me what date you
4 want to go with right now, and we will let Mr. Meade know.

5 MR. JONES: Anybody already know whether the
6 9th or the 16th, or should he just do what we normally do.
7 You guys go back and look at your calendar and respond?
8 Okay.

9 MR. ROMERO: I am programmed for the year for
10 the second.

11 MR. LONG: But you had the 9th, though, right?

12 MR. ROMERO: Yes. The second Thursday. So I
13 mean, if we need to, we can change that.

14 MR. LONG: Okay. But the 16th, you are okay?

15 MR. JONES: Well, yes. Let's report back which
16 of the two days are available, for both, say that too.

17 MR. LONG: And we will reach out to the -- we
18 will reach out to all of the members, including Mr. Meade,
19 since he is not here. And when we get a summary, I will
20 let the Board members know which day we ended up with.
21 And hopefully, you all can make it. Okay. With that, I
22 have no other comments, Mr. Chairman.

23 MR. JONES: Okay. I don't have this card.
24 Your card. I have to make a special thank you to Joe
25 Schaeffer for recording our minutes for the day, because

1 he was in and out, on and off, using two drives. And he
2 did it all with a very personable, loving, charitable time
3 of year attitude. Thank you very much.

4 And to TSAHC and its staff, and to our Counsel
5 and all, thank you very much for what you do. You are
6 very good at doing it. Any other comments from any of the
7 Board members?

8 (No response.)

9 MR. JONES: The meeting is adjourned.

10 (Whereupon, at 12:20 p.m., the meeting was
11 adjourned.)

