

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**Held at the offices of**  
**Texas State Affordable Housing Corporation**  
**2200 E. Martin Luther King Jr. Blvd.**  
**Austin, TX 78702**  
**November 14, 2013 at 10:30 am**

**Summary of Minutes**

**Call to Order, Roll Call**  
**Certification of Quorum**

**The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bob Jones, Chair, at 10:40 am, on November 14, 2013, at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd, Austin, TX 78702. Roll Call certified that a quorum was present.**

**Members Present**

Bob Jones, Chair  
Jerry Romero, Member  
Gerry Evenwel, Member  
Alex Meade, Member

**Members Absent**

Bill Dietz, Vice Chair

**Staff Present**

Liz Bayless, Executive Vice President  
David Danenfelzer, Manager of Development Finance  
Delia Davila, Single Family Compliance Specialist  
Sarah Ellinor, Homeownership Programs Coordinator  
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary  
Katie Howard, Senior Development Coordinator  
Nick Lawrence, Controller  
Charlie Leal, Government Relations Specialist  
David Long, President  
James Matias, Senior Multifamily Analyst  
Paige Omohundro, Homeownership Finance Manager  
Jo Ropiak, ACT Program Coordinator  
Laura Ross, Corporate Secretary  
Melinda Smith, Chief Financial Officer  
Janie Taylor, Development & Strategic Communications Manager  
Mindy Taylor, Manager of Multifamily Oversight

## **Guests**

Theresa Alvarez, Wells Fargo  
Pam Black, Bank of Texas  
Edwina Carrington, Chair of Texas Foundations Fund Advisory Council  
Katy Livingston, Greenberg Traurig  
Don Mikeska, Mikeska Monahan & Peckham  
Jennifer Moriarty, Wells Fargo  
Linda Patterson, Patterson & Associates  
Chris Spelbring, Raymond James Morgan Keegan

## **Public Comment**

No public comment was given.

## **President's Report**

Mr. Long informed the board that the Texas Community Capital (TCC) board meeting would occur that afternoon and he and Mr. Romero would be attending as representatives of the Corporation, along with former Corporation board member Ms. Cynthia Leon.

Mr. Long announced that the Corporation had received a donation of \$5000 from Chris Bergmann, one of the newest members of the Texas Foundations Fund Advisory Council.

Mr. Long noted that staff had attended several meetings and conferences over the past month including the NCSHA conference in New Orleans, the TALHFA conference in Houston and the ARCIT conference in Caldwell where Mr. Danenfelzer had made a presentation. He informed the board that Ms. Ellinor had made a presentation at the United Texas Training in Fort Worth. Mr. Long added that he had attended a reception at NeighborWorks Waco. While there, he had the opportunity to meet with a former board member, Mr. DeCluitt. Lastly, he and Mr. Leal attended a reception in Houston celebrating the 20<sup>th</sup> anniversary of New Hope Housing, a partner under the Corporation's Texas Foundations Fund.

Mr. Long introduced the professionals in attendance at the meeting today which included Ms. Livingston, the Corporation's general counsel; Ms. Patterson, the Corporation's Investment Advisor; Mr. Mikeska, the Corporation's auditor; and Mr. Spelbring with the Corporation's underwriting firm Raymond James. He also introduced special guests Ms. Alvarez and Ms. Moriarty with Wells Fargo, and Ms. Carrington who served as Chair of the Texas Foundations Fund Advisory Council.

Mr. Long noted that the next board meeting was scheduled for Thursday, December 12<sup>th</sup> at which time the audit would be presented by Mr. Mikeska.

## **Tab 1      Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on October 10, 2013.**

Mr. Evenwel made a motion to approve the minutes of the board meeting held on October 10, 2013. Mr. Romero seconded the motion.

Mr. Jones asked that in the second paragraph on page 5, the line be changed to read “what would happen to the funding if an organization chose not to accept their *reduced* award amount.”

Mr. Evenwel amended his motion to include the change suggested by Mr. Jones. Mr. Romero’s second remained in place. Mr. Jones called for public comment and none was given. A vote was taken on the motion and it passed unanimously.

**Tab 4                      Presentation and Possible Acceptance of an Award to the Corporation from the Wells Fargo Housing Foundation.**

Mr. Romero introduced his colleagues at Wells Fargo: Ms. Alvarez, Community Development Representative for the Austin market, and Ms. Moriarty, Community Development Representative for the San Antonio market. Mr. Romero explained that Wells Fargo was presenting the Corporation with two checks today that were being awarded under the priority grants market initiative through the Wells Fargo Housing Foundation. He noted that the funds were designated for San Antonio and El Paso and he and Ms. Moriarty would be working with the Corporation on the grants.

Mr. Romero informed the board that the Corporation had submitted a request to Wells Fargo for \$250,000. The Foundation had donated over \$2.2 million to different markets across the state, and the Corporation would be receiving \$150,000 to be used for the rehab of foreclosed or distressed properties under the ACT program in the San Antonio and El Paso areas.

Ms. Moriarty informed the board that the Corporation would be partnering with Neighborhood Housing Services (NHS) in San Antonio, a NeighborWorks organization, to administer the San Antonio grant funding. She stated that she was a past board member of the organization and they had done a lot of affordable housing over the years, both new development and rehab. She felt this was a great opportunity for the Corporation and the partnership would also strengthen NHS.

Mr. Romero stated that the Corporation would be partnering with El Paso Collaborative to administer the El Paso grant funding. He noted that El Paso collaborative had been doing affordable housing in El Paso since 1996 and had partnered with the Corporation in the past through the priority markets grants initiative as well as the Texas Foundations Fund. He noted that the funds would help veterans and low income families in need of housing.

Ms. Alvarez welcomed her colleagues to the Austin area and thanked them for funding an Austin based organization. She noted how much she enjoyed working with the Corporation’s staff. She added that \$50,000 had been specifically awarded in the Austin area under the same grant funding cycle and those funds had gone to Frameworks Community Development Corporation.

Mr. Long spoke of the partnership that the Corporation enjoyed with Wells Fargo. He informed the board that originally Wells Fargo had awarded the Corporation with a substantial equity investment (EQ2) award of over a million dollars. Over the years, that award continued to benefit the Corporation and its programs. He thanked the representatives of Wells Fargo and the board for their continued support of the Corporation and our efforts to provide affordable housing.

The checks were then formally presented to the board and photos were taken.

Mr. Jones commented that the award was a testimony to the Corporation and its staff. On behalf of the board, he thanked the staff for developing and maintaining a solid relationship with Wells Fargo, filled with integrity and good performance.

Mr. Evenwel made a motion to accept the awards from the Wells Fargo Housing Foundation. Mr. Meade seconded the motion. Mr. Jones called for public comment and none was given. A vote was taken with Mr. Jones, Mr. Evenwel and Mr. Meade voting yes. Mr. Romero abstained from voting.

**Tab 2                    Presentation and Discussion by Patterson and Associates regarding the Corporation's Investment Portfolio.**

Ms. Patterson, the Corporation's investment advisor, spoke to the board about the Corporation's investment portfolio. She also spoke about what was currently happening with the market. She explained how these factors affected the Corporation's investment portfolio, how we invested and the interest rates we received on our investments. She noted that all of the Corporation's funds were in Triple A or investment grade investments. The funds invested in banks were insured by FDIC and fully collateralized to 102%. She noted that the Corporation was earning a good return for what was available while being safe with their investments. She added that the Corporation had sufficient liquidity which was needed to pay outstanding liabilities and expected expenses. She informed the board that the investment portfolio had earned \$25,000 in the last year and she expected things to look brighter in the future.

**Tab 3                    Presentation and Discussion of the Fiscal Year Ending August 31, 2013 Annual Independent Financial Audit.**

Mr. Mikeska informed the board that the confirmations had been sent to the third party banks and investors, and a few had not yet been returned. He reported that he had completed the single audit and refreshed the board's memory that this audit was a requirement under OMB Circular A-133 because the Corporation had received more than \$500,000 in federal awards during the fiscal year. He noted that the National Foreclosure Mitigation Counseling Program (NFMC) was specifically reviewed under the single audit. Twenty six expenditures under the program had been tested which accounted for 54% of the dollars spent. He had found no findings or questions of costs.

Turning to the regular audit, Mr. Mikeska reported that he and staff were on track for submitting the audit to the State Auditor's office by their deadline of December 20<sup>th</sup>. Prior to that date, he informed the board that the audit would be presented to the Audit Committee and Board for their approval.

Mr. Jones asked for public comment on the item and none was given.

**Tab 5                    Presentation, Discussion and Possible Approval of a Resolution Regarding the Application for and Conversion of Reservation for Allocation of Private Activity Bonds to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto.**

Ms. Omohundro noted that staff was asking the board's approval of a resolution that would allow the Corporation to continue to provide the Mortgage Credit Certificate (MCC) program in 2014. The resolution would enable the Corporation to convert \$100 million in bonding authority

currently available to the Corporation into MCCs. She noted that this translated to approximately \$72 million in mortgage loans.

Mr. Jones asked for public comment and none was given. Mr. Romero made a motion to approve the resolution regarding the application for and conversion of reservation for allocation of private activity bonds to mortgage credit certificates and containing other matters incident and related thereto. Mr. Meade seconded the motion. A vote was taken and motion passed unanimously.

**Tab 6                      Presentation and Discussion of Activities under the Texas Statewide Homebuyer Education Program.**

Ms. Ellinor introduced herself to the board, stating that she was the Homeownership Programs Coordinator for the Corporation. She began by giving the board a brief overview of the Texas Statewide Homebuyer Education Program (TSHEP) and how the Corporation had taken over its administration. In 1997, the Texas Legislature asked the Texas Department of Housing and Community Affairs (TDHCA) to implement a statewide homebuyer education program. In response to this mandate, they created TSHEP, whose goal was to provide training at a significantly reduced cost to housing counselors working for non-profits or local government community-based organizations in an effort to ensure that comprehensive and uniform homebuyer education was provided throughout the state. To date, Ms. Ellinor reported that 700 counselors had been trained through TSHEP. She spoke to the importance of homebuyer education, citing a study done by Experian and NeighborWorks America that showed when homebuyers received some sort of pre-purchase education they were 33% less likely to default on their home loan for 90 days or more within that first two years. She spoke of the Corporation's support of homebuyer education and the organizations that provided it. She added that both the down payment assistance and mortgage credit certificate programs required the borrower to take a homebuyer education class before closing.

Ms. Ellinor then spoke about the Corporation's first year administering the program. She reported that the Corporation had contracted with NeighborWorks America to provide the teachers for the trainings. Six courses were offered during two rounds of training, one held in Austin and one held in Dallas. She reported that all six courses fulfilled the national industry standards for homebuyer education and counseling and allowed the counselors to maintain and/or obtain certifications. Ms. Ellinor reported that 93 counselors representing 57 organizations throughout the state had received training during the two sessions offered in 2013. Of the 93 counselors surveyed after the trainings, 100% said they would recommend the training to others. Also included in the survey was a request for more information as to the type of training the counselors wanted to see in the future. Based on those results, staff put together the schedule for 2014 which included three sessions. The first would take place in February in San Antonio and two classes would be held concurrently. For the second session taking place in May in San Antonio, the Corporation was partnering with Raise Texas and the Federal Reserve Bank of San Antonio. Two financial coaching courses would be offered during the second session due to the high demand for financial coaching education. Having two classes would also allow up to 60 counselors to attend the second session.

Mr. Jones asked if it was difficult for counselors from other parts of the state to attend the trainings. Ms. Ellinor stated that because the counselors needed to maintain or obtain certifications in order to continue counseling, the organization they worked for would in most circumstances sponsor them to attend the training. She added that the Corporation also offered scholarships to cover the hotel costs of the attendees. Ms. Ellinor noted that while scholarships

wouldn't be offered during the second session in 2014, they would be offered during the first and third sessions. Ms. Omohundro added that the courses offered through TSHEP were offered at a reduced cost. Ms. Ellinor gave the example that one course offered through TSHEP in 2014 usually cost around \$1000 if a counselor took it at one of NeighborWorks' national training institutes. However, if the counselor took the same course through TSHEP it would only cost them \$100. Ms. Ellinor explained that this was made possible because of our fundraising efforts.

Mr. Romero asked if counselors ever wanted to take both classes being offered during a given session, but were unable to do so because they were concurrent. Ms. Ellinor stated that typically one class was more important to the counselor than the other. Having concurrent courses also allowed more counselors to obtain continuing education credits.

Ms. Ellinor spoke about the third session being offered in 2014 which would take place in Austin in August. She noted that three classes would be offered at that time.

Mr. Jones asked how the counselors obtained scholarships for the sessions, and Ms. Ellinor explained that they were asked to fill out a scholarship application. She noted that in 2013 due to fundraising efforts, all those that applied for scholarships received one during the second round of training.

### **Open Meeting**

Mr. Jones thanked the court reporter, Ms. Penny Bynum, for her work today. He also thanked Ms. Bayless for providing the president's report at the previous meeting. He complemented the staff on their knowledge and hard work.

Mr. Jones asked if staff planned to make presentations at future board meetings on each of the Corporation's programs. Mr. Long stated that staff would be available before every meeting should any board member wish to meet and discuss the Corporation's programs or initiatives. He added that staff would provide program updates at the board meetings when changes or new developments occurred.

### **Adjournment**

Mr. Jones adjourned the meeting at 11:35 am.

Respectfully submitted by \_\_\_\_\_  
Laura Ross, Corporate Secretary