

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
November 13, 2014
10:34 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair
WILLIAM H. DIETZ, JR.
GERRY EVENWEL
ALEJANDRO "ALEX" MEADE (absent)
JERRY ROMERO

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P R O C E E D I N G S

MR. JONES: It's 10:31, and the November Texas State Affordable Housing Corporation board meeting is called to order.

William Dietz, vice chair?

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel, member?

MR. EVENWEL: Here.

MR. JONES: Alex Meade, member?

(No response.)

MR. JONES: Jerry Romero, member?

MR. ROMERO: Here.

MR. JONES: Okay. We have a quorum.

Is there any public comment at this time?

(No response.)

MR. JONES: Okay. At this time David Long with our president's report.

MR. LONG: Thank you, Mr. Chairman, members.
Good morning.

A quick update, as always. Tab items A through D are the program area reports. If you have any questions, staff are available. We can either answer those -- I would also note that you have your quarterly compliance and resident services report in there, so staff are available if you have any questions on any of those.

1 We do not have any properties that are in noncompliance,
2 so we should be okay there.

3 MR. JONES: On the resident services report, I
4 mean, that's a lot.

5 MR. LONG: Yeah.

6 MR. JONES: Who does all that? The staff
7 doesn't do it; they --

8 MR. LONG: No. They pay monitors that monitor
9 the properties for doing those things.

10 MR. JONES: That's a lot of services.

11 MR. LONG: I'm glad to know that you feel that
12 way.

13 I would like to -- while we're talking about
14 asset oversight and compliance, I would like to make a
15 special note regarding a new opportunity that the
16 corporation has been able to facilitate.

17 Celina Mizcles, the young lady who works for
18 our organization, she and James do all of our asset
19 oversight and compliance. Through a business relationship
20 she had, she was able to facilitate a new training
21 opportunity with ITEX Property Management in Port Arthur.

22 And as a result, most of next week James and
23 Celina will be providing compliance trainings to the staff
24 at ITEX in Crockett, Texas; Houston, Texas; and Port
25 Arthur, Texas, for a total of four trainings.

1 They've developed training materials for this
2 opportunity, and we hope that it will look to have a
3 future expansion into doing that in other areas as well,
4 so we're real excited about that.

5 Under tab item 2, Maxwell Locke & Ritter, they
6 continue to do their internal audit, our annual audit.
7 Dena Jansen will be providing an update to the board under
8 tab item 2 later in the meeting.

9 Under the Foundations Fund, really good news on
10 the Foundations Fund. We are excited about this. I think
11 we mentioned to you last meeting that we had an
12 opportunity to be participating in a fundraiser that the
13 Rio Grande Partnership was putting on on October 16 in
14 Weslaco.

15 Several of us -- myself, Janie, Katie, and
16 Charlie -- had a chance to go down and participate in a
17 fundraiser they put on. It was a golf tournament. I'd
18 like to -- before I go further, I'd like to say special
19 thanks to our advisory council member, Julian Alvarez and
20 his assistant Rachel Reyes with the Rio Grande Valley
21 Partnership.

22 Through that function that was a golf
23 tournament -- and Charlie was taking pictures, and Janie
24 and Katie were helping set up; I would say I played golf,
25 but I really don't play golf. I got to ride around and

1 pretend like I was playing golf.

2 But we got an email from Rachel yesterday, and
3 she let us know that they'd increased their donation to us
4 from 12,500 to \$20,000. So that's a significant amount of
5 money that was raised as a result of that, and we just
6 want to let the board know how much we appreciate the
7 efforts of the Foundations Fund and specifically the Rio
8 Grande Valley Partnership.

9 Obviously, later in the meeting, under tab item
10 3, Janie and Katie will be making a presentation to you
11 regarding some recommendations that we have for the 2015
12 Foundations Fund.

13 Under the Statewide Homebuyer Education
14 Program, the 2015 TSHEP schedule has been confirmed. The
15 corporation will be conducting three rounds of training,
16 offering a total of four courses.

17 In February we'll hold our first round of
18 training in Austin, in partnership with Bank of America.
19 In June we'll hold our second round of training in San
20 Antonio, in partnership with Raise Texas and the Federal
21 Reserve Bank of Dallas in San Antonio.

22 We'll hold our final round of training in
23 October in Houston, and it's anticipated that we'll serve
24 about 140 counselors this year -- housing counselors, and
25 hopefully we'll be able to provide some ongoing assistance

1 to them so that we can make that as inexpensive as
2 possible, as we've done in the past. And again, that's
3 all done in partnership with Neighborworks America.

4 The ACT-VET program, as you know, we've been
5 bringing the board up to date on different donations. I
6 wanted to bring you -- inform you of the most recent
7 donation we made, which was October 23, in El Paso, Texas.

8 It was a 1430-square-foot home, to retired Sergeant First
9 Class William Chasten, who was a 20-year veteran of the US
10 Army.

11 We were very, very excited to have the turnout
12 that we did, both in press as well as speakers. We had --
13 Congressman O'Rourke was in attendance, State
14 Representative Moody, and David Stout from Senator
15 Rodriguez's office.

16 We also did that, just so you know, in
17 partnership with our local partner, which was El Paso
18 Collaborative for Community and Economic Development.
19 Again, I'd like to thank Mr. Romero for being there and
20 supporting the corporation as a representative of that.

21 Also, the staff that attended, Charlie, Jo and
22 Katie, all helped to make sure that that went off. Again,
23 we had a ton of press; we had a lot of cameras. It was
24 just well attended event, and we really thought it was a
25 special time to get a chance to show what the corporation,

1 in partnership with some of our local partners, can do.

2 I think our next donation is scheduled to be in
3 Pearland, but that's been delayed a little bit. It was
4 originally going to be last week -- excuse me -- this
5 week, but we've had to delay it a little bit, and
6 hopefully we'll give you an update by the next board
7 meeting on what we're doing then.

8 On the Single-Family Rental program, that
9 program continues to acquire properties, with the board's
10 approval, for the funding that we got this year. On
11 November 7 we closed on our 12th home. It's a four-
12 bedroom, three-bath house in Georgetown, Texas, and James
13 and Celina are working very hard to make sure that those
14 properties are updated, ready for lease-out, and James has
15 been doing a lot of work making sure that we get borrowers
16 in there that meet our income requirements as well as
17 making sure those properties are rehabbed and ready to go
18 as we move tenants through them.

19 Meetings and conferences: Rather than me going
20 through each and every one of them, I will just tell you
21 that Sarah and Paige and Delia and Liz and myself and
22 everybody -- Charlie, we've all been attending different
23 things.

24 Paige and Sarah have been attending a variety
25 of lender conventions, Austin Board of Realtors, and a

1 variety of other opportunities to meet with realtors and
2 lenders across the state, and we just have really been
3 trying to put ourselves out there and make sure that
4 people are aware of our programs and that we're getting an
5 opportunity to tell anybody that wants to know what's
6 going on with the corporation.

7 As I always do, Mr. Chairman, I let you know
8 that, obviously, Lila Vasquez is here; she's with
9 Greenberg Traurig, our general counsel firm. Robin Miller
10 and Tim Nelson are in the back of the room, with First
11 Southwest, our financial advisor firm. And I don't think
12 anybody else has walked in. And then you have most of the
13 staff in here with you.

14 Last thing I'll say before I end, Mr. Chairman,
15 is that our next meeting is scheduled for December 11, and
16 if at all possible, everybody's schedule, we'd like to
17 keep it on that time frame.

18 That would be when we would be making our audit
19 report. The auditors will be giving you their final
20 report on the audit, as well as we will end up having an
21 Audit Committee in advance of that, so if we could keep it
22 on the 11th, that would be very helpful.

23 And with that, Mr. Chairman, I'll conclude my
24 remarks, and if there are any questions, I'm more than
25 happy to answer them.

1 MR. JONES: Any comments or questions?

2 MR. ROMERO: I've got a question on the
3 financials.

4 MR. LONG: Sure.

5 MR. ROMERO: I had a question on the net
6 increase/decrease of the fair value of investments; almost
7 down \$500,000.

8 MR. LONG: Melinda, you have to come up here.

9 MS. SMITH: Oh, yeah, that's the mark to market
10 on the --

11 MR. ROMERO: This is on the bonds.

12 MR. LONG: Securities.

13 MS. SMITH: On the Ginnie Maes and Fannie Maes
14 that affect the bonds.

15 MR. ROMERO: So we'll see -- I mean, that will
16 fluctuate up and down for the year. Right?

17 MS. SMITH: Pardon?

18 MR. ROMERO: It's going to be fluctuating up
19 and down during the year?

20 MS. SMITH: Yes. We just started off the year
21 with a negative.

22 MR. ROMERO: Right. A big one.

23 MR. JONES: Any other questions, members?

24 (No response.)

25 MR. JONES: We're in pretty good shape if Mr.

1 Dietz doesn't have any.

2 Okay. Is there any public comment regarding
3 the president's report?

4 (No response.)

5 MR. JONES: Okay. Let's move on to tab item 1,
6 presentation, discussion and possible approval of the
7 minutes of the board meeting held on September 25, 2014.

8 If there's no comments or corrections, is there
9 a motion?

10 MR. ROMERO: I move to approve as presented.

11 MR. DIETZ: Second.

12 MR. JONES: It's moved and seconded. Is there
13 any public comment regarding this item?

14 (No response.)

15 MR. JONES: Hearing none, all in favor of
16 approval say aye.

17 (A chorus of ayes.)

18 MR. JONES: Okay. They pass.

19 Item 2, presentation and discussion of the
20 annual financial audit for the fiscal year ended August
21 31, 2014.

22 MR. LONG: Mr. Chairman, I'm going to have
23 Melinda and Ms. Jansen come up and give you an update on
24 kind of where they're at on that.

25 MS. SMITH: Good morning, Mr. Chair and board

1 members. My name is Melinda Smith, and as you know, our
2 audit has been going on the last week and a half or so.
3 We've had Maxwell Locke & Ritter out here. They've had a
4 couple of staff people. And Dena Jansen is here; she's
5 going to give you a quick update on the audit and answer
6 any questions you might have.

7 MS. JANSEN: Thank you so much. I am Dena
8 Jansen, partner with Maxwell Locke & Ritter responsible
9 for the engagement this year. It's a pleasure to see you
10 again. I saw you over the summer. Obviously the
11 weather's a tiny bit different today.

12 So just to give you an update on the team
13 that's here that has been performing the audit in this
14 room, which is so -- we feel very official, so we've had
15 myself, Ashley Martin, who was here at the meeting this
16 summer; she's been the manager on the engagement. Ashley
17 Auburn and Veronica Day have also been performing, so it's
18 a little bit different than your prior auditor, where he
19 was performing most of that.

20 We do have a team that's come in, but we came
21 in last week, and we'll be here wrapping up pretty much
22 through next week. What we like to offer is that staff
23 was prepared, have been wonderful about acclimating us and
24 educating us on -- you know, everyone has to get up to
25 speed on all the different programs.

1 But they have been prepared and timely -- you
2 know, responding timely to all of our inquiries and
3 requests and samples and selections, so we appreciate
4 that.

5 MR. JONES: Thank you.

6 MS. JANSEN: The other thing -- so as far as
7 timing, again, we are on track. We've started testing on
8 all items. Majority -- the largest dollars on your
9 balance sheet we do actually confirm through external
10 confirmations, and those were actually very well received
11 and have a high rate of response for those.

12 We have, as we mentioned in the -- it was
13 actually in last year's notes to your financial
14 statements, and it has been in effect now. The GASB 65,
15 the Governmental Accounting Standards Board, that was the
16 only new statement this year that was going to need to be
17 put into action, and the majority of that was actually
18 writing off previously capitalized bond issuance cost,
19 which was actually already performed by management before
20 we started.

21 But there also are just a few aesthetic
22 changes, some balances that were previously included in
23 deferred revenue under your liability section will just be
24 under a different little heading of either deferred
25 inflows or outflows, and so it's really a presentation

1 matter, not an actual change in your net asset balance.

2 The only other thing I thought I would really
3 highlight was this year the corporation did not meet the
4 threshold to require a federal single audit, and that is
5 if you -- if they were to have expended over \$500,000 of
6 federal grant funding. That was not required, so that
7 work -- even though it had been included in the
8 proposal -- and annually we'll have to monitor that, to
9 see if that threshold is met, but it was not met this
10 year, so we will not be performing that work.

11 I want to see if there was anything else they
12 wanted to make sure I highlighted. I think that was
13 really our update, so I really welcome anything else that
14 you --

15 MS. SMITH: I can't think of anything.

16 MS. JANSEN: So we really welcome any questions
17 you might have, and then if not, we look forward to seeing
18 you in December.

19 MR. JONES: Do you talk to us at all?

20 MS. JANSEN: We do. We have sent out --
21 actually that was my point up here, actually. We send
22 out -- we're required, under the auditing standards, to
23 send out audit -- one, in the engagement letter, we
24 included many of the things, and then we discussed those
25 in the previous meeting about our responsibilities and

1 yours, but we also then have governance inquiries.

2 We actually have several out, and I know after
3 this meeting I think Veronica Day is going to get to speak
4 with you as well, and if you do have a request out from
5 us, we do -- we send those out in writing, but we are more
6 than happy to always facilitate those in just a verbal
7 communication.

8 And just for those in attendance, those
9 questions are truly just about us making sure that the
10 governing body feels that they are adequately informed
11 about the internal controls of the institution, if there's
12 any concerns or any areas that they would like us to
13 specifically address that might be above and beyond those
14 normal things and just really to see if you have any other
15 questions.

16 MR. JONES: It also questions conflict --
17 possible.

18 MS. JANSEN: Absolutely.

19 MR. JONES: Now, so you're saying if anybody
20 hasn't sent it back, we can just meet with you all this
21 afternoon and just --

22 MS. JANSEN: Absolutely.

23 MR. JONES: -- do it and have it done.

24 MS. JANSEN: Absolutely. Do it while you're
25 here. Veronica Day is here on site, and she'll be here,

1 and she welcomes that. That was her point for me to bring
2 to the table.

3 MR. EVENWEL: Well, that's good, because I
4 don't think I received it yet.

5 MS. JANSEN: Well, and here's the -- the
6 requirement is as well -- and the entire board may not
7 have gotten that.

8 The requirement and even the actual true
9 auditing standard does not specifically prescribe who we
10 have to send that to; it is literally those charged with
11 governance.

12 So as a practice, we have traditionally,
13 especially in year one, have included board chair and then
14 audit committee members, because in the audit committee --
15 and you actually were on the audit committee as well.

16 MR. EVENWEL: Yes.

17 MS. JANSEN: So if we haven't, then it could
18 have just -- hopefully not just gotten lost in traffic.
19 So we'll find that, and we can get you set up with
20 Veronica today, too.

21 MR. EVENWEL: I'll sit here and wait for you.

22 MS. JANSEN: Perfect. Y'all can just stay put;
23 we'll just run her through.

24 Any other questions I can answer for you?

25 (No response.)

1 MS. JANSEN: Well, I appreciate you having us,
2 and appreciate the lines of communication. That's
3 important to us, and we appreciate being here.

4 MR. JONES: Okay. It calls for no action, but
5 is there any public comment regarding the presentation?

6 (No response.)

7 MR. JONES: Okay. Thank you. Thank you very
8 much. Appreciate.

9 MS. JANSEN: Thank you.

10 MS. SMITH: Thank you so much.

11 MR. JONES: Looking forward to meeting the
12 grand inquisitor at the end of the meeting.

13 MS. JANSEN: Wonderful.

14 MR. JONES: Item 3, presentation, discussion,
15 and possible approval to authorize the corporation to
16 match donated -- who writes this stuff? -- to match
17 donated funds to the Texas Foundations Fund from its
18 advisory council members and other individuals or entities
19 on a first-come, first-served basis up to a maximum of
20 \$25,000 per region, for a maximum total of 200,000 in
21 matching funds and to allow for a donated fund and its
22 respective matching fund to be reserved for grants to TFF
23 applicants in the region designated by the donor, if the
24 donor so desires.

25 That item is open.

1 MR. EVENWEL: So moved.

2 (General laughter.)

3 MR. JONES: Yeah, we could move and second it
4 and wait for the presentation.

5 MS. CLAFLIN: Good morning. My name is Katie
6 Claflin, senior development coordinator.

7 MR. JONES: Did you write this?

8 MS. CLAFLIN: No, I did not. But I can explain
9 it to you, hopefully.

10 MR. JONES: Oh, the lawyer. Okay, that
11 explains it all. Okay. I got it. The attorney wrote it.
12 I got it. I withdraw my comments.

13 MS. CLAFLIN: And I'm joined by Janie Taylor,
14 our manager of development and strategic communications.

15 And we're here to present to you a resolution
16 that relates to funding raised by TSAHC and our advisory
17 council to support the Texas Foundations Fund.

18 Now, basically the resolution has two parts.
19 For the first part we've asking the board to allow TSAHC
20 to match all funds raised to support the Texas Foundations
21 Fund, dollar for dollar, for a limit of up to \$25,000 in
22 each region.

23 Because there are currently eight regions, this
24 would mean a maximum total of \$200,000 in match funds, and
25 this would be for the 2015 awards. Funds would be matched

1 on a first-come, first-served basis, and it is important
2 to note that this would be in addition to the \$300,000
3 contributed annually by TSAHC.

4 To give you a little bit of background, as you
5 know, TSAHC was able to match all funds raised for the
6 2014 funding cycle, and we felt like this was a great
7 incentive for the advisory council, when contributing and
8 soliciting donations. Together the advisory council
9 raised and contributed more than \$20,000 for the 2014
10 awards.

11 So building on the progress that we made last
12 year, we're hoping to raise even more money this year, but
13 it's come to our attention that, when considering
14 potentially larger donations, we needed to place a cap on
15 the total amount of match funding available, as well as
16 the amount of funding available per region, which would
17 ensure that the match funding would be distributed
18 equitably among the state. So that's exactly what the
19 first part of this resolution does.

20 MR. JONES: Okay. Before we go on, so were we
21 going to increase the donation, or as a result of what
22 happened, we decided to increase but do it in a match
23 formula rather than just an increase?

24 MS. CLAFLIN: That's correct. Yes. We felt
25 that --

1 MR. ROMERO: No. Didn't sound right.

2 MS. CLAFLIN: I'm sorry.

3 MR. ROMERO: We're not going to increase the
4 original amount that was --

5 MR. JONES: No. We're going to get 300,000.

6 MR. ROMERO: Right.

7 MR. JONES: We do that every year.

8 MR. ROMERO: Right.

9 MR. JONES: And my question is were we going to
10 add another 100-, 200,000, or we decided to ask the board
11 to authorize up to 200,000 in matching grants to stimulate
12 more money?

13 MR. ROMERO: We may or may not use the full
14 200,000.

15 MR. JONES: Well, I understand, because like
16 they said we only had 20,000, so we matched 20,000.

17 MS. CLAFLIN: Right.

18 MS. TAYLOR: You're exactly right.

19 MR. ROMERO: But it's per region.

20 MR. JONES: But it's per region, and there's
21 eight regions, which makes a maximum of 200,000, if they
22 raised \$25,000 a piece individually.

23 MS. CLAFLIN: Correct.

24 MR. JONES: Okay. And --

25 MR. DIETZ: Do I understand correctly that

1 we -- this is consistent with what we've done in the past,
2 other than you've added kind of some stipulations
3 regarding the regions and the caps? Like last year we
4 matched the 20,000.

5 MS. CLAFLIN: We did match last year. All of
6 the contributions received last year were statewide
7 contributions --

8 MR. DIETZ: Right.

9 MS. CLAFLIN: -- and so we matched on a
10 statewide basis, and so there wasn't specific match
11 funding available for each of the regions, but it just
12 came to our attention this year that we needed to consider
13 the regions when considering the match funding, to make
14 sure that the match funding was distributed equitably.

15 MR. DIETZ: The match funding we did last year
16 was also in addition to the 300,000.

17 MS. CLAFLIN: Yes, it was.

18 MS. TAYLOR: That's correct.

19 MR. ROMERO: And let me just add some context
20 to it. What happened was that we scheduled a call with a
21 potential donor in El Paso, and this donor we were going
22 to ask for \$50,000, and we talked about the matching
23 dollars and kind of raised the question, okay, if we get
24 \$50,000 from this donor, is the corporation going to match
25 \$50,000?

1 And if the donor wants this money to stay in El
2 Paso, that's going to be \$100,000 that stays in El Paso,
3 over and above what's already designated for that region.

4 So that brought up a lot of questions like, Wait a
5 second; this can get expensive if somebody comes in and
6 offers \$150,000. Before you know it, we're contributing a
7 million dollars to this program that's coming out of our
8 pockets.

9 So that's when staff got together and said, We
10 need to figure out a way how to -- we can still do this,
11 encourage donations, but not subject the corporation to
12 having to fund, you know, half a million dollars over and
13 above the 300,000 or a million dollars over the 300,000.

14 MR. JONES: So if the guy wants to give
15 \$50,000, we would tell him we would match it up to 25-.

16 MR. ROMERO: Right. And if there are any other
17 donors come in to El Paso with additional funds, the match
18 has already been achieved, so we wouldn't be able to match
19 any more dollars.

20 MR. EVENWEL: But then the other side of that
21 is if you have your example, someone wants to give 50- and
22 we've matched 25-, would we take his additional 25- and
23 put in another region that might not have --

24 MS. TAYLOR: It could --

25 MR. ROMERO: It could.

1 MS. TAYLOR: -- if they designate that. So
2 we're going to redo the pledge card so they can -- let's
3 say that happens and they can designate it to another
4 specific region or they say, Divide it up between the
5 remaining regions.

6 And so -- and then depending on how much match
7 dollars are available for those remaining regions, then we
8 would match it adequately. It just depends on each --

9 MR. JONES: So do you have to make an
10 adjustment in the budget to show a potential expenditure
11 of 200,000? Does that call for a budget amendment?

12 MS. TAYLOR: Well, the -- when we've had this
13 discussion, from what we understand -- so these grants
14 will actually be done next fall, because our fiscal year
15 is -- would begin September 1. It would be in next year's
16 budget, but you're adopting -- today you're approving --
17 you would be approving the policy that we would use to
18 then budget the money.

19 MR. JONES: So in this current budget year it
20 wouldn't be a factor.

21 MS. TAYLOR: No. Correct?

22 MR. LONG: Correct.

23 MR. JONES: But if it were to be a factor, then
24 you would come to us for a budget amendment. Correct?

25 MS. TAYLOR: Exactly.

1 MR. LONG: Timing is allowing us not to have to
2 do that at this time, this specific resolution.

3 MR. JONES: But it wouldn't be a big deal if we
4 had to do it, I don't think.

5 MR. DIETZ: Our matching is nothing new; we're
6 just putting some constraints around the matching.

7 MS. TAYLOR: Some parameters.

8 MR. JONES: Some parameters in cash.

9 MS. TAYLOR: Yes.

10 MR. JONES: Okay. All right. Innovative.

11 MS. CLAFLIN: And then the second part of the
12 resolution just confirms that we'll honor a donor's wish
13 that their funds be reserved for a specific region and
14 that the matching funds will also go to that region, up to
15 the \$25,000.

16 MR. JONES: But the donor that wants to keep it
17 to the area won't have any idea of how much money is
18 already awarded to the area out of the 300,000. They
19 wouldn't know, would they?

20 MR. LONG: Not necessarily.

21 MS. TAYLOR: No, because --

22 MR. JONES: You said not necessarily.

23 MS. TAYLOR: Well, the -- no, because --

24 MR. JONES: It's done before we make our
25 awards.

1 MS. TAYLOR: They make their donation prior to
2 the advisory council making recommendations for awards.

3 MR. JONES: Okay. So they've designated to the
4 region, but they can't designate it to the program.

5 MS. TAYLOR: Well, it's designated for the --

6 MR. JONES: I mean, when I said the program,
7 let's say there's an agency that's applied to TSAHC under
8 the Foundation's fund grant --

9 MS. TAYLOR: Right.

10 MR. JONES: -- of which we award, what, up to
11 50,000?

12 MS. TAYLOR: Right.

13 MR. ROMERO: It could be. Yeah.

14 MS. TAYLOR: Yes.

15 MR. JONES: Right. I mean, that's the maximum
16 that any one person can get.

17 MR. ROMERO: Right.

18 MR. JONES: So if somebody wants to donate
19 50,000 to the same region, can they designate it to the
20 same entity that applied originally, which means they
21 would get whatever money our scoring allocated them, plus
22 the additional money on top?

23 MR. ROMERO: I don't think it would work that
24 way, because they wouldn't know who's applying for the
25 funds.

1 MR. JONES: Well, that's what I'm asking.

2 MR. ROMERO: Yeah. They wouldn't know who's
3 applying for the funds. If we got no applications in El
4 Paso, there would be no way to designate that money to an
5 agency if there's no applications.

6 MR. JONES: But my hypothetical is they
7 wouldn't have any way of knowing, but I'm saying, suppose
8 it was a hypothetical situation -- and attorneys like
9 hypotheticals; that's the way they learn this stuff.
10 Right?

11 But I don't want to use widgets. If there's an
12 agency -- let's say ABC Foundation -- and they applied to
13 the Texas Foundations Fund for a grant. They have
14 300,000; a maximum grant is 50,000. Correct?

15 If they applied at the point that somebody
16 designated an additional 50,000, if they qualified and
17 maybe we were only going to give them 30-, and somebody
18 for the region said, Let's just use it for the region,
19 would that up the amount that they would get if they could
20 qualify for 50-, if they qualified for 50- and the
21 designated person said, I want ABC Corporation to get
22 another 50- -- to get 50,000.

23 We've already awarded them 50-; they can order
24 50-, then we match -- do you understand what I'm saying?
25 I'm just saying a hypothetical. Could that happen?

1 MR. DIETZ: If I understand you correctly,
2 you're saying if we have funds that are in excess of the
3 funds we would normally be awarding to that region --

4 MR. JONES: Right.

5 MR. DIETZ: -- reserved or designated to that
6 region, what do we do?

7 MR. JONES: Well, it's not just the region.
8 I'm talking all the way down to a specific agency.

9 MR. ROMERO: I think we're going to be asking
10 the donor to donate to the program --

11 MR. JONES: Rather than to specific --

12 MR. ROMERO: Right. Correct.

13 MR. JONES: -- entities. That's my question.

14 MS. TAYLOR: It's a competitive application for
15 the program for those that are being awarded a grant. So
16 we don't know who will be awarded a grant until you guys
17 approve the awardees, which is the recommendation from the
18 advisory council.

19 MR. JONES: I understand, but --

20 MS. TAYLOR: And that happens after --
21 generally when the fiscal year has ended, that money has
22 been collected for donations.

23 MS. CLAFLIN: And I believe based on the way
24 that the program is currently structured, we wouldn't be
25 able to tell a donor that we could commit a certain

1 portion of their funding to a specific --

2 MR. JONES: To any specific --

3 MR. ROMERO: They still have to go through the
4 program guidelines to qualify.

5 MR. JONES: In other words, they do not
6 designate an entity in their region; they can only commit
7 to their region.

8 MR. ROMERO: Right.

9 MS. TAYLOR: Yes.

10 MR. JONES: Okay. So second part of this is if
11 they do commit 50,000 to the region and they are qualified
12 for an award under the original 300,000 that we give and
13 what we match, would the donated money for the region
14 replace, so that we could award other people in other
15 areas additional funds?

16 MR. ROMERO: If I'm not mistaken, the way we --

17 MR. JONES: See what I'm saying?

18 MR. ROMERO: Yeah. If I'm not mistaken, the
19 way we've discussed it is that there's an allocation of
20 \$300,000 for the eight regions in Texas.

21 MR. JONES: Right.

22 MR. ROMERO: If they meet the qualifying
23 criteria -- let's say we have two applications in El
24 Paso --

25 MR. JONES: Because we don't have to distribute

1 it evenly to each region.

2 MR. ROMERO: Right, right. That's what I'm
3 saying. So let's say the maximum -- whatever was going to
4 go to El Paso was \$30,000, and you had two applicants that
5 qualified under our scoring criteria, and we decided to
6 give 30- to one and 30- to another, you would tap into the
7 donated funds for that region over and above what the
8 corporation already committed to the program.

9 You understand what I'm saying?

10 MR. JONES: Why wouldn't it replace it so that
11 the 30,000, 30,000 out of our 300,000 would go to other
12 areas and people who are qualified if we had --

13 MR. ROMERO: Because the reason we want to get
14 the matching dollars is to let them know that those monies
15 from TSAHC are going to be utilized in the market as well.

16 You can't say, Give me \$50,000 but we're going to use
17 your money first, and if there's any money left over, then
18 we'll tap into TSAHC's.

19 MS. CLAFLIN: It becomes less of an
20 incentive --

21 MR. ROMERO: Right.

22 MS. CLAFLIN: -- to donate if you know that
23 you're not -- that it's going to be replacing funding that
24 might already go to that region.

25 MR. ROMERO: Then the argument will be, well,

1 why don't I just give it to the local housing advocates in
2 El Paso.

3 MR. JONES: So what it will do is allow to give
4 other agencies that qualify in the area some additional
5 funding --

6 MR. ROMERO: Right.

7 MR. JONES: -- when they wouldn't have
8 qualified under our original funding.

9 MR. ROMERO: And a good example is this year.
10 We gave one agency in El Paso a grant. We might have been
11 able -- if we had had this other funding, we might have
12 been able to give two or three agencies in El Paso --

13 MR. JONES: But they still have to be people
14 who meet a certain --

15 MR. ROMERO: Right.

16 MR. JONES: -- scoring qualification --

17 MS. CLAFLIN: Yes.

18 MR. JONES: -- that normally wouldn't be in the
19 funding block, but the additional regional -- okay; I got
20 it.

21 MS. CLAFLIN: And staff will go through an
22 extensive scoring process and discuss the applications
23 with the advisory council to make sure that all
24 organizations awarded are high-quality organizations.

25 MR. ROMERO: It wouldn't matter if we had three

1 applicants from El Paso if two of them didn't meet the
2 minimum thresholds; we wouldn't be funding them anyhow.

3 MR. JONES: No matter where the money came
4 from.

5 MR. ROMERO: Right.

6 MR. DIETZ: Now, that \$50,000 hypothetically
7 we're not committing to spend all that in one year.
8 Right?

9 MR. ROMERO: We could, we could not. I mean,
10 we could, we may not. It all depends on the applicants
11 and what they're applying for.

12 MR. DIETZ: So they could save some of that
13 \$50,000 for next year or the year after.

14 MS. CLAFLIN: Oh, you mean a donor.

15 MR. JONES: The donor. Right.

16 MS. CLAFLIN: We'd have to communicate with the
17 donor.

18 MS. TAYLOR: Right. They would have to specify
19 their -- how their donation is applied.

20 MR. JONES: So they might want it applied right
21 away.

22 MS. TAYLOR: Yeah.

23 MR. ROMERO: It's very liberal to the donor.
24 They can decide how the money's going to be spent.

25 MR. JONES: But it's incentive; I got you.

1 Okay.

2 MR. EVENWEL: And it's all tax deductible.

3 MS. CLAFLIN: I think that's the end of our
4 explanation. If you have any other questions, we're happy
5 to hear them.

6 MR. JONES: Ms. Taylor, anything else?

7 MS. TAYLOR: No. I think this is a very good
8 policy for us to have, and it will give the advisory
9 council members and board members something to take to
10 potential donors as an incentive to get additional funds
11 in their region, and I think it's very generous of this
12 organization and the board to have this incentive. It's
13 not something that happens very often in organizations, so
14 I think it's great.

15 MR. JONES: Okay. Any other comments?

16 I'll entertain a motion.

17 MR. EVENWEL: So moved.

18 MR. JONES: Is there a second?

19 MR. DIETZ: Second. Whatever you read earlier.

20 MR. JONES: Okay. What I read was moved and
21 seconded. Is there any public comment on tab item 3?

22 (No response.)

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

25 (A chorus of ayes.)

1 MR. JONES: It passes. Thank you very much.

2 Okay. Tab item 4: presentation, discussion,
3 and possible approval of the guidelines, scoring criteria
4 and targeted housing needs for the allocation of qualified
5 residential rental project tax-exempt bond funds under the
6 multifamily housing private activity bond program request
7 for proposals and the 501(c)(3) bond program policies for
8 calendar year 2015.

9 MR. DANENFELZER: Good morning.

10 MR. ROMERO: Period.

11 MR. JONES: Oh, yeah. Sorry. Period.

12 MR. DANENFELZER: I wasn't sure if you were
13 going to keep going there.

14 Good morning. David Danenfelzer, manager of
15 development finance. As you know, a couple of months ago,
16 in September, we did go ahead and get your approval to
17 post the draft 2015 policies and requests for proposals
18 for tax-exempt bonds under the multifamily division.

19 We've gone out and posted those for public
20 comment, as you'll note. We received no public comment.
21 And this is pretty common, particularly since there was no
22 legislative session this past year; there were no changes
23 to state statutes or rules about the issuance of tax-
24 exempt bonds.

25 We'll likely see some this year again, so that

1 may allow us to make some more amendments and get more
2 feedback on making sure that the policies are up to date.

3 But thankfully we didn't get much comment.
4 Generally people are pretty happy with our rules and
5 policies and the operation of the programs, so I think
6 that is kind of good news.

7 What we've provided you, attached after this
8 short writeup, is the draft policies which we presented.
9 There was one small change to the draft policies that I
10 did not make because it is -- or note, because it was
11 simply a punctuation issue that was pointed out by Mr.
12 Evenwel last time, so the comma period was corrected.

13 But everything is exactly the same, and then
14 we've also provided you with a final copy there that
15 basically accepts all the changes in the document and
16 clearly shows what the document will look like if approved
17 today.

18 Any questions?

19 (No response.)

20 MR. JONES: We'll entertain a motion of
21 approval.

22 MR. ROMERO: I make the motion to approve as
23 presented.

24 (Pause.)

25 MR. DIETZ: Second.

1 MR. JONES: Don't anybody speak at the same
2 time.

3 (General laughter.)

4 MR. JONES: It's been moved and seconded.
5 Any public comment on item number 4?

6 (No response.)

7 MR. JONES: All right. All in favor of
8 approval say aye.

9 (A chorus of ayes.)

10 MR. JONES: Any opposition?

11 (No response.)

12 MR. JONES: It passes.

13 Thank you, Mr. Dannenfelzer. It was a lot to
14 read, I tell you, but I'm taking your word that you
15 punctuated it like he asked.

16 MR. DANNENFELZER: Yes. We got that corrected,
17 and I re-reviewed the entire thing for punctuation to make
18 sure that there were no other --

19 MR. JONES: I'm sure you did.

20 MR. DANNENFELZER: Thank you very much.

21 MR. LONG: Mr. Chairman?

22 MR. JONES: Yes.

23 MR. LONG: A couple of things. Before we go on
24 to tab item 5, I wanted to go back to my president's
25 report and Janie reminded me of a couple of things in my

1 notes that I skipped over.

2 One was that we were talking about the Texas
3 Statewide Homebuyer Education Program, or TSHEP, and I
4 failed to mention that the Wells Fargo Foundation made a
5 contribution to us for \$10,000 in support of that that
6 will be used in conjunction with our trainings in 2015.

7 The second thing is that Mr. Dietz joined us
8 for a breakfast in Waco. The Waco Neighborworks
9 organization had a breakfast; they have an annual
10 breakfast that they put on, and while I was unable to make
11 it, some of the staff joined Mr. Dietz at that breakfast,
12 and I appreciate Mr. Dietz showing up and being there to
13 help represent the corporation in that function.

14 So thank you, Mr. Dietz. It was at the new
15 stadium; I was kind of excited about getting a chance to
16 see the new stadium in Waco, but I didn't get to go. But
17 thank you, again, Mr. Dietz.

18 And with that, Mr. Chairman, we can move on to
19 tab item 5, but we have to go into closed session before
20 we go in -- have to have a closed session before we take
21 that action on item 5, and so I would ask Ms. Vasquez to
22 come up.

23 MR. JONES: Okay. Item 5 is presentation,
24 discussion and possible approval of a resolution providing
25 the president and executive vice president authority to

1 (I) execute a purchase agreement and related financing
2 documents for the acquisition of an office building for
3 the corporation, (ii) execute related renovation
4 contracts, and (iii) execute related lease agreements and
5 concerning other matters incident and related thereto.

6 So under Texas Government Code Section 551.071
7 and Government Code Section 551.072, we go into closed
8 session. So we call the open session to an end. It is
9 11:03, and we're preparing to go into closed session.

10 MR. LONG: She has to give a statement.

11 MS. VASQUEZ: So that it goes on record.

12 MR. JONES: Okay. All right. Keep it going
13 for a minute, Mr. Schafer.

14 Go ahead.

15 MS. VASQUEZ: It is 11:10 on November 13, 2014.

16 MR. JONES: 11:13.

17 MS. VASQUEZ: 11:13 on November 13, 2014. The
18 board will now hold a closed executive session in
19 accordance with Section 551.071 of the Texas Government
20 Code. Pursuant to the Texas Government Code Section
21 551.103, this portion of the closed meeting held pursuant
22 to Section 551.071 of the Government Code is not subject
23 to being tape-recorded or summarized by certified agenda.

24 (Whereupon, at 11:13 a.m., the board met in
25 executive session.)

1 MR. JONES: It is 11:28, and we are out of
2 closed session and back into open session. No action was
3 taken during our closed session of the board.

4 Now we go back to tab item 5, the presentation,
5 discussion and possible approval of a resolution providing
6 the president and executive vice president authority to
7 (I) execute a purchase agreement and related financing
8 documents for the acquisition of an office building for
9 the corporation, (ii) execute related renovation
10 contracts, and (iii) execute related lease agreements and
11 concerning other matters incident and related thereto.

12 Is there a motion?

13 MR. ROMERO: I move to approve as presented.

14 MR. JONES: It's moved to be approved.

15 MR. EVENWEL: Second.

16 MR. JONES: And it's been seconded. Is there
17 any public comment on tab item number 5?

18 (No response.)

19 MR. JONES: Okay. Hearing none, all in favor
20 of approval of that item say aye.

21 (A chorus of ayes.)

22 MR. JONES: Any opposition?

23 (No response.)

24 MR. JONES: Okay. It passes.

25 MR. LONG: Thank you, Mr. Chairman.

1 MR. JONES: Okay. With that, the next
2 scheduled board meeting is December 11; it's scheduled for
3 December 11.

4 MR. LONG: That's the second Thursday of the
5 month, so it would be our regularly scheduled time frame.

6 MR. JONES: Correct. And also I want to thank
7 the staff for the job that they've done. As usual, good
8 job. And Mr. Joe Schafer, for dutifully recording and
9 documenting our meeting.

10 Any other comments?

11 (No response.)

12 MR. JONES: I thank you, Mr. David Long, for
13 continuing your excellent work as president of the
14 corporation. And our attorneys, as usual.

15 The meeting is adjourned.

16 (Whereupon, at 11:33 a.m., the meeting was
17 concluded.)

