



January Board Meeting  
To be held at the offices of  
Texas State Affordable Housing Corporation  
2200 East Martin Luther King Jr. Blvd.  
Austin, TX 78702

Thursday, January 15, 2015  
10:30 a.m.

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
To be held at the offices of  
**Texas State Affordable Housing Corporation**  
**2200 East Martin Luther King Jr. Blvd**  
**Austin, Texas 78702**  
**January 15, 2015 at 10:30 am**

**CALL TO ORDER, ROLL CALL**  
**CERTIFICATION OF QUORUM**

**Bob Jones**  
**Chair**

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

**PUBLIC COMMENT**

**PRESIDENT'S REPORT**

**David Long**

Tab A: Homeownership Finance Report  
Tab B: Development Finance Report  
Tab C: Marketing and Development Report  
Tab D: Monthly Budget and Investment Reports

**ACTION ITEMS IN OPEN MEETING:**

- |       |   |
|-------|---|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 11, 2014.   |
| Tab 2 | Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015, a Trust Indenture, a Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Issuance of the Bonds; and Other Provisions in Connection Therewith. |
| Tab 3 | Presentation, Discussion and Possible Approval of a Resolution Relating to the Sale of Mortgage-Backed Certificates Relating to the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program), Series 2005A, and the Redemption in Whole of Such Bonds, and All Matters Related Thereto.   |
| Tab 4 | Discussion of the 84 <sup>th</sup> Texas Legislative Session.   |

**CLOSED MEETING:**

Consultation with legal counsel on legal matters – Texas Government Code § 551.071  
Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072  
Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073  
Personnel Matters – Texas Government Code § 551.074  
Implementation of security personnel or devices – Texas Government Code § 551.076  
Other matters authorized under the Texas Government Code

**OPEN MEETING:**

Action in Open Meeting on Items Discussed in Closed Meeting

**ADJOURN:**

*Individuals who require auxiliary aids or services for this meeting should contact Laura Ross, ADA Responsible Employee, at 512-477-3560 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.*

*Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.*

# PRESIDENT'S REPORT

# Tab A



**Homeownership Program with Downpayment Assistance  
January 1, 2013 to December 31, 2014**

Month	Originated	# of Loans	% Total
January-13	\$13,964,336	113	3%
February-13	\$14,398,644	115	3%
March-13	\$18,899,330	160	5%
April-13	\$20,275,475	169	5%
May-13	\$27,321,015	228	7%
June-13	\$27,129,300	220	7%
July-13	\$19,945,824	166	5%
August-13	\$17,628,107	147	4%
September-13	\$16,178,171	134	4%
October-13	\$18,401,397	148	4%
November-13	\$12,844,210	99	3%
December-13	\$14,490,368	116	3%
January-14	\$11,890,757	99	3%
February-14	\$13,567,001	104	3%
March-14	\$17,624,290	138	4%
April-14	\$17,170,027	142	4%
May-14	\$21,718,171	175	5%
June-14	\$11,671,082	99	3%
July-14	\$14,279,295	114	3%
August-14	\$12,164,446	97	3%
September-14	\$16,034,401	130	4%
October-14	\$15,642,642	126	4%
November-14	\$18,144,234	141	4%
December-14	\$16,480,390	137	4%
<b>Totals</b>	<b>\$407,862,913</b>	<b>3317</b>	<b>100%</b>

Lender	Originated	# of Loans	% Total
Cornerstone Home Lending, Inc.	\$67,142,851	528	16%
NTFN, Inc.	\$34,251,912	281	8%
Rocky Mountain Mortgage Company	\$23,143,432	198	6%
Guild Mortgage Corporation	\$23,083,697	192	6%
Everett Financial, dba Supreme Lending	\$21,245,942	163	5%
First Community Mortgage	\$18,631,116	176	5%
PrimeLending	\$17,071,014	148	4%
Houstonian Mortgage Group, Inc.	\$14,470,813	134	4%
Pulte Mortgage LLC	\$13,758,556	94	3%
WR Starkey Mortgage, LLP	\$12,357,480	107	3%
DHI Mortgage Company, Ltd.	\$11,843,557	82	2%
Fairway Independent Mortgage Corporation	\$11,236,750	102	3%
Gateway Mortgage Group, LLC	\$9,932,741	90	3%
Wells Fargo Bank, N.A.	\$9,268,013	80	2%
Castle and Cooke Mortgage	\$7,584,979	60	2%
Aspire Financial, Inc.	\$7,359,175	63	2%
Affiliated Bank	\$6,996,918	54	2%
SFMC, LP (Service First Mortgage)	\$6,981,874	57	2%
Universal American Mortgage Company, LLC	\$6,979,222	48	1%
Interlinc Mortgage Services, LLC	\$6,417,865	47	1%
Primary Residential Mortgage, Inc.	\$5,457,104	46	1%
Georgetown Mortgage, LLC	\$5,329,677	41	1%
Ark-La-Tex Financial (Benchmark Mtg.)	\$4,497,181	32	1%
Hometrust Mortgage Company	\$4,393,823	36	1%
Nationstar Mortgage LLC	\$3,933,591	31	1%
Highlands Residential Mortgage	\$3,591,561	26	1%
Envoy Mortgage	\$3,403,787	28	1%
Academy Mortgage Corporation	\$3,122,454	28	1%
Network Funding, LP	\$2,908,168	20	1%
SWBC Mortgage Corporation	\$2,802,741	24	1%
Cendera Funding, Inc.	\$2,504,884	21	1%
First National Bank	\$2,441,526	22	1%
Nations Reliable Lending, LLC	\$2,232,948	16	0%
Movement Mortgage, LLC	\$1,890,113	15	0%
First California Mortgage Co (FirstCal)	\$1,840,342	17	1%
Home Financing Unlimited, Inc. (Mission)	\$1,800,932	10	0%
TXL Mortgage Corp. (Baymont Financial)	\$1,614,919	11	0%
iMortgage.com, Inc.	\$1,591,330	10	0%
Resmac, Inc.	\$1,561,335	12	0%
One Mortgage, Inc.	\$1,470,801	11	0%
Sente Mortgage Inc.	\$1,383,622	10	0%
Republic State Mortgage Co.	\$1,318,800	11	0%
Home Community Mortgage	\$1,273,799	9	0%
K Hovnanian American Mortgage, LLC	\$1,192,813	8	0%
Northstar Bank Mortgage	\$1,055,762	8	0%
Colonial Savings, F.A.	\$1,043,725	8	0%
HomeBridge Financial Services	\$995,244	8	0%
Sun West Mortgage Company, Inc.	\$818,493	6	0%
loanDepot	\$791,691	6	0%
IberiaBank Mortgage Company	\$754,086	7	0%

At a Glance	
Total Amount Originated	\$407,862,913
Average Annual Income	\$42,545
Average Purchase Price	\$125,739
Average Loan Amount	\$122,961
Average Interest Rate	4.57%
Average Household Size	2
Program	%
Home Sweet Texas (80% AMFI)	61.29%
Homes for Texas Heroes	38.71%
▪ Teacher	26.14%
▪ Peace Officer	3.59%
▪ Fire Fighter	2.47%
▪ Corrections Officer	2.23%
▪ EMS Personnel	0.66%
▪ Veteran	0.66%
▪ School Counselor	0.57%
▪ Public Security Officer	0.54%
▪ Professional Nursing Faculty	0.51%
▪ Teacher's Aide	0.45%
▪ School Librarian	0.27%
▪ County Jailor	0.21%
▪ School Nurse	0.21%
▪ Allied Health Faculty	0.18%
New/Existing Home	
Existing	72.17%
New	27.83%
Type of Loan	
FHA	96.11%
VA	1.36%
USDA -RHS	1.27%
HFA Preferred Conventional	1.27%
Ethnicity	
White	42.43%
Hispanic	37.68%
Black	15.64%
Not Defined	2.09%
Asian/Pacific Islander	1.70%
American Indian/Alaskan Native	0.25%
Other	0.21%
Top 20 Originating Counties	# of Loans
Harris	545
El Paso	499
Tarrant	334
Dallas	328
Bexar	276
Travis	160
Cameron	135
Williamson	114
Hidalgo	96
Denton	87
Fort Bend	82
Collin	74
Bell	59
Montgomery	43
Galveston	41
Johnson	33
Brazoria	33
Comal	28
Hays	28
Ellis	28



**Homeownership Program with Downpayment Assistance  
January 1, 2013 to December 31, 2014**

<i>Lender</i>	<i>Originated</i>	<i># of Loans</i>	<i>% Total</i>
Willow Bend Mortgage Company, LLC	\$670,389	5	0%
New Penn Financial, LLC	\$653,050	6	0%
Cobalt Mortgage, Inc.	\$639,353	5	0%
Stonegate Mortgage Corporation	\$591,892	5	0%
Open Mortgage LLC	\$539,838	5	0%
The Lending Partners, LLC	\$514,508	4	0%
First Choice Loan Services, Inc.	\$491,673	3	0%
Evolve Bank & Trust	\$489,850	3	0%
American Financial Network, Inc.	\$482,497	4	0%
Global Advisory Group, Inc.	\$477,186	4	0%
Loan Simple, Inc.	\$429,721	5	0%
Americash dba AC Residential Lending	\$404,336	4	0%
Bay Equity LLC	\$361,334	3	0%
RMC Mortgage Corporation	\$332,391	2	0%
1st Preference Mortgage Corporation	\$327,711	4	0%
LHM Financial Corp., dba CNN Mortgage	\$220,447	2	0%
Fidelity Homestead/NOLA Lending Group	\$216,374	2	0%
Amerifirst Financial, Inc.	\$189,499	1	0%
The Home Lending Group, LLC	\$180,175	1	0%
American Southwest Mortgage Corp.	\$168,393	1	0%
American Bank, N.A.	\$154,843	1	0%
Texas Bank Mortgage Company	\$131,737	1	0%
BancorpSouth Bank	\$131,572	1	0%
Guaranteed Rate	\$105,061	1	0%
First Continental Mortgage, Ltd.	\$95,733	1	0%
Nations Lending Corporation	\$88,191	1	0%
<b>Total Committed</b>	<b>\$407,862,913</b>	<b>3317</b>	<b>100%</b>



**2014A Mortgage Credit Certificate Program  
March 17, 2014 to December 31, 2014**

Month	Originated	# of Loans	% Total
March-14	\$1,758,328	14	5%
April-14	\$2,977,835	22	7%
May-14	\$3,500,608	25	8%
June-14	\$4,387,518	34	11%
July-14	\$4,063,806	32	11%
August-14	\$3,646,487	28	9%
September-14	\$5,061,803	39	13%
October-14	\$5,576,316	43	14%
November-14	\$4,669,423	35	12%
December-14	\$3,543,220	27	9%
<b>Totals</b>	<b>\$39,185,344</b>	<b>299</b>	<b>100%</b>

Lender	Originated	# of Loans	% Total
Cornerstone Home Lending, Inc.	\$7,029,031	54	18%
Everett Financial, dba Supreme Lending	\$3,168,104	23	8%
DHI Mortgage Company, Ltd.	\$2,420,271	16	5%
Guild Mortgage Corporation	\$2,317,918	18	6%
WR Starkey Mortgage, LLP	\$1,949,693	16	5%
PrimeLending	\$1,377,763	10	3%
Universal American Mortgage Company, LLC	\$1,289,790	9	3%
Pulte Mortgage LLC	\$1,064,441	7	2%
Houstonian Mortgage Group, Inc.	\$1,018,110	9	3%
Northstar Bank Mortgage	\$977,731	8	3%
Gateway Mortgage Group, LLC	\$967,930	7	2%
Fairway Independent Mortgage Corporation	\$906,741	8	3%
Highlands Residential Mortgage	\$855,122	7	2%
Home Community Mortgage	\$835,297	6	2%
Nations Reliable Lending, LLC	\$829,197	5	2%
Open Mortgage LLC	\$758,670	5	2%
Interlinc Mortgage Services, LLC	\$752,751	5	2%
Network Funding, LP	\$676,508	5	2%
Sente Mortgage Inc.	\$669,160	5	2%
Primary Residential Mortgage, Inc.	\$663,509	6	2%
Aspire Financial, Inc.	\$592,428	4	1%
Sun West Mortgage Company, Inc.	\$555,431	4	1%
Hometrust Mortgage Company	\$548,823	4	1%
Wells Fargo Bank, N.A.	\$545,295	5	2%
Texas Bank Mortgage Company	\$459,427	4	1%
First California Mortgage Co (FirstCal)	\$426,137	5	2%
Nationstar Mortgage LLC	\$409,819	3	1%
NTFN, Inc.	\$406,008	3	1%
Republic State Mortgage Co.	\$389,068	3	1%
SFMC, LP (Service First Mortgage)	\$387,999	3	1%
Bank of America, N.A.	\$331,624	4	1%
Georgetown Mortgage, LLC	\$329,681	3	1%
Affiliated Bank	\$308,906	3	1%
SWBC Mortgage Corporation	\$304,444	2	1%
Cendera Funding, Inc.	\$274,829	2	1%
Castle and Cooke Mortgage	\$260,409	2	1%
Wallick and Volk, Inc.	\$248,660	2	1%
Movement Mortgage, LLC	\$236,381	2	1%
W.J. Bradley Mortgage Capital, LLC	\$226,716	2	1%
The Home Lending Group, LLC	\$180,175	1	0%
New American Funding (Broker Solutions)	\$177,700	1	0%
Palm Lending LLC	\$177,175	1	0%
First National Bank	\$154,106	1	0%
The Lending Partners, LLC	\$151,210	1	0%
Willow Bend Mortgage Company, LLC	\$135,050	1	0%
BancorpSouth Bank	\$131,572	1	0%
Bay Equity LLC	\$117,826	1	0%
One Mortgage, Inc.	\$115,862	1	0%
First Choice Loan Services, Inc.	\$74,846	1	0%
<b>Total Committed</b>	<b>\$39,185,344</b>	<b>299</b>	<b>100%</b>

**Total Allocation**      **\$62,500,000**  
**Remaining to Commit**    **\$23,314,656**

At a Glance	
Total Amount Originated	\$39,185,344
Average Annual Income	\$40,658
Average Purchase Price	\$136,114
Average Loan Amount	\$131,055
Average Household Size	2
Average Interest Rate	4.550%
Program	%
<b>Home Sweet Texas (80% AMFI)</b>	<b>70.23%</b>
<b>Homes for Texas Heroes</b>	<b>29.77%</b>
▪ Teacher	18.73%
▪ Veteran	3.01%
▪ Peace Officer	2.68%
▪ Corrections Officer	1.67%
▪ Fire Fighter	1.34%
▪ Professional Nursing Faculty	0.67%
▪ EMS Personnel	0.67%
▪ Teacher's Aide	0.33%
▪ Public Security Officer	0.33%
▪ Allied Health Faculty	0.00%
▪ School Librarian	0.00%
▪ School Counselor	0.00%
▪ County Jailer	0.00%
▪ School Nurse	0.00%
New/Existing Home	
Existing	70.57%
New	29.43%
Type of Loan	
FHA	76.25%
USDA-RHS	11.37%
Conventional	8.36%
VA	4.01%
Ethnicity	
White	40.62%
Hispanic	32.69%
Black	21.59%
Asian/Pacific Islander	3.31%
Not Defined	1.34%
Other	0.46%
Top 20 Originating Counties	# of Loans
Harris	78
Dallas	40
Bexar	29
Tarrant	24
Travis	20
Williamson	19
Collin	14
Fort Bend	13
Hays	6
Bell	5
Grayson	4
Hidalgo	4
El Paso	4
Webb	3
Denton	3
Comal	3
Brazoria	3
Cameron	3
Galveston	2
Kaufman	2

## Tab B



## Texas State Affordable Housing Corporation

### Development Finance Programs Report

January 2015

#### **Affordable Communities of Texas Program**

The ACT program had a successful 2014 wrapping up the year with an ACT-VET donation in Houston, Texas and closings to new homeowners in Houston, Fort Worth, and Bryan, Texas. Although the veteran's donations tapered off in 2014 from the previous year the program continues to be a bright spot for staff. Bank of America and NCST have announced new rounds of donations will be forthcoming in 2015 and staff will be focused on renovations and sales of the remaining ACT-VET portfolio.

Below is a snapshot of our current portfolio and changes since the last board report.

Program	Portfolio as of 12/1/14	Acquired	Sold	Current Portfolio	Current Portfolio Value
ACT Land Bank	81	2	0	83	\$1,103,990.67
ACT Land Trust	60	0	0	60	\$650,000.00
Texas NSP	254	1	1	254	\$4,862,054.04
Veteran's Initiative	21	0	2	19	\$1,521,818.00
Totals	416	3	3	416	\$8,137,862.71

#### **Lending Programs**

Staff is working with one applicant to finalize due diligence needed to bring their application to the Corporation's Loan Committee and get initial approval to bring their application to the Board. The loan involves the acquisition of a 15 unit affordable rental property located in Austin, Texas that will preserve the existing property and extend its current affordability restrictions. Staff will bring this project to the board if and when the Loan Committee approves it.

#### **Multifamily Bond Programs**

Staff has completed its work on the THF Palladium Midland Apartments project and submitted its application for final approval to the Texas Bond Review Board. Pending approval by the Corporation's Board at this meeting, the project will be presented for approval to the Texas Bond Review Board, with an anticipated closing date of February 5<sup>th</sup>, 2015. Details of the transaction are included in an agenda item with this board book.

## Tab C



## 2014 MARKETING COMMUNICATIONS ACTIVITY REPORT

### Advertising

TSAHC promotes its programs and services to specific audiences by placing advertisements in print magazines, websites and email newsletters of partner organizations. TSAHC also promotes its home buyer programs by placing advertisements on the search engine Google.

- 3 Print Ads (quarterly distribution)
- 3 Email Newsletters (monthly or quarterly distribution)
- TSAHC Google ad received 24,466 clicks

### Website

TSAHC's website is the primary way we communicate with consumers and other constituents. Several improvements were made to TSAHC's website in 2014.

- 20 Blog postings (weekly, beginning August)
- 150 external websites with links to TSAHC's website
- 25% increase in website visits (194,557 vs 155,450)
- 70% increase in organic search traffic from 2013 to 2014
- Search Engine Optimization improvement: TSAHC now has first page placement for 37 housing related words vs 18 housing related words in 2013

### Media

TSAHC promoted its programs to media outlets through organized press events and/or by issuing press releases to targeted media.

- 5 ACT-Vet home donation events (Bellville, McAllen, Weslaco, El Paso and Kingwood)
- Home buyer education awareness campaign with Texas Association of Realtors (press release and radio ads)
- 6 Texas Foundations Fund check presentations
- 2 volunteer events with Wells Fargo employees as part of grant to rehab ACT homes
- Press releases to promote ACT-Vet program to eligible veterans in El Paso and Laredo

## Presentations/Exhibits

- TAAHP Member Luncheon (staff presentation)
- TACDC Policy Summit (staff presentation)
- TAAHP Annual Conference (staff presentation)
- TALHFA Annual Conference (staff presentation)
- ARCIT Annual Summit (staff presentation)
- 28 Homeownership related webinar/luncheon/conferences where TSAHC staff presented or exhibited
- Rio Grande Valley Partnership (charity events to benefit Texas Foundations Fund)

## Email Marketing

TSAHC uses email marketing to promote our programs and announce program changes to various constituents.

- 10,015 contacts for email marketing distribution
- 166 marketing emails sent
- Published 6 TSAHC e-newsletters (bimonthly)

## Collateral Material

- Created logo and brochure for promotion of Single Family Compliance services
- Created brochure for ACT-Vet program with QR code to program page on TSAHC website
- Created real estate signs with QR code to promote ACT-Vet homes
- Created brochure for Texas Foundations Fund
- Created new banners used at press events and exhibits
- Updated home buyer programs brochure in English and Spanish
- Updated home buyer education brochure, cobranding with the Texas Association of Realtors
- Published TSAHC annual report

## Social Media

- 1,068 Facebook page followers, an increase from 678
- 180 Twitter followers, an increase from 87
- 150 Facebook and Twitter posts

## Tab D

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF NET ASSETS (unaudited)**  
As of November 30, 2014

---

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 1,099,022
Restricted Assets Held by Bond Trustee:	
Cash and Cash Equivalents	4,910,894
Accrued Interest	220,080
Custodial Cash and Cash Equivalents	279,358
Investments, at Fair Market Value	3,506,481
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of \$40,829	161,870
Accrued Interest Receivable	47,092
Loans Receivable, Current Portion	65,000
Notes Receivable, Current Portion	84,233
Downpayment Assistance, Current Portion	2,203,770
Prepaid Expenses	45,653

<b>Total Current Assets:</b>	<u>12,623,453</u>
------------------------------	-------------------

**Noncurrent Assets**

Loans Receivable, Net of uncollectible amounts of \$91,726	673,810
Notes Receivable	5,103,282
Investments, at Fair Market Value	2,869,975
Mortgage Servicing Rights, Net of Accumulated Amortization of \$2,309,023	419,038
Fixed Assets, Net of Accumulated Depreciation of \$514,361	2,867,364
Owned Real Estate, Federal & Other Programs	9,581,567
Downpayment Assistance	2,647,690
Restricted Investments Held by Bond Trustee, at Fair Market Value	144,395,013

<b>Total Noncurrent Assets:</b>	<u>168,557,739</u>
---------------------------------	--------------------

<b>TOTAL ASSETS</b>	<u><u>\$ 181,181,192</u></u>
---------------------	------------------------------

(continued)

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF NET ASSETS - Continued (unaudited)**  
As of November 30, 2014

---

**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 168,842
Notes Payable, Current Portion	714,967
Custodial Reserve Funds	279,357
Other Current Liabilities	75,197
Payable from Restricted Assets Held by Bond Trustee:	
Bonds Payable, Current Portion	1,984,680
Accrued Interest on Bonds	1,007,152

<b>Total Current Liabilities:</b>	<u>4,230,195</u>
-----------------------------------	------------------

**Noncurrent Liabilities**

Notes Payable	2,569,620
Revenue Bonds Payable	138,969,765
Due to Federal Programs	3,913,020
Unearned Revenue	84,689

<b>Total Noncurrent Liabilities:</b>	<u>145,537,094</u>
--------------------------------------	--------------------

<b>Total Liabilities:</b>	<u>149,767,289</u>
---------------------------	--------------------

**DEFERRED INFLOWS OF RESOURCES**

Deferred Revenue	<u>233,368</u>
------------------	----------------

<b>Total Deferred Inflows of Resources</b>	<u>233,368</u>
--	----------------

**NET POSITION**

Invested in Capital Assets	2,867,364
Restricted for:	
Debt Service	12,418,811
Other Purposes	56,292
Unrestricted	<u>15,838,068</u>

<b>Total Net Position:</b>	<u>\$ 31,180,535</u>
----------------------------	----------------------

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)**  
for the 3 months ending November 30, 2014

---

**Operating Revenues**

Interest and Investment Income	\$ 1,679,103
Net Increase (Decrease) in Fair Value of Investments	310,962
Single Family Income	454,557
Asset Oversight and Compliance Fees	83,510
Loan Servicing Fees	32,439
Multifamily Income	56,956
Land Bank Income	73,560
Public Support	
Federal Grants	-
Contributions	7,246
Other Operating Revenue	40,863
<b>Total Operating Revenues</b>	<b>\$ 2,739,196</b>

**Operating Expenses**

Interest Expense on Bonds and Notes Payable	\$ 1,557,638
Salaries, Wages and Payroll Related Costs	524,912
Professional Fees and Services	108,940
Amortization	55,321
Office and Equipment Rental and Maintenance	10,841
Travel and Meals	26,071
Depreciation	36,129
Program and Loan Administration	216,897
Grant Expenditures	-
Foundation Fund Grants	343,000
Other Operating Expenses	80,546
<b>Total Operating Expenses</b>	<b>\$ 2,960,295</b>

**Net Income** (221,099)

**Total Net Position, Beginning** 31,401,634

**Total Net Position, Ending** \$ 31,180,535





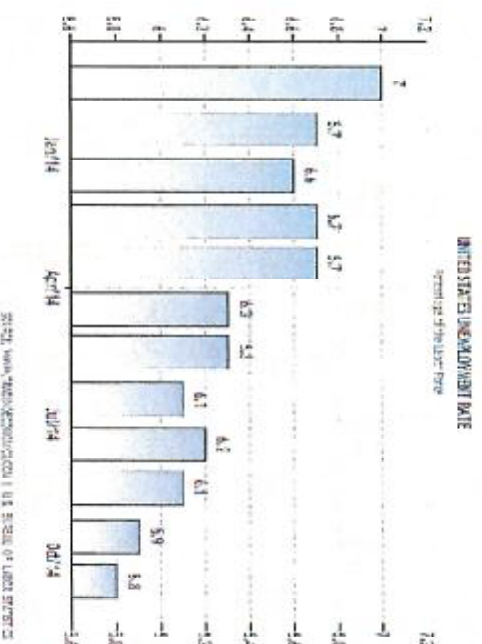
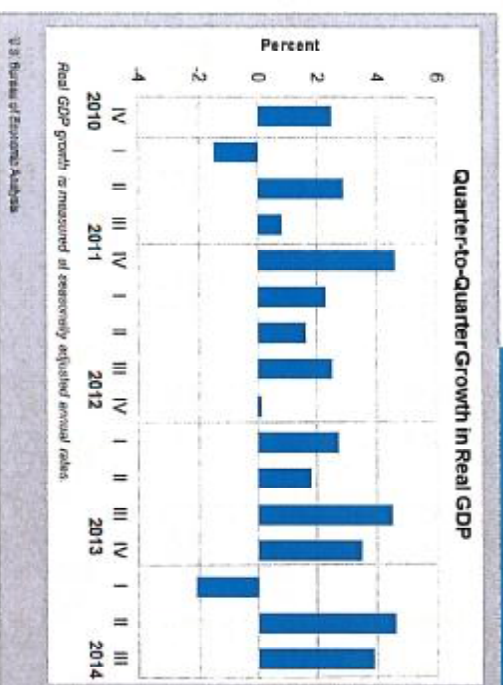
## Quarterly Investment Report

August 31, 2014 – November 30, 2014



# November Had Lots To Be Thankful For

- The focus in November is thanks and this year we continue to have news to brighten that outlook.
- A jump in the annual GDP estimate could bring us to the healthiest overall gain in 11 years. With consumption up, inventories down and more capital spending, profits flew to the corporations. The stock market is riding high on the news.
- In the housing area, the weather has been holding us back but permits are up. House inventories are low which will help prices. Auto sales are also up with thoughts of lower gas prices.
- Employment claims are up with only CA showing a major increase. Five other state's claims increased due to weather.
- The Federal Reserve, which ended its quantitative easing in October, is standing firm in the face of the market volatility and remains accommodative. The Committee's stance does not mean it is ready to raise overnight rates but is willing to let the markets set real values once again.
- Although Europe still struggles with recession, the ECB is moving to solve problems through an injection of liquidity.



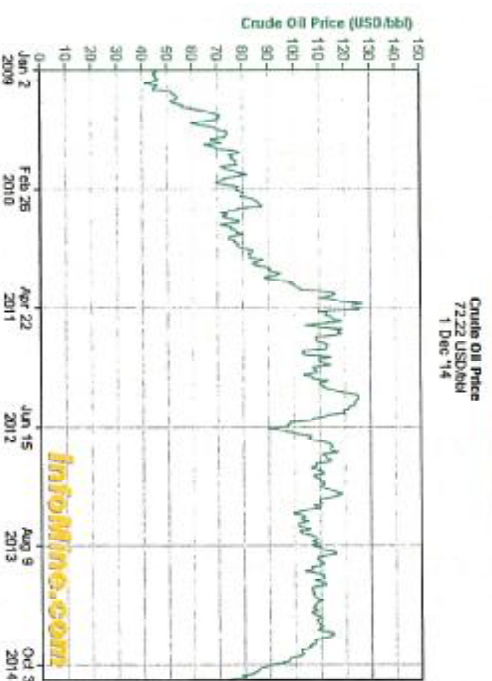
# Black Gold: A Boon and a Bust for Economies

On first blush, the major drop in oil prices seems like one of the things to be thankful for, but like most economic stories, there is a darker side to consider. OPEC refused to curtail production: a move that might have been aimed at US production. Intentional or not, companies will now look to cut, slow or curtail production slowing US GDP.

The US gets the best benefit because we are the biggest oil user. As consumers cheer the lower oil prices – hopefully they will spend those extra *petro* dollars on consumer items. Globally though – the fall in prices creates deepening cracks in global economies. In Europe lower prices contribute to weak inflation and potential deflation. Venezuela's social unrest could spiral out of hand.

Companies in the Permian Basin and Canada could be big losers because of the price of production. This price could also drive Europe back to Russian oil/gas next year recreating the dependency Putin wants. Russian consumers have actually seen an uptick in prices with the fall of the ruble.

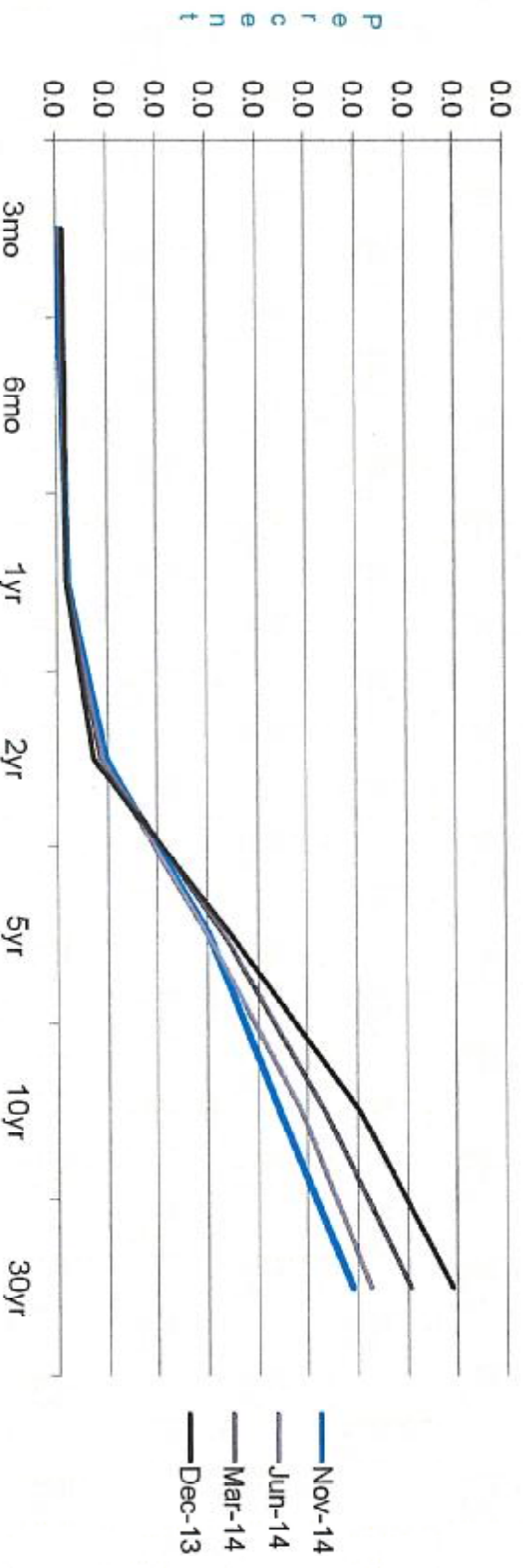
Banks are also feeling the pinch with huge development loans outstanding. A wave of defaults has materialized, since oil producers represent about 15% of all junk stocks. Additional defaults will dry up liquidity in these markets.





# Rates Hover at Continuing Low Rates

- The Federal Reserve officially ended their quantitative easing (QE) in October which created solid growth. It will keep investors in markets since liquidity rates are zero. This will drive the stock markets. The second result is that longer rates will begin to move as funds move to other markets.
- The FOMC's move to a more data dependent view of employment and inflation will keep the markets guessing for some time.
- With elections over another important variable has been removed which, absent more geo-political risk and oil fluctuations, should calm the markets somewhat and may raise longer rates.



End of Month Rates - Full Yield Curve - Fed Funds to 30yr

*Texas State Affordable Housing Corporation*

Quarterly Investment Report  
August 31, 2014 – November 30, 2014  
**Portfolio Summary Management Report**

This quarterly report is in compliance with the investment policy and strategy as established by the Corporation and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

<u>Portfolio as of August 31, 2014</u>		<u>Portfolio as of November 30, 2014</u>	
Beginning Book Value	\$ 10,398,107	Ending Book Value	\$ 7,884,011
Beginning Market Value	\$ 10,397,763	Ending Market Value	\$ 7,886,263
Unrealized Gain/Loss	\$ (344)	Investment Income for the period	\$ 10,684
		Unrealized Gain/Loss	\$ 2,252
		Change in Unrealized Gain/Loss	\$ 2,596
WAM at Beginning Period Date <sup>1</sup>	289 days	WAM at Ending Period Date <sup>1</sup>	364 days
		Change in Market Value	\$ (2,511,500)

Authorized by:

  
Ms. Melinda Smith, CFO  
Texas State Affordable Housing Corporation

  
Ms. Linda Patterson, President  
Patterson & Associates, Registered Investment Advisor

<sup>1</sup> WAM, represents weighted average maturity.

# Your Portfolio

As of November 30, 2014

- P&A constantly reviews your portfolio for optimal asset allocation and a controlled average maturity because a diversified portfolio can better adjust to volatile market conditions.

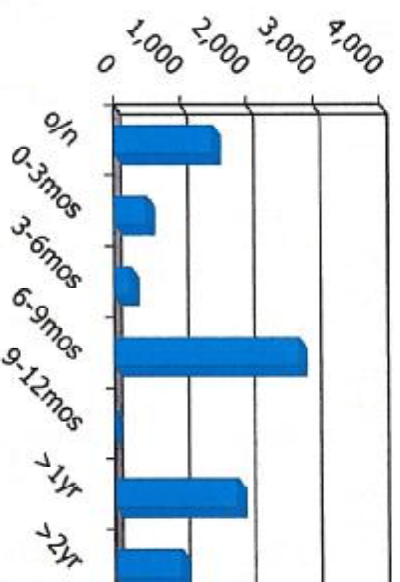
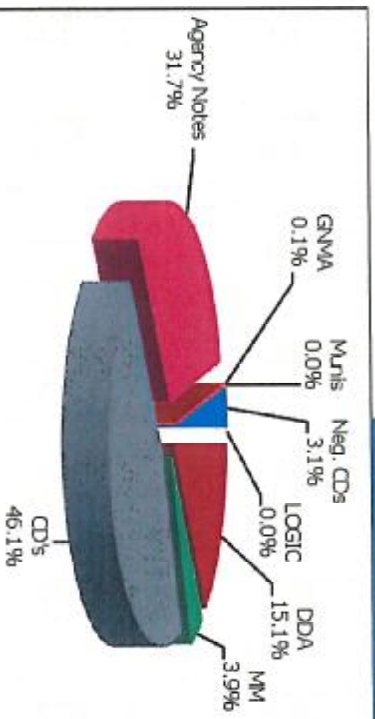
- The extremely low short-term rates make diversification difficult and they are reasonably expected to continue now at least through 2015. Longer term rates have moved lower and do not provide reward for extension risks.

- Banks remain *uninterested* in new deposits and although state and local bonds continue to add value they have been discovered and are declining in yields.

- Portfolios are cash heavy as we struggle to find value with a flat yield curve which provides little value under six months. Going too long has its risks if rates do rise quickly on news.

- Your net yield of 0.45% compared to some basic benchmarks generated additional quarterly earnings of:

• Q 3 mo. T-Bill	\$ 9,870.19
• Q 6 mo. T-Bill	\$ 9,186.01
• Q 1 yr T-Bill	\$ 7,817.66







INVESTMENT MANAGEMENT

# Texas State Affordable Housing Portfolio Management Portfolio Summary November 30, 2014

Patterson & Associates  
901 S. McRae  
Suite 195  
Austin, TX 78746

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
CDs - Interest at Maturity	1,471,077.33	1,470,816.42	1,471,077.33	18.66	278	183	0.467
Federal Agency Coupon Securities	2,500,000.00	2,501,315.50	2,500,000.00	31.71	875	743	0.703
Negotiable CDs - 2	245,000.00	246,142.44	246,180.12	3.12	350	252	0.400
Past Through Securities (GNMA)	9,011.71	10,247.23	9,011.71	0.11	8,646	7,263	5.971
FHLB Dallas-Money Fund	64,821.97	64,821.97	64,821.97	0.82	1	1	0.011
MM Funds/NOV Accounts	241,594.77	241,594.77	241,594.77	3.06	1	1	0.600
CDs - Interest monthly/quarterly	2,159,617.64	2,159,617.64	2,159,617.64	27.39	539	284	0.561
Bank Accounts	1,191,707.39	1,191,707.39	1,191,707.39	15.12	1	1	0.006
<b>Investments</b>	<b>7,882,830.81</b>	<b>7,886,263.36</b>	<b>7,884,010.93</b>	<b>100.00%</b>	<b>498</b>	<b>364</b>	<b>0.500</b>

<b>Cash and Accrued Interest</b>							
Accrued Interest at Purchase		125.52	125.52				
Subtotal		125.52	125.52				
<b>Total Cash and Investments</b>	<b>7,882,830.81</b>	<b>7,886,388.88</b>	<b>7,884,136.45</b>		<b>498</b>	<b>364</b>	<b>0.500</b>

<b>Total Earnings</b>	<b>November 30 Month Ending</b>	<b>Fiscal Year To Date</b>	
Current Year	3,289.25	10,683.69	

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of the Texas State Affordable Housing Corporation of the position and activity within the Corporation's portfolio of investments. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.

*Melinda Smith*  
Melinda Smith, Chief Financial Officer  
12/30/14

Reporting period 11/01/2014-11/30/2014  
Data Updated: SET\_TSAH: 12/22/2014 12:51  
Run Date: 12/22/2014 - 12:51

Portfolio TSAH  
AP  
PM (PRF\_PMT) 7.1.0  
Report Ver: 7.1.5



PROPERTY MANAGEMENT

# Texas State Affordable Housing Summary by Type November 30, 2014 Grouped by Fund

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78745

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Bunker Hill Debt</b>						
Bank Accounts	1	22,846.49	22,846.49	0.29	0.030	1
Subtotal	1	22,846.49	22,846.49	0.29	0.030	1
<b>Fund: Bunker Hill Operating</b>						
Bank Accounts	1	22,836.23	22,836.23	0.29	0.030	1
Subtotal	1	22,836.23	22,836.23	0.29	0.030	1
<b>Fund: Bunker Hill Replacement Res</b>						
Bank Accounts	1	37,471.94	37,471.94	0.48	0.030	1
Subtotal	1	37,471.94	37,471.94	0.48	0.030	1
<b>Fund: General Investments</b>						
MM Funds/NOV Accounts	2	241,594.77	241,594.77	3.06	0.600	1
CDs - Interest at Maturity	6	1,471,077.33	1,471,077.33	18.66	0.467	183
CDs - Interest monthly/quarterly	4	2,159,617.64	2,159,617.64	27.39	0.551	284
Bank Accounts	1	900,256.08	900,256.08	11.42	0.000	1
Federal Agency Coupon Securities	4	2,500,000.00	2,500,000.00	31.71	0.703	743
FHLB Dallas-Money Fund	1	64,821.97	64,821.97	0.82	0.011	1
Pass Through Securities (GNMA)	1	9,011.71	9,011.71	0.11	5.971	7,263
Negotiable CDs - 2	1	245,000.00	245,180.12	3.12	0.400	252
Subtotal	20	7,591,378.50	7,592,559.52	96.29	0.518	378
<b>Fund: NFMHC Account</b>						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Fund: Neighborhood Stabilization Prog.</b>						
Bank Accounts	1	2,960.17	2,960.17	0.04	0.000	1
Subtotal	1	2,960.17	2,960.17	0.04	0.000	1



**Texas State Affordable Housing  
Summary by Type  
November 30, 2014  
Grouped by Fund**

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Sagebrush Apartments - Debt</b>						
Bank Accounts	1	39,203.85	39,203.85	0.50	0.030	1
Subtotal	1	39,203.85	39,203.85	0.50	0.030	1
<b>Fund: Sagebrush Apartments - Oper.</b>						
Bank Accounts	1	23,193.56	23,193.56	0.29	0.030	1
Subtotal	1	23,193.56	23,193.56	0.29	0.030	1
<b>Fund: Sagebrush Replacement Res</b>						
Bank Accounts	1	86,830.33	86,830.33	1.10	0.030	1
Subtotal	1	86,830.33	86,830.33	1.10	0.030	1
<b>Fund: Texas Foreclosure Prevention</b>						
Bank Accounts	1	4,361.04	4,361.04	0.05	0.000	1
Subtotal	1	4,361.04	4,361.04	0.05	0.000	1
<b>Fund: Wells Fargo - CDC</b>						
Bank Accounts	1	4,772.50	4,772.50	0.05	0.000	1
Subtotal	1	4,772.50	4,772.50	0.05	0.000	1
<b>Fund: Willows Operating</b>						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Fund: Willows Replacement Reserve</b>						
Bank Accounts	1	46,975.20	46,975.20	0.50	0.000	1
Subtotal	1	46,975.20	46,975.20	0.50	0.000	1
Total and Average	32	7,882,830.81	7,884,010.93	100.00	0.500	364



**Texas State Affordable Housing**  
**Fund BHDEBT - Bunker Hill Debt**  
**Investments by Fund**  
**November 30, 2014**

Patterson & Associates  
 901 S. McPac  
 Suite 195  
 Austin, TX 78746

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591388016	76	Frost Bank Checking	04/20/2010	22,846.49	22,846.49	22,846.49	0.030	0.029	0.030		1
		Subtotal and Average		22,846.49	22,846.49	22,846.49		0.030	0.030		1
		Total Investments and Average		22,846.49	22,846.49	22,846.49		0.030	0.030		1

**Fund BHOPER - Bunker Hill Operating**  
**Investments by Fund**  
**November 30, 2014**

Page 2

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
681398261	75	Frost Bank Checking	04/20/2010	22,836.23	22,836.23	22,836.23	0.030	0.029	0.030		1
		Subtotal and Average		22,836.23	22,836.23	22,836.23		0.030	0.030		1
		Total Investments and Average		22,836.23	22,836.23	22,836.23		0.030	0.030		1

**Fund BHRR - Bunker Hill Replacement Res**  
**Investments by Fund**  
**November 30, 2014**

Page 3

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591395288	77	Frost Bank Checking	04/09/2010	37,471.94	37,471.94	37,471.94	0.030	0.029	0.030		1
		Subtotal and Average		37,471.94	37,471.94	37,471.94		0.030	0.030		1
		Total Investments and Average		37,471.94	37,471.94	37,471.94		0.030	0.030		1

# **Fund GENERAL - General Investments** **Investments by Fund** **November 30, 2014**

Page 4

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Ratio	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>CD's - Interest at Maturity</b>											
08428RP49	141	Bank of China CD FDIC# 33653	08/20/2014	245,000.00	245,000.00	244,996.08	0.900	0.591	0.600	08/20/2015	262
75624KDC5	139	Citizens Bank CD FDIC# 57967	08/20/2014	245,000.00	245,000.00	244,946.84	0.350	0.345	0.350	02/20/2015	81
15985A	146	Crockett National Bank	10/05/2014	246,077.33	246,077.33	246,077.33	0.550	0.542	0.550	04/15/2015	135
2546714K3	140	Discover Bank CD FDIC# 5649	08/20/2014	245,000.00	245,000.00	244,973.30	0.400	0.394	0.400	02/20/2015	81
38147J2Y7	144	Goldman Sachs CD FDIC# 33124	08/27/2014	245,000.00	245,000.00	244,913.27	0.400	0.394	0.400	08/27/2015	269
78658DEW9	145	Sella Natl BK CD FDIC# 28976	08/28/2014	245,000.00	245,000.00	244,909.50	0.500	0.493	0.500	08/28/2015	270
<b>Subtotal and Average</b>				<b>1,471,077.33</b>	<b>1,471,077.33</b>	<b>1,470,816.42</b>		<b>0.460</b>	<b>0.467</b>		<b>182</b>
<b>Federal Agency Coupon Securities</b>											
3130A3Z23	147	FHLB Call Note	10/14/2014	500,000.00	500,000.00	500,337.50	0.800	0.789	0.800	10/14/2016	683
3134Q4Z92	135	FHLMC Call Note	04/23/2014	1,000,000.00	1,000,000.00	1,002,557.00	0.875	0.871	0.883	04/17/2017	868
3134G56P5	136	FHLMC Call Note	06/24/2014	500,000.00	500,000.00	499,693.00	0.500	0.493	0.500	06/24/2016	571
3134G5N9	148	FHLMC Strip Note	11/25/2014	500,000.00	500,000.00	499,728.00	0.450	0.443	0.450	11/25/2016	725
<b>Subtotal and Average</b>				<b>2,500,000.00</b>	<b>2,500,000.00</b>	<b>2,501,315.50</b>		<b>0.694</b>	<b>0.703</b>		<b>743</b>
<b>Negotiable CDs - 2</b>											
799450N78	142	Sallie Mae Bank CD FDIC# 58177	08/25/2014	246,180.12	245,000.00	246,142.44	1.100	0.394	0.400	08/10/2015	252
<b>Subtotal and Average</b>				<b>246,180.12</b>	<b>245,000.00</b>	<b>246,142.44</b>		<b>0.395</b>	<b>0.400</b>		<b>252</b>
<b>Pass Through Securities (GNMA)</b>											
36201LFC3	100	Govt National Mtg. Assn	02/17/2011	9,011.71	9,011.71	10,247.23	5.990	5.889	5.971	10/20/2034	7,263
<b>Subtotal and Average</b>				<b>9,011.71</b>	<b>9,011.71</b>	<b>10,247.23</b>		<b>5.889</b>	<b>5.971</b>		<b>7,263</b>
<b>FHLB Dallas-Money Fund</b>											
999999995	9002	FHLB Money Market Fund	09/01/2005	64,821.97	64,821.97	64,821.97	0.011	0.011	0.011		1
<b>Subtotal and Average</b>				<b>64,821.97</b>	<b>64,821.97</b>	<b>64,821.97</b>		<b>0.011</b>	<b>0.011</b>		<b>1</b>
<b>MM Funds/NOW Accounts</b>											
5001505	83	Austin Capital Bank MM	10/20/2010	241,594.77	241,594.77	241,594.77	0.600	0.581	0.600		1
20115959	52	Hilcrest Bank NOW Account	07/31/2009	0.00	0.00	0.00	0.050	0.049	0.050		1
<b>Subtotal and Average</b>				<b>241,594.77</b>	<b>241,594.77</b>	<b>241,594.77</b>		<b>0.592</b>	<b>0.600</b>		<b>1</b>

Run Date: 12/22/2014 - 12:41

Portfolio TSAH  
AP  
R (PRF\_FI) 7.1.1  
Report Ver. 7.3.5

**Fund GENERAL - General Investments**  
**Investments by Fund**  
**November 30, 2014**

Page 5

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>CD's - Interest monthly/quarterly</b>											
172088715A	137	East West Bank	07/12/2014	754,387.41	754,387.41	754,387.41	0.400	0.394	0.400	07/12/2015	223
172002714	138	East West Bank	08/01/2014	45,230.23	45,230.23	45,230.23	0.400	0.394	0.400	08/01/2015	243
8410000117	130	Hilcrest Bank CD	12/13/2013	1,000,000.00	1,000,000.00	1,000,000.00	0.600	0.591	0.600	07/13/2015	224
8310000287	134	Hilcrest Bank CD	04/04/2014	360,000.00	360,000.00	360,000.00	0.750	0.739	0.750	07/04/2016	581
		<b>Subtotal and Average</b>		<b>2,159,617.64</b>	<b>2,159,617.64</b>	<b>2,159,617.64</b>		<b>0.543</b>	<b>0.551</b>		<b>283</b>
<b>Bank Accounts</b>											
59135967	69	Frost Bank Checking	03/05/2010	900,256.08	900,256.08	900,256.08					
		<b>Subtotal and Average</b>		<b>900,256.08</b>	<b>900,256.08</b>	<b>900,256.08</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
		<b>Total Investments and Average</b>		<b>7,592,559.62</b>	<b>7,591,379.50</b>	<b>7,594,812.05</b>		<b>0.511</b>	<b>0.518</b>		<b>377</b>

**Fund NFMF - NFMF Account**  
**Investments by Fund**  
**November 30, 2014**

Page 6

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591359924	68	Frost Bank Checking	03/16/2010	0.00	0.00	0.00					1
		Subtotal and Average		0.00	0.00	0.00		0.000	0.000		0
		Total Investments and Average		0.00	0.00	0.00		0.000	0.000		0

**Fund NSP - Neighborhood Stabilization Prog.**  
**Investments by Fund**  
**November 30, 2014**

Page 7

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591359932	71	Front Bank Checking	04/20/2010	2,960.17	2,960.17	2,960.17					1
		Subtotal and Average		2,960.17	2,960.17	2,960.17		0.000	0.000		1
		Total Investments and Average		2,960.17	2,960.17	2,960.17		0.000	0.000		1



**Fund SBDEBT - Sagebrush Apartments - Debt**  
**Investments by Fund**  
**November 30, 2014**

Page 8

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398253	79	Frost Bank Checking	04/20/2010	39,203.85	39,203.85	39,203.85	0.030	0.029	0.030		1
		Subtotal and Average		39,203.85	39,203.85	39,203.85	0.030	0.030	0.030		1
		Total Investments and Average		39,203.85	39,203.85	39,203.85	0.030	0.030	0.030		1

**Fund SBOPER - Sagebrush Apartments - Oper.**  
**Investments by Fund**  
**November 30, 2014**

Page 9

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591358237	78	Frost Bank Checking	04/20/2010	23,193.56	23,193.56	23,193.56	0.030	0.029	0.030		1
		Subtotal and Average		23,193.56	23,193.56	23,193.56	0.030	0.030	0.030		1
		Total Investments and Average		23,193.56	23,193.56	23,193.56	0.030	0.030	0.030		1

**Fund SBRR - Sagebrush Replacement Res**  
**Investments by Fund**  
**November 30, 2014**

Page 10

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398245	80	Frost Bank Checking	04/09/2010	86,830.33	86,830.33	86,830.33	0.030	0.029	0.030		1
		Subtotal and Average		86,830.33	86,830.33	86,830.33	0.030	0.030	0.030		1
		Total Investments and Average		86,830.33	86,830.33	86,830.33	0.030	0.030	0.030		1

**Fund TXFORE - Texas Foreclosure Prevention**  
**Investments by Fund**  
**November 30, 2014**

Page 11

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591359940	73	Frost Bank Checking	04/14/2010	4,361.04	4,361.04	4,361.04		0.000	0.000		1
		<b>Subtotal and Average</b>		4,361.04	4,361.04	4,361.04		0.000	0.000		1
		<b>Total Investments and Average</b>		4,361.04	4,361.04	4,361.04		0.000	0.000		1

**Fund WELLS - Wells Fargo - CDC**  
**Investments by Fund**  
**November 30, 2014**

Page 12

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
999999994	0014	Wells Fargo Non-Profit Chkg	09/01/2006	4,772.50	4,772.50	4,772.50					
		Subtotal and Average		4,772.50	4,772.50	4,772.50		0.000	0.000		1
		Total Investments and Average		4,772.50	4,772.50	4,772.50		0.000	0.000		1

**Fund WOPER - Willows Operating**  
**Investments by Fund**  
**November 30, 2014**

Page 13

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591501356	106	Frost Bank Checking	11/17/2011	0.00	0.00	0.00		0.000	0.000		1
		Subtotal and Average		0.00	0.00	0.00		0.000	0.000		0
		Total Investments and Average		0.00	0.00	0.00		0.000	0.000		0

**Fund WRR - Willows Replacement Reserve**  
**Investments by Fund**  
**November 30, 2014**

Page 14

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591501224	108	Frost Bank Checking	11/17/2011	46,975.20	46,975.20	46,975.20		0.000	0.000		1
		<b>Subtotal and Average</b>		46,975.20	46,975.20	46,975.20		0.000	0.000		1
		<b>Total Investments and Average</b>		46,975.20	46,975.20	46,975.20		0.000	0.000		1



INVESTMENT PROFESSIONALS

# Texas State Affordable Housing Cash Reconciliation Report For the Period September 1, 2014 - November 30, 2014 Grouped by Fund

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
<b>General Investments</b>											
09/15/2014	126	GENERAL	Maturity	442404BG3	310,000.00	H-TXISD 0.3M 0.00% Mat.	09/15/2014	0.00	0.00	310,000.00	310,000.00
09/18/2014	129	GENERAL	Interest	8901159	248,000.00	PCBCD 0.2M 0.45% Mat. 09/18/2014	09/18/2014	0.00	1,116.00	0.00	1,116.00
09/18/2014	129	GENERAL	Maturity	8901159	248,000.00	PCBCD 0.2M 0.45% Mat. 09/18/2014	09/18/2014	0.00	0.00	248,000.00	248,000.00
09/20/2014	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	45.47	36.95	76.42
09/30/2014	137	GENERAL	Interest	172088715A	753,718.06	EWB 0.8M 0.40% Mat. 07/12/2015	07/12/2015	0.00	669.35	0.00	669.35
09/30/2014	137	GENERAL	Interest	172088715A	753,718.06	EWB 0.8M 0.40% Mat. 07/12/2015	07/12/2015	-669.35	0.00	0.00	-669.35
09/30/2014	138	GENERAL	Interest	172002714	45,200.00	CNB 0.2M 0.75% Mat. 10/05/2014	10/05/2014	0.00	30.23	0.00	30.23
09/30/2014	138	GENERAL	Interest	172002714	45,200.00	CNB 0.2M 0.75% Mat. 10/05/2014	10/05/2014	-30.23	0.00	0.00	-30.23
10/05/2014	133	GENERAL	Maturity	15985	245,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	500,000.00	500,000.00
10/05/2014	133	GENERAL	Maturity	15985	245,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	500,000.00	500,000.00
10/05/2014	146	GENERAL	Purchase	3130A3523	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	500,000.00	500,000.00
10/14/2014	147	GENERAL	Interest	15985A	246,077.33	CNB 0.2M 0.75% Mat. 10/05/2014	10/05/2014	0.00	0.00	0.00	0.00
10/15/2014	127	GENERAL	Interest	63165TLR4	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	-500,000.00	0.00	0.00	-500,000.00
10/15/2014	125	GENERAL	Maturity	967244W91	1,000,000.00	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	45.32	36.02	81.34
10/15/2014	127	GENERAL	Maturity	63165TLR4	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	500,000.00	500,000.00
10/17/2014	135	GENERAL	Interest	3134G4292	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	45.14	31.37	76.51
10/20/2014	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	0.00	0.00	0.00
11/25/2014	148	GENERAL	Purchase	3134G5N9	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	500,000.00	500,000.00
11/26/2014	143	GENERAL	Interest	3130A2U95	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	0.00	0.00
11/26/2014	143	GENERAL	Call	3130A2U95	500,000.00	FHLBC 0.5M 0.50% Mat. 05/26/2016	05/26/2016	0.00	0.00	0.00	0.00
<b>Subtotal</b>								-1,246,776.91	24,917.73	2,833,098.34	1,611,239.16
<b>Total</b>								-1,246,776.91	24,917.73	2,833,098.34	1,611,239.16





INVESTMENT PROFESSIONALS

**Texas State Affordable Housing  
Purchases Report**

**Sorted by Fund - Fund  
September 1, 2014 - November 30, 2014**

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
<b>General Investments</b>													
15085A	146	GENERAL	BCD	CNR	246,077.33	10/05/2014	04/15 - At Maturity	246,077.33		0.550	04/15/2015	0.550	246,077.33
3130A3523	147	GENERAL	FAC	PHLBC	500,000.00	10/14/2014	04/14 - 10/14	500,000.00		0.800	10/14/2016	0.800	500,000.00
3134G5N9	148	GENERAL	FAC	PHLMCS	500,000.00	11/25/2014	05/25 - 11/25	500,000.00		0.450	11/25/2016	0.450	500,000.00
			Subtotal		1,246,077.33			1,246,077.33	0.00				1,246,077.33
			Total Purchases		1,246,077.33			1,246,077.33	0.00				1,246,077.33



INVESTMENT MANAGEMENT GROUP

**Texas State Affordable Housing  
Maturity Report  
Sorted by Maturity Date**  
Amounts due during September 1, 2014 - November 30, 2014

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
442040BG3	126	GENERAL	MC1	HTXISD	310,000.00	09/15/2014	10/16/2013	0.450	310,000.00	0.00	310,000.00	0.00
8901159	129	GENERAL	BCD	PCBCD	248,000.00	09/18/2014	09/18/2013	0.450	248,000.00	1,116.00	249,116.00	1,116.00
15985	133	GENERAL	BCD	CNE	245,000.00	10/05/2014	03/05/2014	0.750	245,000.00	1,077.33	246,077.33	1,077.33
63165TLR4	127	GENERAL	MC1	NASSCO	1,000,000.00	10/15/2014	12/11/2013	2.000	1,000,000.00	16,888.89	1,016,888.89	16,888.89
96724W91	125	GENERAL	MC1	WIC-KS	530,000.00	10/15/2014	10/15/2013	0.500	530,000.00	2,650.00	532,650.00	2,650.00
<b>Total Maturities</b>					<b>2,333,000.00</b>				<b>2,333,000.00</b>	<b>21,732.22</b>	<b>2,354,732.22</b>	<b>21,732.22</b>



INVESTMENT PROFESSIONALS

**Texas State Affordable Housing  
Sales/Call Report  
Sorted by Maturity Date - Fund  
September 1, 2014 - November 30, 2014**

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
05/26/2016												
3130A2U95	143	GENERAL	PHLEB FAC	08/26/2014	11/26/2014	500,000.00	0.500	500,000.00	500,000.00	625.00	500,625.00	625.00
					05/26/2016							
					Subtotal	500,000.00		500,000.00	500,000.00	625.00	500,625.00	625.00
					Total Sales	500,000.00		500,000.00	500,000.00	625.00	500,625.00	625.00



**Texas State Affordable Housing  
Interest Earnings  
Sorted by Fund - Fund  
September 1, 2014 - November 30, 2014  
Yield on Average Book Value**

Patterson & Associates  
901 S. McPac  
Suite 195  
Austin, TX 78746

Adjusted Interest Earnings													
CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Fund: Bunker Hill Debt													
591398016	76	BHDEBT	RR5	22,846.49	22,844.79	22,845.38		0.030	0.030	1.70		0.00	1.70
		Subtotal		22,846.49	22,844.79	22,845.38			0.030	1.70		0.00	1.70
Fund: Bunker Hill Operating													
591398261	75	BHOPER	RR5	22,836.23	22,834.53	22,835.13		0.030	0.030	1.70		0.00	1.70
		Subtotal		22,836.23	22,834.53	22,835.13			0.030	1.70		0.00	1.70
Fund: Bunker Hill Replacement Res													
591398238	77	BHRR	RR5	37,471.94	34,719.26	36,281.54		0.030	0.030	2.70		0.00	2.70
		Subtotal		37,471.94	34,719.26	36,281.54			0.030	2.70		0.00	2.70
Fund: General Investments													
999999996	9002	GENERAL	RR2	64,821.97	96,669.46	75,787.22		0.011	0.010	1.84		0.00	1.84
20115959	52	GENERAL	RR3	0.00	767,079.51	649,091.18		0.050	0.049	79.87		0.00	79.87
313043523	147	GENERAL	FAC	500,000.00	0.00	283,736.26	10/14/2016	0.800	0.794	522.22		0.00	522.22
313042185	143	GENERAL	FAC	0.00	500,000.00	472,527.47	05/28/2016	0.500	0.501	590.28		0.00	590.28
6310000287	134	GENERAL	RR4	360,000.00	360,000.00	360,000.00	07/04/2016	0.750	0.750	673.15		0.00	673.15
6410000117	130	GENERAL	RR4	1,000,000.00	1,000,000.00	1,000,000.00	07/13/2015	0.600	0.600	1,495.89		0.00	1,495.89
3134GSX9	148	GENERAL	FAC	500,000.00	0.00	32,967.03	11/25/2016	0.450	0.456	37.50		0.00	37.50
8501159	129	GENERAL	BCD	0.00	248,000.00	46,329.67	09/18/2014	0.450	0.450	51.98		0.00	51.98
3134Q4282	135	GENERAL	FAC	1,000,000.00	999,933.91	999,983.66	04/17/2017	0.875	0.804	2,187.50		66.09	2,253.59
3134Q5P5	136	GENERAL	FAC	500,000.00	500,000.00	500,000.00	06/24/2016	0.500	0.501	625.00		0.00	625.00
36201LFC3	100	GENERAL	GN1	9,011.71	9,110.05	9,065.15	10/20/2034	5.950	0.066	135.44		0.00	135.44
172088715A	137	GENERAL	RR4	754,387.41	753,718.05	754,174.10	07/12/2015	0.400	0.400	752.21		0.00	752.21
17200Z714	138	GENERAL	RR4	45,230.23	45,200.00	45,220.60	08/11/2015	0.400	0.400	45.11		0.00	45.11
967244W91	125	GENERAL	MC1	0.00	530,020.73	256,288.63	10/15/2014	0.500	0.474	323.88		-20.73	303.15
442404B03	126	GENERAL	MC1	0.00	309,945.91	47,688.44	09/15/2014	0.455	0.455	0.00		54.09	54.09
63165TLR4	127	GENERAL	MC1	0.00	1,001,792.89	483,932.89	10/15/2014	2.000	0.565	2,444.45		-1,762.89	681.56
15995A	146	GENERAL	BCD	246,077.33	0.00	154,136.35	04/15/2015	0.550	0.550	211.36		0.00	211.36

**Texas State Affordable Housing  
Interest Earnings**  
September 1, 2014 - November 30, 2014

Page 2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Yield	Adjusted Interest Earnings			
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Fund: General Investments													
15695	133	GENERAL	BCD	0.00	245,000.00	91,538.46	10/05/2014	0.750	0.750	171.17	0.00	171.17	
75524KDC5	139	GENERAL	BCD	245,000.00	245,000.00	245,000.00	02/20/2015	0.350	0.350	213.79	0.00	213.79	
2546714K3	140	GENERAL	BCD	245,000.00	245,000.00	245,000.00	02/20/2015	0.400	0.400	244.33	0.00	244.33	
06428R249	141	GENERAL	BCD	245,000.00	245,000.00	245,000.00	08/20/2015	0.600	0.600	366.49	0.00	366.49	
795450N18	142	GENERAL	MC2	245,000.00	246,606.27	246,390.85	08/10/2015	1.100	0.400	671.90	-426.15	245.75	
381471277	144	GENERAL	BCD	245,000.00	245,000.00	245,000.00	08/27/2015	0.400	0.400	244.33	0.00	244.33	
76658QEW9	145	GENERAL	BCD	245,000.00	245,000.00	245,000.00	08/28/2015	0.500	0.500	305.42	0.00	305.42	
5001505	83	GENERAL	RR3	241,594.77	241,233.74	241,360.61		0.600	0.600	361.03	0.00	361.03	
			Subtotal	6,591,123.42	9,079,280.53	7,955,198.69			0.538	12,756.14	-2,099.59	10,656.55	
Fund: Sagebrush Apartments - Debt													
591398253	79	SBDEBT	RR5	39,203.65	39,200.91	39,201.94		0.030	0.030	2.94	0.00	2.94	
			Subtotal	39,203.65	39,200.91	39,201.94			0.030	2.94	0.00	2.94	
Fund: Sagebrush Apartments - Oper.													
591398237	78	SBOPER	RR5	23,193.66	23,191.83	23,192.44		0.030	0.030	1.73	0.00	1.73	
			Subtotal	23,193.66	23,191.83	23,192.44			0.030	1.73	0.00	1.73	
Fund: Sagebrush Replacement Res													
591398245	80	SBRR	RR5	86,630.33	83,073.96	85,205.30		0.030	0.030	6.37	0.00	6.37	
			Subtotal	86,630.33	83,073.96	85,205.30			0.030	6.37	0.00	6.37	
			Total	6,923,606.62	9,305,145.91	8,184,760.43			0.524	12,773.28	-2,099.59	10,683.69	

Run Date: 12/29/2014 - 10:21

Portfolio TSAH  
AP  
IE (PRE-IE) 7.2.0  
Report Ver. 7.3.5





INVESTMENT PROFESSIONALS

**Texas State Affordable Housing  
Amortization Schedule  
September 1, 2014 - November 30, 2014  
Sorted By Fund - Fund**

Patterson & Associates  
901 S. McPac  
Suite 195  
Austin, TX 78746

Investment #	Fund	Maturity Date	Beginning Par Value	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 09/01/2014	Amount Amortized This Period	Amt Amortized Through 11/30/2014	Amount Unamortized Through 11/30/2014
<b>General Investments</b>										
135	GENERAL	04/17/2017	1,000,000.00	999,750.00	-250.00	1,000,000.00	183.91	66.09	250.00	0.00
FILMC Call Note		10/17/2014	0.875				-65.09			
126	GENERAL	09/15/2014	310,000.00	308,729.00	-1,271.00	0.00	1,216.91	54.09	1,271.00	0.00
Houston TX ISD							-54.09			
127	GENERAL	10/15/2014	1,000,000.00	1,012,180.00	12,180.00	0.00	-10,417.11	-1,762.89	-12,180.00	0.00
Nassau County NY			2,000				1,762.89			
142	GENERAL	08/10/2015	245,000.00	246,639.05	1,639.05	246,180.12	-32.78	-426.15	-458.93	1,180.12
Sallie Mae Bank CO FDIC# 58177			1,100				1,605.27			
125	GENERAL	10/15/2014	530,000.00	530,169.60	169.60	0.00	-148.87	-20.73	-169.60	0.00
Wichita KS			0.500				20.73			
			<b>Subtotal</b>	<b>3,097,467.65</b>	<b>12,467.65</b>	<b>1,246,180.12</b>	<b>-9,197.94</b>	<b>-2,089.59</b>	<b>-11,287.53</b>	<b>1,180.12</b>
							<b>3,269.71</b>			
			<b>Total</b>	<b>3,097,467.65</b>	<b>12,467.65</b>	<b>1,246,180.12</b>	<b>-9,197.94</b>	<b>-2,089.59</b>	<b>-11,287.53</b>	<b>1,180.12</b>
							<b>3,269.71</b>			



INVESTMENT PROPOSALS

# Texas State Affordable Housing Projected Cashflow Report Sorted by Monthly

For the Period December 1, 2014 - June 30, 2015

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
<b>December 2014</b>										
12/24/2014	136	GENERAL	3134G5P5	Interest	FH-MC Call Note	0.00	0.00	0.00	1,250.00	1,250.00
12/24/2014	136	GENERAL	3134G5P5	Call	FH-MC Call Note	500,000.00	500,000.00	500,000.00	0.00	500,000.00
<b>Total for December 2014</b>										
						500,000.00	500,000.00	500,000.00	1,250.00	501,250.00
<b>January 2015</b>										
01/14/2015	147	GENERAL	3130A35Z3	Call	FH-B Call Note	500,000.00	500,000.00	500,000.00	0.00	500,000.00
<b>Total for January 2015</b>										
						500,000.00	500,000.00	500,000.00	0.00	500,000.00
<b>February 2015</b>										
02/09/2015	142	GENERAL	7954S0N18	Interest	Sallie Mae Bank CD FDIC# 58177	0.00	0.00	0.00	1,358.58	1,358.58
02/20/2015	139	GENERAL	75524DC5	Maturity	Citizens Bank CD FDIC# 57957	245,000.00	245,000.00	245,000.00	432.27	245,432.27
02/20/2015	140	GENERAL	2546714K3	Maturity	Discover Bank CD FDIC# 5549	245,000.00	245,000.00	245,000.00	494.03	245,494.03
02/25/2015	148	GENERAL	3134GSX9	Call	FH-MC Step Note	500,000.00	500,000.00	500,000.00	0.00	500,000.00
<b>Total for February 2015</b>										
						990,000.00	990,000.00	990,000.00	2,284.88	992,284.88
<b>April 2015</b>										
04/14/2015	147	GENERAL	3130A35Z3	Interest	FH-B Call Note	0.00	0.00	0.00	2,000.00	2,000.00
04/15/2015	148	GENERAL	15585A	Maturity	Crockett National Bank	246,077.33	246,077.33	246,077.33	711.94	246,789.27
04/17/2015	135	GENERAL	3134G4Z92	Interest	FH-MC Call Note	0.00	0.00	0.00	4,375.00	4,375.00
<b>Total for April 2015</b>										
						246,077.33	246,077.33	246,077.33	7,086.94	253,164.27
<b>May 2015</b>										
05/25/2015	148	GENERAL	3134GSX9	Interest	FH-MC Step Note	0.00	0.00	0.00	1,125.00	1,125.00
<b>Total for May 2015</b>										
						0.00	0.00	0.00	1,125.00	1,125.00
<b>June 2015</b>										
06/24/2015	136	GENERAL	3134G5P5	Interest	FH-MC Call Note	0.00	0.00	0.00	1,250.00	1,250.00
<b>Total for June 2015</b>										
						0.00	0.00	0.00	1,250.00	1,250.00
<b>GRAND TOTALS:</b>						2,236,077.33	2,236,077.33	2,236,077.33	12,996.82	2,249,074.15



**Texas State Affordable Housing  
Texas Compliance Change in Val Report  
Sorted by Fund  
September 1, 2014 - November 30, 2014**

Patterson & Associates  
901 S. MoPac  
Suite 195  
Austin, TX 78746

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mkt Date	Interest Received	Beginning Market Value				Ending Market Value
<b>Fund: Bunker Hill Debt</b>									
76	FBC	BHDEBT	04/20/2010	1.70	22,844.79	1.70	0.00	1.70	22,846.49
591398016	22,846.49	0.030	/ /	1.70	22,844.79	1.70	0.00	1.70	22,846.49
<b>Sub Totals For: Fund: Bunker Hill Debt</b>									
				1.70	22,844.79	1.70	0.00	1.70	22,846.49
				1.70	22,844.79	1.70	0.00	1.70	22,846.49
<b>Fund: Bunker Hill Operatin</b>									
75	FBC	BHOPER	04/20/2010	1.70	22,836.23	1.70	0.00	1.70	22,836.23
591398261	22,836.23	0.030	/ /	1.70	22,834.53	1.70	0.00	1.70	22,836.23
<b>Sub Totals For: Fund: Bunker Hill Operatin</b>									
				1.70	22,834.53	1.70	0.00	1.70	22,836.23
				1.70	22,834.53	1.70	0.00	1.70	22,836.23
<b>Fund: Bunker Hill Replacem</b>									
77	FBC	BHRR	04/09/2010	2.70	34,719.26	2,752.68	0.00	2,752.68	37,471.94
591398268	37,471.94	0.030	/ /	2.70	34,719.26	2,752.68	0.00	2,752.68	37,471.94
<b>Sub Totals For: Fund: Bunker Hill Replacem</b>									
				2.70	34,719.26	2,752.68	0.00	2,752.68	37,471.94
				2.70	34,719.26	2,752.68	0.00	2,752.68	37,471.94
<b>Fund: General Investments</b>									
100	GNWA	GENERAL	02/17/2011	135.44	9,110.05	0.00	98.34	-98.34	9,011.71
36201LFC3	9,011.71	5.871	10/20/2034	135.93	10,176.89	0.00	98.34	70.34	10,247.23
9002	PHLBMM	GENERAL	09/01/2006	1.84	64,821.97	1.84	31,849.33	-31,847.49	64,821.97
999999995	64,821.97	0.011	/ /	1.84	96,669.46	1.84	31,849.33	-31,847.49	64,821.97
52	HBM	GENERAL	07/31/2009	79.87	767,079.61	79.87	767,159.48	-767,079.61	0.00
20115658	0.00	0.050	/ /	79.87	767,079.61	79.87	767,159.48	-767,079.61	0.00

Portfolio TSAH



**Texas State Affordable Housing  
Texas Compliance Change in Val Report  
September 1, 2014 - November 30, 2014**

**Page 2**

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mkt Date	Interest Received	Market Value				Market Value
69	FBC	GENERAL	03/05/2010	0.00	1,034,171.12	6,691,518.92	6,815,433.96	-133,815.04	900,255.08
591355967	900,255.08	0.000	/ /	0.00	1,034,171.12	6,691,518.92	6,815,433.96	-133,815.04	900,255.08
83	ACBMM	GENERAL	10/20/2010	361.03	241,233.74	361.03	0.00	361.03	241,594.77
5001505	241,594.77	0.600	/ /	361.03	241,233.74	361.03	0.00	361.03	241,594.77
128	HTXSD	GENERAL	10/16/2013	0.00	309,945.91	0.00	310,000.00	-309,945.91	0.00
442404833	0.00	0.000	08/15/2014	0.00	309,953.50	0.00	310,000.00	-309,953.50	0.00
129	PCBCD	GENERAL	09/18/2013	51.98	248,000.00	0.00	248,000.00	-248,000.00	0.00
8901159	0.00	0.000	09/18/2014	1,116.00	248,000.00	0.00	248,000.00	-248,000.00	0.00
133	CNB	GENERAL	03/05/2014	171.17	245,000.00	0.00	245,000.00	-245,000.00	0.00
15885	0.00	0.000	10/05/2014	1,077.33	245,000.00	0.00	245,000.00	-245,000.00	0.00
125	WCHKS	GENERAL	10/15/2013	323.88	530,020.73	0.00	530,000.00	-530,020.73	0.00
967244W91	0.00	0.000	10/15/2014	0.00	529,984.10	0.00	530,000.00	-529,984.10	0.00
127	MASSCO	GENERAL	12/11/2013	2,444.45	1,001,762.89	0.00	1,000,000.00	-1,001,762.89	0.00
63165TLR4	0.00	0.000	10/15/2014	16,889.89	1,002,130.00	0.00	1,000,000.00	-1,002,130.00	0.00
138	CITIBK	GENERAL	08/20/2014	213.79	245,000.00	0.00	0.00	0.00	245,000.00
75524KDC5	245,000.00	0.350	02/20/2015	0.00	244,838.55	0.00	0.00	106.29	244,946.84
140	DISCBK	GENERAL	08/20/2014	244.33	245,000.00	0.00	0.00	0.00	245,000.00
2546714K3	245,000.00	0.450	02/20/2015	0.00	244,895.14	0.00	0.00	78.16	244,973.30
146	CNB	GENERAL	10/05/2014	211.35	0.00	246,077.33	0.00	246,077.33	246,077.33
15985A	246,077.33	0.550	04/15/2015	0.00	0.00	246,077.33	0.00	246,077.33	246,077.33
137	EWB	GENERAL	07/12/2014	752.21	753,718.06	669.35	0.00	669.35	754,387.41
172086715A	754,387.41	0.400	07/12/2015	669.35	753,718.06	669.35	0.00	669.35	754,387.41
130	HBCD	GENERAL	12/13/2013	1,495.89	1,000,000.00	0.00	0.00	0.00	1,000,000.00
8410300117	1,000,000.00	0.600	07/13/2015	0.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00
136	EWB	GENERAL	08/01/2014	45.11	45,200.00	30.23	0.00	30.23	45,230.23
172052714	45,230.23	0.400	08/01/2015	30.23	45,200.00	30.23	0.00	30.23	45,230.23

Portfolio TSAH

**Texas State Affordable Housing  
Texas Compliance Change in Val Report  
September 1, 2014 - November 30, 2014**

Page 3

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
142	SALLIE	GENERAL	08/25/2014	871.90	246,606.27	0.00	0.00	-426.15	246,180.12
795450N78	245,000.00	0.400	08/10/2015	0.00	246,322.02	0.00	0.00	-179.59	246,142.44
141	BANKCH	GENERAL	08/20/2014	366.49	245,000.00	0.00	0.00	0.00	245,000.00
06426R249	245,000.00	0.500	08/20/2015	0.00	244,764.07	0.00	0.00	232.01	244,996.08
144	GOLDSC	GENERAL	08/27/2014	244.33	245,000.00	0.00	0.00	0.00	245,000.00
38147J2Y7	245,000.00	0.400	08/27/2015	0.00	244,647.69	0.00	0.00	265.58	244,913.27
145	SAFRA	GENERAL	08/28/2014	305.42	245,000.00	0.00	0.00	0.00	245,000.00
786580EN9	245,000.00	0.500	08/28/2015	0.00	244,636.61	0.00	0.00	269.98	244,906.60
143	PHILBC	GENERAL	08/28/2014	590.28	500,000.00	0.00	500,000.00	-500,000.00	0.00
3130A2J85	0.00	0.000	05/26/2016	625.00	499,587.50	0.00	500,000.00	-499,587.50	0.00
136	PHLMCC	GENERAL	06/24/2014	625.00	500,000.00	0.00	0.00	0.00	500,000.00
3134G56P5	500,000.00	0.500	06/24/2016	0.00	499,287.00	0.00	0.00	406.00	499,693.00
134	HBICD	GENERAL	04/04/2014	673.15	360,000.00	0.00	0.00	0.00	360,000.00
8310000287	360,000.00	0.750	07/04/2016	0.00	360,000.00	0.00	0.00	0.00	360,000.00
147	PHLBC	GENERAL	10/14/2014	622.22	0.00	500,000.00	0.00	500,000.00	500,000.00
3130A5523	500,000.00	0.800	10/14/2016	0.00	0.00	500,000.00	0.00	500,337.50	500,337.50
148	PHLMCS	GENERAL	11/25/2014	37.50	0.00	500,000.00	0.00	500,000.00	500,000.00
3134G5N9	500,000.00	0.450	11/25/2016	0.00	0.00	500,000.00	0.00	498,728.00	498,728.00
135	PHLMCC	GENERAL	04/23/2014	2,167.50	999,933.91	0.00	0.00	66.09	1,000,000.00
3134G4Z92	1,000,000.00	0.883	04/17/2017	4,229.17	1,000,810.00	0.00	0.00	1,747.00	1,002,557.00
<b>Sub Totals For Fund: General Investments</b>					12,756.14	7,929,739.57	10,447,541.11	-2,520,892.13	7,592,556.82
					25,214.64	7,928,736.57	10,447,541.11	-2,518,206.01	7,594,812.05
<b>Fund: NFMC Account</b>									
68	FBC	NFMC	03/16/2010	0.00	660.76	0.00	660.76	-660.76	0.00
591359924	0.00	0.000	/ /	0.00	660.76	0.00	660.76	-660.76	0.00

Portfolio TSA#1

**Texas State Affordable Housing  
Texas Compliance Change in Val Report  
September 1, 2014 - November 30, 2014**

**Page 4**

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Market Value				Market Value
<b>Fund: Neighborhood Stabil</b>									
71	FBC	NSP	04/20/2010	0.00	2,960.17	25,000.00	25,000.00	0.00	2,960.17
59135932	2,960.17	0.00	/ /	0.00	2,960.17	25,000.00	25,000.00	0.00	2,960.17
<b>Sub Totals For Fund: NFMC Account</b>					660.75	0.00	660.75	-660.75	0.00
					660.75	0.00	660.75	-660.75	0.00
<b>Fund: Sagebrush Apartments</b>									
79	FBC	SBDEBT	04/20/2010	2.94	39,203.85	2.94	0.00	2.94	39,203.85
591398253	39,203.85	0.030	/ /	2.94	39,203.91	2.94	0.00	2.94	39,203.85
<b>Sub Totals For Fund: Sagebrush Apartments</b>					2.94	2.94	0.00	2.94	39,203.85
					39,203.91	2.94	0.00	2.94	39,203.85
<b>Fund: Sagebrush Apartments</b>									
78	FBC	SBOPER	04/20/2010	1.73	23,193.56	1.73	0.00	1.73	23,193.56
591398237	23,193.56	0.030	/ /	1.73	23,191.83	1.73	0.00	1.73	23,193.56
<b>Sub Totals For Fund: Sagebrush Apartments</b>					1.73	1.73	0.00	1.73	23,193.56
					23,191.83	1.73	0.00	1.73	23,193.56
<b>Fund: Sagebrush Replacemen</b>									
80	FBC	SBRR	04/09/2010	6.37	86,830.33	3,756.37	0.00	3,756.37	86,830.33
591398245	86,830.33	0.030	/ /	6.37	83,073.95	3,756.37	0.00	3,756.37	86,830.33
<b>Sub Totals For Fund: Sagebrush Replacemen</b>					6.37	3,756.37	0.00	3,756.37	86,830.33
					33,073.95	3,756.37	0.00	3,756.37	86,830.33
<b>Fund: Texas Foreclosure Pr</b>									
73	FBC	TXFORE	04/14/2010	0.00	6,087.94	0.00	1,726.90	-1,726.90	4,361.04
591359340	4,361.04	0.000	/ /	0.00	6,087.94	0.00	1,726.90	-1,726.90	4,361.04

**Texas State Affordable Housing  
Texas Compliance Change in Val Report  
September 1, 2014 - November 30, 2014**

**Page 5**

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Market Value				Market Value
<b>Sub Totals For Fund: Texas Foreclosure Pr</b>									
				0.00	6,087.54	0.00	1,726.50	-1,726.50	4,361.04
				0.00	6,087.54	0.00	1,726.50	-1,726.50	4,361.04
<b>Fund: Wells Fargo - CDC</b>									
0014	WELLS	WELLS	09/01/2006	0.00	4,772.50	0.00	0.00	0.00	4,772.50
999999994	4,772.50	0.000	/ /	0.00	4,772.50	0.00	0.00	0.00	4,772.50
<b>Sub Totals For: Fund: Wells Fargo - CDC</b>									
				0.00	4,772.50	0.00	0.00	0.00	4,772.50
				0.00	4,772.50	0.00	0.00	0.00	4,772.50
<b>Fund: Willows Operating</b>									
106	FBC	WOPER	11/17/2011	0.00	0.00	0.00	0.00	0.00	0.00
591501356	0.00	0.000	/ /	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub Totals For: Fund: Willows Operating</b>									
				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
<b>Fund: Willows Replacement</b>									
108	FBC	WRR	11/17/2011	0.00	44,308.54	2,656.66	0.00	2,656.66	46,975.20
591501224	46,975.20	0.000	/ /	0.00	44,308.54	2,656.66	0.00	2,656.66	46,975.20
<b>Sub Totals For: Fund: Willows Replacement</b>									
				0.00	44,308.54	2,656.66	0.00	2,656.66	46,975.20
				0.00	44,308.54	2,656.66	0.00	2,656.66	46,975.20
<b>Report Grand Totals:</b>				12,773.28	10,389,106.54	7,962,922.35	10,474,928.77	-2,514,098.01	7,884,010.93
				25,231.78	10,397,763.25	7,962,922.35	10,474,928.77	-2,511,499.59	7,885,253.36

# TAB 1

**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**  
**December 11, 2014 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 10:30 am, on December 11, 2014, 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  
Bill Dietz, Vice Chair  
Jerry Romero, Member  
Gerry Evenwel, Member  
Alex Meade, Member

**Staff Present**

Liz Bayless, Executive Vice President  
Katie Claflin, Senior Development Coordinator  
David Danenfelzer, Manager of Development Finance  
Sarah Ellinor, Homeownership Programs Coordinator  
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary  
Nick Lawrence, Controller  
David Long, President  
James Matias, Senior Multifamily Analyst  
Celina Mizcles, Senior Multifamily Analyst  
Paige Omohundro, Homeownership Finance Manager  
Laura Ross, Corporate Secretary  
Melinda Smith, Chief Financial Officer  
Janie Taylor, Manager of Development & Strategic Communications

**Guests**

Greg Casas, Greenberg Traurig LLP  
Bill Gehrig, Greenberg Traurig LLP  
Dena Jansen, Maxwell Locke & Ritter  
Ashlee Martin, Maxwell Locke & Ritter  
Robin Miller, First Southwest Company  
Tim Nelson, First Southwest Company  
Chris Spelbring, Raymond James

Katie Van Dyk, Greenberg Traurig LLP  
Allison Winney, Speaker's Office

### **Public Comment**

No public comment was given.

### **Audit Committee Report**

Mr. Dietz reported that Dena Jansen and Ashlee Martin with Maxwell Locke & Ritter had presented the audit results to the Committee. He was happy to report that it was a clean audit, adding that it was the 14<sup>th</sup> year the Corporation had received a clean audit.

Further discussion on the audit would take place under Tab 2 of the agenda. Mr. Jones asked if there was public comment in response to Mr. Dietz's report. None was given.

### **President's Report**

Mr. Long noted that staff reports were available in the board packet and asked the board if they had questions. Mr. Jones requested that going forward, Mr. Long highlight significant items included in the reports.

Referring to Audit Committee report, presented by Mr. Dietz, Mr. Long stated that Maxwell Locke & Ritter would be presenting the audit to the board under Tab 2 of the agenda.

Mr. Long informed the board that he and Ms. Taylor had attended a reception the previous week where the Corporation had received a donation of \$20,000 from the Rio Grande Valley Partnership in support of the Texas Foundations Fund. He commented that the donation would be matched, resulting in \$40,000 of funding available for the Rio Grande Valley region.

Mr. Long informed the board that Ms. Omohundro had given a presentation to the Housing and Issues Committee of the Texas Association of Realtors (TAR). The following day, Ms. Ellinor taught a United Texas course sponsored by TAR. Both events allowed the Corporation to promote its homebuyer programs to Texas realtors. Mr. Long noted that TAR continued to be a supportive partner of the Corporation.

Mr. Long provided an update on the 2015 Texas Statewide Homebuyer Education Program (TSHEP). He noted that registration for the February training in Austin had opened the previous week and 14 individuals had already registered to attend.

Mr. Long reported that the Corporation would launch a new endeavor in January. Ms. Omohundro and Ms. Ellinor would be conducting training workshops for lenders, realtors and housing counselors. The workshops would take place in McAllen, San Antonio, Houston, Dallas and Austin. They were designed to help participants assist more clients with the Corporation's homebuyer programs. The participants would also learn about the latest program changes and benefits, as well as have the chance to network with other peers. Mr. Long informed the board that 200 individuals had already registered for the trainings. Mr. Jones commented that he had sent the information to a few people who were interested in attending the Houston training.

Mr. Long provided a report on the Affordable Communities of Texas (ACT) Veterans Program. He informed the board that a home in Kingwood would be formally donated on December 16<sup>th</sup> to retired Private First Class Arthur Thomas and his family. The local partner on the home was Woman, Inc. Mr. Long explained that the local partner was responsible for making all necessary updates and improvements to the home so it was ready to move in. Mr. Long thanked Mr. Jones, who would be attending the event. Ms. Taylor, Mr. Danenfelzer, Ms. Ropiak and Ms. Claflin would represent staff at the event.

Mr. Long informed the board that in November, Mr. Matias and Ms. Mizcles had provided compliance training at four different sites in three different cities.

Finally, Mr. Long informed the board that the Corporation had closed on a new office building located at 1910 East MLK Jr. Blvd, Austin, TX. He explained that the space would allow the Corporation to provide office space to other non-profits, as well as provide for any future expansion needs of the Corporation.

Mr. Long recognized the guests in attendance, including Ms. Winney with Speaker Strauss' office. He also noted the professionals in attendance at the meeting: Mr. Spelbring with Raymond James (the Corporation's underwriter), Mr. Casas, Mr. Gehrig and Ms. Van Dyk with Greenberg Traurig (the Corporation's general counsel), Mr. Miller and Mr. Nelson with First Southwest Company (the Corporation's financial advisor), and Ms. Jansen and Ms. Martin with Maxwell Locke & Ritter (the Corporation's auditor).

Mr. Long informed the board that Mr. Leal, the Corporation's Government Relations Specialist, had left the Corporation to take a position with the Texas Department of Transportation. Staff was currently going through the process of interviewing for his position.

Mr. Jones asked for public comment related to Mr. Long's report. None was given.

**Tab 1                    Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on November 13, 2014.**

Mr. Evenwel made a motion to approve the minutes of the Board Meeting held on November 13, 2014. Mr. Dietz seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously.

**Tab 2                    Presentation, Discussion and Possible Approval of the Annual Independent Financial Audit for the Fiscal Year Ending August 31, 2014.**

Ms. Smith explained that the Corporation was required to undergo an audit every year. This year, the Corporation had a new auditor – Maxwell, Locke & Ritter (ML&R). Ms. Smith noted that the audit was complete and Ms. Jansen and Ms. Martin with ML&R were at the meeting today to present the final audit results to the board. Ms. Jansen introduced herself and Ms. Martin to the board. She informed the board that the audit team had been made up of her and Ms. Martin along with Ms. Ashley Ahlgren and Ms. Veronica Day. She also stated that Ms. Beliveau, who had attended the Audit Committee Meeting, would be preparing the Corporation's Form 990.

Ms. Jansen informed the board that the Corporation had not expended \$500,000 in federal funds during FY2014 so a single audit had not been required and the fee for the audit had been reduced accordingly.



Ms. Martin provided an overview of the audited financial statements. She turned to the independent auditor's report noting the second page included an unmodified opinion, meaning a clean opinion. She also noted the emphasis of matter paragraph which addressed the implementation of Government Auditing Standards Board (GASB) Statement 65. Following the independent auditor's report in the packet was the Management's Discussion and Analysis (MD&A) which provided a high level overview of financial activities of the Corporation for fiscal year ended August 31, 2014.

Ms. Martin continued with the Statement of Net Position. She noted a new section of the statement, deferred inflows of resources, and explained that it was the result of the implementation of GASB 65. Last year the deferred revenues were included in unearned revenue; however, GASB 65 required that deferred revenues be reflected separately as deferred inflows of resources. Ms. Martin stated that the total net position of the Corporation at the end of FY 2014 was \$31.4 million. Of that, 56.2% was considered unrestricted net position.

Ms. Martin then discussed the Statement of Revenues, Expenses and Changes in Net Position. She pointed out that the "Total Net Position Beginning (as restated)" related to the implementation of GASB 65 which required all governmental entities to reflect bond issuance costs as expenses rather than reflecting them as assets and amortizing them over the life of the bonds.

Ms. Jansen noted that last year's audit reflected a net decrease in the fair value of the investments (mark to market) and this year there was a net increase in the fair value of the investments. She explained that the change was completely market driven.

Ms. Martin reviewed the Statement of Cash Flows, noting the overall cash provided by operating activities had increased from last year. Ms. Jansen added that the total did not include the non-cash mark to market funds.

Ms. Martin provided an overview of the footnotes, explaining they provided additional support to the financial statements. Footnote 1 related to the general nature of the activities of the Corporation, as well as the significant accounting policies of the Corporation. Footnote 2 discussed the Corporation's cash, cash equivalents, and investments. She pointed out that as of August 31, 2014 all cash had been fully collateralized and protected by FDIC insurance. She added that the Corporation's investments and investment policy were in compliance with the Public Funds Investment Act. Footnote 9 discussed GASB 65 and the need to separate the deferred inflows of resources from unearned revenue. Footnotes 10 and 11 related to the Corporation's notes and bonds payable, which hadn't changed greatly from last year. No new notes and no new bonds had been issued this year, other than multifamily bonds which were conduit debt. The multifamily bonds were addressed by Footnote 20. Footnote 22, Subsequent Events, discussed the purchase of three homes for lease as well as additional office space. Finally, Footnote 25 related to the implementation of GASB 65. Mr. Jones asked why GASB 65 had been put in place, and Ms. Martin explained that the actual cost of the transaction needed to be expensed on the date of the transaction.

Ms. Martin referred the board to the report on internal controls over financial reporting and compliance. The second page of the report noted that during the audit, the auditor did not identify any deficiencies in internal controls that were considered material weaknesses. Additionally, the auditor did not note any instances of non-compliance or other matters required to be reported under Government Auditing Standards.

The final page of the Audit was the Schedule of Operating Revenues and Expenses by activity which provided a different view of the income statements by program.

Ms. Martin then turned to the HUD Audit Report, which included information required to be presented in accordance with US Department of Housing and Urban Development (HUD). Ms. Martin stated that they had reviewed the information and in their opinion, it was fairly stated in all material respects in relation to the financials. Pages 4 and 6 of the report reflected that all requirements had been met. Pages 7 and 8 reflected that there were no findings. She made special note that there were not any findings in the previous year's audit.

Ms. Jansen stated the governance letter was a required communication that contained information required to be provided to the board. She explained that "Qualitative Aspects of Accounting Practices" meant any changes in accounting practices that they needed to be aware of. This referred to GASB 65. Ms. Jansen noted that the governance letter specified the auditors had not encountered any difficulties or disagreements with management.

Ms. Jansen added that Ms. Smith and her team had been prepared, provided timely responses and the records were in great condition. The letter stated that ML&R felt their communications were in the normal course of business as the Corporation's auditors. The last page, under Other Matters, informed the reader about the auditing procedures applied, and that it was management's responsibility to prepare the statements.

Ms. Jansen briefly spoke of the representation letter which stated that the information provided was true, accurate and complete. It also specified that the Corporation was in compliance with laws and regulations and all of the information had been provided as it related to fraud and litigation.

Ms. Jansen made a final note on internal controls. She stated that they were required to gain an understanding of internal controls and if they had identified controls or deficiencies in internal controls, they would have sent a letter to the board. Ms. Jansen noted that the auditors had not identified any deficiencies or material weaknesses; however they had suggested a few best practices.

Mr. Jones complemented the staff on the clean audit. Mr. Dietz commented that the Audit Committee had met and had approved the report without further comments or corrections. He stated that he and Mr. Evenwel, both members of the Audit Committee, had been pleased with the audit results.

Mr. Evenwel made a motion to approve the Annual Independent Financial Audit for the Fiscal Year Ending August 31, 2014. Mr. Meade seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously;

Mr. Jones thanked the Audit Committee members for participating in the process.

**Tab 3                      Presentation, Discussion and Possible Approval for Publication and Public Comment on the Draft of the Texas State Affordable Housing Corporation 2015 Annual Action Plan.**

Ms. Taylor explained that the draft Annual Action Plan had been prepared in accordance with Texas Government Code Section 2306.566 which required the Corporation to annually develop a plan to address the State's housing needs. The Corporation's Annual Action Plan was a part of the State's Low Income Housing Plan (SLIHP) which was prepared by the Texas Department of Housing and Community Affairs (TDHCA). The final product would be submitted to the Governor, Lieutenant Governor and the Speaker of the House. Ms. Taylor explained that the Plan contained a comprehensive overview of the Corporation's programs, the number of people served in 2014, and the Corporation's 2015 implementation plan for each program. If approved today, the draft plan would be published for public comment. During the public comment period, the Corporation would participate in a public hearing in conjunction with TDHCA that would occur on January 6, 2015. The hearing would provide the public with an opportunity to make recommendations on our programs. She noted that the draft plan would also be posted on the Corporation's website and the public would be able to submit written comments until January 16<sup>th</sup>. After the public comment period ended, staff would review the comments received and make recommendations for any necessary changes. Staff would then present the Annual Action Plan with any revisions to the Board for final approval at the February meeting.

Mr. Jones commented that he used the Annual Action Plan when speaking to others about the Corporation's programs. Mr. Dietz asked if the professions under the Homes for Texas Heroes program were defined by the legislature and Ms. Taylor confirmed that they were. Mr. Jones added that the Professional Educators and Homes for Texas Heroes programs had been combined during the last legislative session and veterans had been added to the list of those eligible.

Ms. Taylor made one final note that the number of people served by the programs would be updated after year end to encompass all who had been served in 2014.

Mr. Meade made a motion to approve for Publication and Public Comment the Draft of the Texas State Affordable Housing Corporation 2015 Annual Action Plan. Mr. Romero seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion was approved unanimously.

**Tab 4                      Presentation, Discussion and Possible Approval of Action by the Corporation related to Texas Community Capital.**

Mr. Long explained that Texas Community Capital (TCC) was an organization created by the Texas Association of Community Development Corporations (TACDC) and had been reconstituted in partnership with the Corporation. Mr. Romero recalled that the Corporation had participated with TACDC in forming this organization in anticipation of utilizing the CDFI certification as a way of leveraging funds in support of current and newly developed housing programs. He explained that the TCC partnership had been in place for three years. The board of TCC was made up of two people appointed by the Corporation's board, two people appointed by TACDC's board and one person appointed by the other four members. Mr. Romero noted that he and Ms. Leon were the Corporation's representatives on the TCC board.

Mr. Romero noted that TCC had recently received a grant to spearhead an alternative small dollar lending program and they were currently working to release the program statewide. This program was the primary focus of TCC, however it did not align with the Corporation's primary mission of providing affordable housing.

Mr. Romero added that TCC was not currently working to develop any new programs that would better align with the Corporation or its mission. As a result, Mr. Romero stated that it was his intention to resign his position on the TCC board, providing the opportunity for the Corporation's board to appoint a new TSAHC representative or to consider partnering with another organization with a similar mission related to affordable housing.

Mr. Jones asked how Ms. Leon felt about it. Mr. Romero thought she would be amenable to either option. Mr. Long concurred, stating that after conversations with Ms. Leon, she was amenable to move forward with the Corporation in whatever direction the board decided. Mr. Long suggested the board accept and acknowledge Mr. Romero's resignation from the TCC board. The board could then elect to appoint a new member to the TCC board. If they did not, Ms. Leon would continue to serve as the Corporation's representative until such time the Corporation's board authorized further action.

Mr. Jones asked for a staff recommendation. Mr. Long suggested that staff take time to evaluate the alternatives that were available before making a decision. It was still his hope that the Corporation engage in a partnership with a CDFI organization. Mr. Jones asked if the Corporation contributed funding to TCC. Mr. Long stated that no funding was currently being contributed, however we provided staff resources and support.

Mr. Romero recalled that the Corporation had recently received a grant from the Office of Consumer Credit Commissioner (OCCC) in support of the Corporation's Texas Statewide Homebuyer Education Program (TSHEP); receiving this grant prohibited the Corporation from participating in the daily management of TCC during the OCCC grant period because the OCCC approves the state licenses for various consumer credit lending, including TCC's license for the alternative lending program.

Board discussion followed on the various options to consider regarding the Corporation's continued involvement with TCC, including how best to proceed should the board elect to terminate the partnership. Mr. Long restated that the original intent for partnering with TACDC was to have access to CDFI funding in order to enhance the Corporation's affordable housing programs. Mr. Long stated that he would prefer to research other partnership opportunities before the Corporation took action regarding its involvement with TCC.

Mr. Romero agreed to submit his resignation in writing and suggested that Corporation staff begin pursuing other opportunities. Mr. Long suggested the board acknowledge Mr. Romero's resignation and then discuss the alternatives at a future meeting.

Mr. Dietz made a motion to pass a non-actionable resolution thanking Mr. Romero for his service to TCC and acknowledging his future and eminent resignation from the same entity. Mr. Meade seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously.

### **Closed Meeting**

Mr. Jones called the board into closed meeting under Texas Government Code Section 551.071, consultation with legal counsel on legal matters, and Texas Government Code Section 551.072, regarding the purchase, exchange or lease of real property. Ms. Van Dyk, legal counsel for the Corporation, noted that under Government Code 551, the closed session was not required to be recorded nor a certified agenda made. The time was 10:37am.

The board came out of closed meeting and into open meeting at 12:00 noon.

### **Open Meeting**

Mr. Long noted that the January board meeting was currently scheduled for January 8<sup>th</sup>. Staff would follow-up with the board members to confirm quorum. Mr. Jones thanked the staff for their hard work and Mr. Schafer for recording the meeting.

### **Adjournment**

Mr. Romero made a motion to adjourn the meeting. Mr. Meade seconded the motion. A vote was taken and the motion passed unanimously. The meeting was adjourned at 12:01pm.

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

## TAB 2

# Texas State Affordable Housing Corporation

---

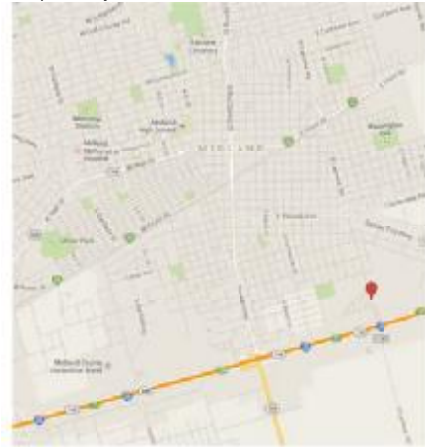
## **Agenda Item:**

Presentation, discussion and possible approval of a resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015, a Trust Indenture, a Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the bonds; and other provisions in connection therewith.

## **Summary:**

The Corporation received an application from the Palladium Affordable Housing Development, Inc. (Palladium) in July 2014 for the issuance of multifamily private activity bonds for the THF Palladium Midland Apartments project, located at 2200 Lamesa Blvd., Midland, Texas. The project is a new construction 264 unit multifamily housing complex. The Board approved the project for inducement in August 2014 and staff has been working with Bond Counsel and the developer's team to finalize the structure of bonds and other financing for the project over the past several months. The project received its commitment for 4% housing tax credits and staff is now prepared to request final approval from the Corporation's Board.

Map of Project Area



## **Public Benefit:**

The proposed project fulfills the Corporation's small urban areas target housing need because Midland, Texas is not part of or adjacent to a PMSA or MSA greater than 500,000. Additionally, Midland and surrounding communities have been under a great deal of housing cost pressures due to rapid and ongoing growth of oil and gas exploration. Community leaders have been very supportive of new affordable housing projects. THF Palladium Midland Apartments has received letters of support from the Mayor Pro-Tem and Chamber of Commerce, as well as a resolution from the City of Midland.

## **Financial Summary:**

The proposed acquisition of land and new construction of Palladium Midland Apartments has a total budget of approximately \$36 million. \$24 million is planned for direct construction costs or approximately \$91,000 per unit. Acquisition of the land, financing costs, soft costs and developer fees account for the remaining \$10 million in total costs.

The proposed financing leverages tax-exempt bonds and 4% housing tax credits under a fairly typical financing structure. JP Morgan Chase will be the construction lender and initial bond purchaser. The bonds will be sold/assigned to the permanent lender, Massachusetts Mutual Life Insurance Company through its authorized agent, Cornerstone Real Estate Advisors. The Developer has committed to supply the remaining funds needed in the form of deferred developer fees and cash.

## **Texas State Affordable Housing Corporation**

---

The total bond amount is anticipated to be \$24,798,000. The permanent loan will carry a 15-year term with 35 year amortization schedule. The rate will be fixed to the Thomson Municipal Market Data “AAA” rate plus 2.25%. The rate based on current market conditions would be 5.05%. The construction phase interest rate will be locked at closing based on the SIFMA Municipal Swap Index plus 2.5%. The current rate for SIFMA is .05% for an all-in anticipated rate of 2.55% during construction.

Additional interim financing will be available through a bridge loan provided by the housing tax credit equity provider and limited partner, Regions Bank. Regions will provide approximately \$9.6 million in total tax credit equity and \$3,194,956 as a bridge loan during construction. The Developer’s deferred fees account for approximately \$1.7 million.

### **Market Conditions:**

Midland, Texas is located in the center of the Permian Basin, an area of Texas that has been long known for its oil and gas resources. Although much of the region has struggled economically since the late 1980s, the resurgence of oil and gas exploration due to hydraulic fracturing has pushed many Permian Basin communities into a boom-time economy.

The City of Midland’s population has increased by more than 25% since 2000 to 120,000 estimated at the end of 2013. While home builders and apartment developers have worked to keep pace with the rapid growth, total housing units have only increased by 17% to a total of 44,251 units. The excess demand for housing units is being filled through less formal development models, such as RV and mobile home parks.

The rapid growth is also reflected in housing prices. Median home values have increased from \$71,400 in 2000 to approximately \$160,000 in 2012, according to the Multiple Listing Service (MLS) datasets. Year over year comparisons of median rents show an 8% increase in market rents in the Midland area and more than 20% increase since 2011. Target rents for THF Palladium Midland Apartments will range from \$700 to \$1000 for 1 to 3 bedroom affordable units. This is significantly lower than market rents anticipated to be \$1,100 to \$1,500 for the same unit types.

Access to affordable rental units is very limited in the Midland market. The state’s department of housing lists only 755 total subsidized housing units in Midland County. The most recent new affordable housing built in the area was funded in 2013, though most units are more than 15 years old.

The unemployment rate for Midland County in May of 2014 was 2.6% compared to the statewide rate of 5.1%. Job growth due to oil and gas exploration and associated services has been the primary economic driver. Government services, education, medical and retail sectors have also seen significant increases in available jobs, though the rapid growth has also led to significant wage inflation with median hourly wages estimated at \$15/hr. Median household incomes for 2014 are estimated to be \$70,200, compared to \$39,320 in 2000.

Despite the rapid economic growth and increase in many household incomes, Midland County continues to have an estimated 10.58% of its population living below the poverty line. Many low-skilled workers, seniors and persons with disabilities have struggled to keep pace with the current



## **Texas State Affordable Housing Corporation**

---

economic gains within the community and the need for affordable housing is significant. As noted above, the stock of affordable housing is generally old and limited in number. Land and home values have increased but access to affordable options has not expanded with the pace of growth.

### **Borrower Summary:**

The development team for THF Palladium Midland Apartments is led by Palladium USA and the Texas Housing Foundation. Palladium USA is the holding company for Palladium Group assets in the United States. Palladium Group is a privately owned real estate company with developments in Western Europe, Saudi Arabia and the U.S. Its core business focuses on the development of portfolio multifamily properties that are owned and operated by the company long-term. Palladium is a vertically integrated company that provides site planning, financial structuring, construction and property management services.

The Texas Housing Foundation (THF) is a non-profit public housing authority based in Marble Falls, Texas. THF was created in 2006 and has developed more than 900 units of affordable rental housing throughout central Texas. THF's Executive Director Mark Mayfield has been involved in affordable housing development for more than 20 years. THF will be involved in direct management of the property and has established working agreements with the Midland Public Housing Authority to provide access to the development to section 8 voucher holders and other special needs populations.

### **Staff Recommendation:**

Staff recommends that the Board approve the resolution authorizing the issuance of bonds to finance the THF Palladium Apartments. If approved staff will work with the Corporation's Bond Counsel and the Developer to finalize all documents needed to carry out the issuance of the bonds. We anticipate closing of the bonds will occur on or before February 5<sup>th</sup>, 2015.

## Financing Summary

Applicant THF Palladium Midland Affordable Housing Development, Inc.  
Project Name Palladium Midland Apts

Number of Units 264  
Number of Buildings 11

### Location

Address 2200 South Lamesa Blvd.  
City Midland State TX Zip

### Contact Person

Name Thomas E Huth  
Phone 9727744400 Fax  
Email [tom@palladiumusa.com](mailto:tom@palladiumusa.com)

### Financing Participants

Name of Source	Amount	Lien Position	Hard or Soft	% of Total
TSAHC - Long-term bonds	\$ 24,798,000	1	hard	68.77%
HTC Equity	\$ 9,617,626	n/a	hard	26.67%
				0.00%
				0.00%
				0.00%
				0.00%
				0.00%
Deferred Developer Fee	\$ 1,644,479			4.56%
Developer Equity				0.00%
<b>Totals</b>	<b>\$ 36,060,105</b>			<b>31%</b>



Operating Expenses		TSAC est.	Borrower Y/L	% EGI	Variance	Per Unit	Inflation	
General & Administrative Management Fee Payroll and Related Utilities Maintenance & Repair Taxes Insurance Operating Debt Service Reserves Replacement reserves Resident Services Fee Asset/Compliance fees Issuer Fee Other (specify):		\$ 66,528	\$ 54,654	1.90	-18%	\$	207	1.03
		\$ 84,744	\$ 115,190	4.00	38%	\$	436	1.03
		\$ 253,440	\$ 330,000	11.46	30%	\$	1,250	1.03
		\$ 223,608	\$ 162,360	5.64	-27%	\$	615	1.03
		\$ 65,208	\$ 116,766	4.05	79%	\$	442	1.03
		\$	-	0.00	n/a	\$	-	1.03
		\$ 54,648	\$ 81,602	2.83	48%	\$	309	1.03
		\$ 86,392	\$	0.00	n/a	\$	-	1.03
		\$ 79,200	\$ 79,200	2.75	0%	\$	300	1.03
		\$	-	0.00	n/a	\$	-	1.03
		\$ 23,760	\$ 23,760	0.83	0%	\$	90	1.03
		\$	0.00			\$		
		\$	38,880	1.35		\$	147	1.03
		\$	1,002,412			\$	3,799.02	
	Total Operating Expenses		\$			\$	3,551.24	per unit
				state avg				
Operating Expenses as a percentage of Effective Gross Income								

## NET OPERATING INCOME

PRIMARY DEBT SERVICE				
	Principal	Rate	Amort	
TSAC - Long term bonds	\$ 24,798,000	5.05%		\$
Total Primary Debt	\$ 24,798,000			
TSAC Issuer Fee				
Net Cashflow After Primary Debt	\$ 24,798			
DSOR Primary Debt				

## SOFT SUBORDINATE DEBT & EQUITY

ASSETS		
CURRENT ASSETS		
ASSETS	2019	2018
Cash	\$ 1,000,000	\$ 1,000,000
Accounts receivable	\$ 500,000	\$ 500,000
Inventory	\$ 200,000	\$ 200,000
Prepaid expenses	\$ 100,000	\$ 100,000
Other current assets	\$ 50,000	\$ 50,000
<b>Total Current Assets</b>	<b>\$ 1,850,000</b>	<b>\$ 1,850,000</b>
NON-CURRENT ASSETS		
Property, plant, and equipment	\$ 1,000,000	\$ 1,000,000
Intangible assets	\$ 500,000	\$ 500,000
Other non-current assets	\$ 50,000	\$ 50,000
<b>Total Non-Current Assets</b>	<b>\$ 1,550,000</b>	<b>\$ 1,550,000</b>
<b>Total Assets</b>	<b>\$ 3,400,000</b>	<b>\$ 3,400,000</b>
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable	\$ 200,000	\$ 200,000
Deferred Developer Fee	\$ 1,644,479	\$ 1,644,479
Other liabilities	\$ 50,000	\$ 50,000
<b>Total Liabilities</b>	<b>\$ 1,894,479</b>	<b>\$ 1,894,479</b>
EQUITY		
Common stock	\$ 1,000,000	\$ 1,000,000
Retained earnings	\$ 505,521	\$ 505,521
<b>Total Equity</b>	<b>\$ 1,505,521</b>	<b>\$ 1,505,521</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,400,000</b>	<b>\$ 3,400,000</b>

Estimated value of completed real estate	\$ 31,288,945	Estimated Cap Rate	6.00%
--	---------------	--------------------	-------

Analysis of Property Tax Impacts

Applicant Palladium Midland Affordable Housing Development  
Project Name Palladium Midland Apts

Properties	2013 Taxes	2013 Tax Rate	Esitimated Tax Value		2013 estimated taxes w/o exemption	
THF Palladium Midland Affordable Hou	Exempt (PHA)	3.99%	\$	31,288,945	\$	12,478.18
Totals			\$	31,288,945	\$	12,478



Date: December 30, 2014

Mr. David Danenfelzer  
Texas State Affordable Housing Corporation  
2200 East MLK Jr. Blvd  
Austin, Texas 78722

Re: \$25,000,000 (Approximate)  
Texas State Affordable Housing Corporation  
Multifamily Housing Revenue Bonds  
(THF Palladium Midland Apartments)  
Series 2015

Dear David:

This will outline First Southwest Company, LLC's ("FSC") report as Financial Advisor to the Texas State Affordable Housing Corporation (the "Issuer") for the purpose of analyzing the financing for the development and construction of a new multifamily residential rental development comprised of 264 units to be located in Midland, Texas to be known as THF Palladium Midland Apartments (the "Project"). THF Palladium Midland Ltd, a Texas limited partnership will be the borrower (the "Borrower"). THF Palladium Midland GP LLC, a Texas non-profit will be the General Partner.

It is our understanding that the Project is to be financed, in part, through the sale of approximately \$25 million in tax-exempt mortgage revenue bonds (the "Bonds") issued by the Issuer. The Borrower has obtained a conditional forward commitment for a direct placement of the Bonds to Massachusetts Mutual Life Insurance Company ("MMLIC") under their LIHTC/Tax-Exempt Bond Permanent Financing Program. The aforementioned program provides for a first mortgage loan to be funded with the issuance of the Bonds. JP Morgan Chase Bank N.A ("JPMCB") will be the construction lender and will own the Bonds until the conversion date. The Bonds will be privately placed and therefore do not require a rating. The Issuer will require \$100,000 minimum denominations and a "big-boy" letter to be executed, which is mutually agreeable to both parties and to Bond Counsel. In addition, the Bonds will be subject to transfer restrictions.

For your convenience, the balance of this letter is arranged in the following sections:

- I. *Summary of the Current Financing Situation;*
- II. *Services provided as Financial Advisor; and*
- III. *Conclusions.*

## **I. Summary of the Current Financing Situation**

We understand that the Borrower has a purchase contract for the land and will seek approval of the Issuer's Board in January 2015 to provide approximately \$25 million in private activity bonds. The Borrower has received approval of the Texas Department of Housing and Community Affairs for the award of the tax credits. Additional sources of funds will come from the proceeds of the sale of 4% Low Income Housing Tax Credits (purchased by Regions Bank), and deferred developer's fees. The total development costs are approximately \$36 million. The date of issuance of the Bonds is expected to be on or before February 13, 2015.

Based upon the MMLIC/JPMCB commitment to buy the Bonds, the Issuer will place the Bonds as floating rate/fixed rate securities with a final maturity of approximately 17 years and a principal payments schedule that will be based upon a 40-year amortization with a balloon payment in year 17. The Issuer will sell the Bonds to the Purchasers on a private placement basis with no offering document.

## **II. Services provided**

FSC has worked with the Issuer on this transaction. The services that FSC has and will provide the Issuer as Financial Advisor for this financing include the following:

- Create and coordinate transaction schedule and working group lists. Orchestrate work flow of all professionals on the financing team;
- Schedule and lead all conference calls and organizational meetings;
- Review and comment on all financing documents including the Trust Indenture and Loan Agreement;
- Work with Bond Counsel, the Bond Purchasers and the Issuer, as needed, to ensure that the Tax Analysis is completed in a satisfactory manner;
- Along with the Issuer and Bond Purchasers, coordinate the marketing of the Bonds, determine the date on which to sell the Bonds;
- Work with Bond Purchasers to complete a Closing Memorandum that provides a detailed summary of the sources and uses of funds and directs the Trustee as to the amount of the initial project fund draw and payment requirements for all professionals involved in the transactions; and
- Work with all members of the working group to ensure that the Bonds are closed by the date required.

## **III. Conclusions**

FSC has reviewed the real estate underwriting analysis that was prepared by the Texas Department of Housing and Community Affairs and it not aware of anything contained therein that would cause FSC to recommend not moving forward with the transaction. FSC has concluded, based upon its involvement in the transaction that the Issuer should move forward with the closing of the Bonds as currently structured for the following reasons:

- Bonds are structured as a private placement;
- \$100,000 minimum denominations;
- Initial investor letter
- Transfer restrictions on the Bonds

- Favorable Underwriting Report from TDHCA
- Strong Development team
  - Palladium USA
  - Texas Housing Foundation

Please recognize that:

- 1) FSC review is preliminary in that the numbers and deal terms have not all been finalized and
- 2) FSC have reviewed similar bond structures and this project is:
  - a. consistent with other programs of other issuers/developers, and
  - b. the interest rates have been discussed (we understand that these will be finalized in January) and are in line with the rates on similar structures with comparable terms.

This report is solely for the benefit of the Issuer, and no other party. No other party may rely on this report without the prior written consent of the FSC.

A handwritten signature in blue ink, appearing to read 'Timothy Earl Nelson', is written over a faint, light blue rectangular background.

Timothy Earl Nelson  
Senior Vice President  
First Southwest Company, LLC



RESOLUTION NO. 15-\_\_\_\_\_

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015, a Trust Indenture, a Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the bonds; and other provisions in connection therewith

WHEREAS, Texas State Affordable Housing Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), for the purpose, among other things, of promoting the public health, safety and welfare through the provision of adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income; and

WHEREAS, the Act authorizes the Issuer to (a) make mortgage loans to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income; (b) issue its multifamily housing revenue bonds, for the purpose, among others, of obtaining funds to make such mortgage loans, to establish any necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from such mortgage loans, and to mortgage, pledge or grant security interests in such mortgage loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and (d) make, enter into, and enforce contracts, agreements, leases, indentures, mortgages, deeds, deeds of trust, security agreements, pledge agreements, credit agreements and other instruments with any person on terms the Issuer determines to be acceptable; and

WHEREAS, the Issuer has determined to provide a loan to THF Palladium Midland, Ltd., a Texas limited partnership (the "Borrower"), for the purpose of acquiring, constructing and equipping a multifamily residential development to be located in the City of Midland, Texas and to be known as THF Palladium Midland Apartments (the "Project") to be rented to persons of low and moderate income, as evidenced by that certain Loan Agreement dated as of February 1, 2015 (the "Agreement") by and among the Issuer, the Borrower and JPMorgan Chase Bank, N.A. (the "Purchaser"), and in connection therewith the Borrower has agreed to assume certain of the obligations set forth in the Regulatory Agreement and Declaration of Restrictive Covenants dated as of February 1, 2015 (the "Regulatory Agreement") by and among the Issuer, Wilmington Trust, National Association, as Trustee (the "Trustee") and the Borrower; and

WHEREAS, the Issuer now proposes to issue its bonds styled "Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (THF Palladium Midland Apartments) Series 2015" (the "Bonds") pursuant to this Resolution and a Trust Indenture dated as of February 1, 2015 (the "Indenture") between the Issuer and the Trustee; and

WHEREAS, the Issuer further proposes to sell the Bonds, upon the issuance thereof, to the Purchaser; and

WHEREAS, the Issuer has heretofore received a certificate of reservation relating to 2014 volume allocation for the Bonds and the Project totaling \$25,000,000 and the Issuer elected a carryforward of the 2014 Volume Allocation in accordance with applicable federal and state law;

WHEREAS, all capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Indenture unless the context in which they appear requires otherwise; and

WHEREAS, there have been presented to the Issuer proposed forms of each of the following:

1. the Indenture;
2. the Agreement;
3. the Asset Oversight, Compliance and Security Agreement (the "Asset Oversight and Compliance Agreement"), by and between the Borrower and the Issuer; and
4. the Regulatory Agreement.

WHEREAS, the Issuer finds the form and substance of the above-listed documents (hereinafter, collectively the "Bond Documents") to be satisfactory and proper and finds the recitals with regard to the Issuer contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Bonds, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith; and now

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION THAT:

Section 1: Based solely upon the representations made to the Board of Directors (the "Board") by the Borrower, it appears and the Board hereby finds that the issuance of the Bonds and the making of the various contractual commitments, as provided herein, will provide a means of financing the Project within the State that accomplishes the public purpose of providing adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income.

Section 2: The issuance of the Bonds in one or more series and in the aggregate maximum principal amount of not to exceed \$25,000,000, is hereby authorized and approved. The Bonds shall mature, bear interest at the rate or rates and shall be subject to the redemption features as specified in the Indenture. The Board hereby approves the Indenture in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer is authorized and directed, for and on behalf of the Issuer, to execute the Indenture and such officers are hereby authorized to deliver the Indenture. Upon execution by the parties thereto and delivery thereof, the Indenture shall be binding upon the Issuer in accordance with the terms and provisions thereof.

Section 3: The Board hereby approves the Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer is hereby authorized and directed, for and on behalf of the Issuer, to execute the Agreement, and the Chief Financial Officer and Treasurer, Secretary or any Assistant Secretary of the Issuer is authorized and directed, for and on behalf of the Issuer, to attest the Agreement, and such officers are hereby authorized to deliver the Agreement. Upon execution by the parties thereto and delivery thereof, the Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof.

Section 4: The Board hereby approves the Asset Oversight and Compliance Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer are each hereby authorized and directed, for and on behalf of the Issuer, to execute the Asset Oversight and Compliance Agreement, and such officers are hereby authorized to deliver the Asset Oversight and Compliance Agreement. Upon execution by the parties thereto and delivery thereof, the Asset Oversight and Compliance Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof.

Section 5: The Board hereby approves the Regulatory Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer are each hereby authorized and directed, for and on behalf of the Issuer, to execute the Regulatory Agreement, and such officers are hereby authorized to deliver the Regulatory Agreement. Upon execution by the parties thereto and delivery thereof, the Regulatory Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof.

Section 6: The Board hereby approves the Bonds in substantially the form and substance set forth in the Indenture as presented to the Board with such changes or additions as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer, as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer are hereby authorized and directed, for and on behalf of the Issuer, to execute the Bonds or have their facsimile signatures placed upon the Bonds, and the Chief Financial Officer and Treasurer, Secretary or any Assistant Secretary, by manual or facsimile signature, are hereby authorized and directed to attest the signature of the Chairperson, Vice Chairperson, President or Executive Vice President, and any of such officers is hereby authorized and directed to deliver the Bonds.

Section 7: The Board hereby approves the sale of the Bonds to the Purchaser in accordance with the terms and conditions specified in the Loan Agreement approved herein.

Section 8: Wilmington Trust, National Association is hereby appointed as Trustee and paying agent under the terms of the Indenture for the Bonds. If said bank shall be unable or unwilling to so serve, the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer is hereby authorized and directed to designate a commercial bank or other entity with trust powers acceptable to it to serve as Trustee and paying agent.

Section 9: The President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized to approve the principal amount or amounts and maturity date or dates of the Bonds to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate or rates shall never exceed 15% per annum. The President and Executive Vice President of the Issuer, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Bonds.

Section 10: The officers of the Issuer are each hereby authorized to execute and deliver to the Trustee the written order of the Issuer for the authentication and delivery of the Bonds by the Trustee in accordance with the Indenture.

Section 11: All action (not inconsistent with provisions of this Resolution) heretofore taken by the Board and officers of the Issuer directed toward the financing of the Project and the issuance of the Bonds shall be and the same hereby is ratified, approved, and confirmed.

Section 12: The officers of the Issuer shall take all action in conformity with the Act necessary or reasonably required to effectuate the issuance of the Bonds and take all action necessary or desirable in conformity with the Act to finance the Project and for carrying out, giving effect to, and consummating the transactions described in the Bonds, this Resolution, the Bond Documents, and any other instruments authorized by this Resolution or required to effect the transactions contemplated hereby, including without limitation, the execution and delivery of any certificates, agreements or documents in addition to those specifically referenced herein which are associated with the issuance of the Bonds.

Section 13: The President or the Executive Vice President of the Issuer is authorized to approve such changes to the documents specifically referenced in this Resolution as well as the certificates, agreements and documents authorized in Section 12 hereof, as they deem necessary or appropriate. The execution and delivery of such documents by either of such officers shall constitute conclusive evidence of such approval.

Section 14: If any section, paragraph, clause, or provision of the Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the Issuer authorized or established by this Resolution or the Bonds is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the Issuer to the fullest extent permitted by law.

*[remainder of page intentionally left blank]*

PASSED, APPROVED AND EFFECTIVE this January 15, 2015.

TEXAS STATE AFFORDABLE HOUSING  
CORPORATION

---

Chairperson

ATTEST:

---

Secretary

## TAB 3

# TEXAS STATE AFFORDABLE HOUSING CORPORATION

## OPTIONS RELATING TO SINGLE FAMILY MORTGAGE REVENUE BONDS SERIES 2005A

January 15, 2015

---

### Background

The Corporation issued the 2005A Bonds on July 27, 2005, in an original principal amount of \$23,920,000. The funds were expended to provide single family mortgages to qualifying Professional Educators. Of the original issuance, \$7,110,000 will remain outstanding after the redemption of \$290,000 of bonds on February 1, 2015. Only two maturities remain outstanding: September 1, 2038, and September 1, 2039, and they both are subject to Optional Redemption by the Corporation, in full or in part, on or after March 1, 2015, at a price equal to 102.80%.

### Possible Actions

Several alternatives have been evaluated including selling the outstanding Mortgage-Backed Certificates and redeeming the bonds, replacing the bonds with a new taxable issuance, or leaving the bonds in place (no action). At this time it appears that selling the outstanding Certificates and redeeming the Bonds under the Optional Redemption provisions may provide the Corporation a greater benefit than the other options. Under this alternative, the Corporation would sell the Certificates and use the proceeds to redeem the Bonds in full on March 1, 2015. The goal would be to maximize the Certificate sale price to produce funds in excess of what is required to redeem the Bonds. The Corporation would retain any surplus funds available after providing for the full redemption of the Bonds, which could be used in support of the Corporation's various affordable housing programs.

### Current Environment

The current opportunity is compelling primarily due to the fact that today's low interest rate environment has made the Certificates increasingly valuable. Falling interest rates increase the value of the Certificates, and the economic benefit of the proposed transaction to the Corporation has risen in tandem with recent increases in the value of the Certificates. For background regarding interest rates, the 10-year Treasury began 2014 at 3.00% and it reached a low of 1.97% on January 6, 2015 (a low that has not been met since May of 2013). If interest rates begin to rise from these lows then the Certificates will become less valuable and the economic benefit to the Corporation will decline.

### Recommendation

It is management's recommendation that the Corporation reevaluate the various alternatives later in January in light of then-current market conditions and make a decision at that time whether to pursue the strategy outlined above. If the decision is to move forward with a sale and redemption, management will need to take action before February 1.

**MINUTES AND CERTIFICATION**

THE STATE OF TEXAS                   §  
   §  
 TEXAS STATE AFFORDABLE       §  
 HOUSING CORPORATION           §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation convened on the 14<sup>th</sup> day of February, 2013, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
Robert Elliot Jones	Chairperson
William H. Dietz	Vice Chairperson
Gerry Evenwel	Director
Alejandro Meade	Director
Jerry Romero	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Elizabeth Bayless	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Laura Ross	Secretary
Cynthia Gonzales	Assistant Secretary

All said Board members were present except \_\_\_\_\_, thus constituting a quorum. All of the officers of the Corporation were present at the meeting.

Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

**“RESOLUTION NO. 15-\_\_\_\_\_”****TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION RELATING TO THE SALE OF MORTGAGE-BACKED CERTIFICATES RELATING TO THE TEXAS STATE AFFORDABLE HOUSING CORPORATION SINGLE FAMILY MORTGAGE REVENUE BONDS (PROFESSIONAL EDUCATORS HOME LOAN PROGRAM), SERIES 2005A, AND THE REDEMPTION IN WHOLE OF SUCH BONDS, AND ALL MATTERS RELATED THERETO”



was duly introduced for the consideration of said Board and said caption was read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion and request for comments, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

\_\_\_ AYES

\_\_\_ NOES

\_\_\_ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

EXECUTED this \_\_day of January, 2015.

---

Laura Ross, Secretary  
Texas State Affordable Housing Corporation

**RESOLUTION NO. 15-\_\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

RESOLUTION RELATING TO THE SALE OF MORTGAGE-  
BACKED CERTIFICATES RELATING TO THE TEXAS  
STATE AFFORDABLE HOUSING CORPORATION SINGLE  
FAMILY MORTGAGE REVENUE BONDS (PROFESSIONAL  
EDUCATORS HOME LOAN PROGRAM), SERIES 2005A,  
AND THE REDEMPTION IN WHOLE OF SUCH BONDS,  
AND ALL MATTERS RELATED THERETO

WHEREAS, the Texas State Affordable Housing Corporation (the "Corporation") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non- Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), the Issuer is authorized to establish programs including bond-financed programs, to provide individuals and families of low income, as defined in the Act, with adequate, safe and sanitary housing; and

WHEREAS, the Corporation has previously issued its "Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program), Series 2005A (the "Bonds"), in the total initial principal amount of \$23,920,000, on July 27, 2005, pursuant to a Trust Indenture dated as of July 1, 2005, as supplemented by a 2005A Series Supplement dated as of July 1, 2005 (collectively, the "Indenture"), each between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"); and

WHEREAS, the proceeds of the Bonds were used to purchase mortgage-backed securities (collectively, the "Certificates") backed by mortgage loans made to persons or families for the purchase of qualifying single family residences in the State of Texas; and

WHEREAS, the Corporation has determined that it is in the best interest of the Corporation to analyze the sale of the Certificates and the redemption in whole of the outstanding Bonds, in accordance with the applicable optional redemption provisions of the Indenture, in order to release surplus revenues to the Corporation after the related redemption and the payment of transaction cost; and

WHEREAS, the Board of Directors of the Corporation has determined to delegate to the President and the Executive Vice President the authority to determine if the sale of the Certificates at then applicable market prices is in the best interest of the Corporation to proceed with the transaction.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

Section 1. Authorization to Approve Certificate Sale and Bond Redemption. That the President and Executive Vice President are authorized to evaluate the sale of the Certificates and the corresponding redemption of the Bonds and release of surplus revenues, in consultation

with the Corporation's financial consultants and legal counsel, and that the President and the Executive Vice President each have the full power and authority to determine if the sale of the Certificates at then applicable market prices is in the best interest of the Corporation.

Section 2. Execution and Delivery of Documents. That if, pursuant to Section 1, it is determined that a sale of the Certificates shall proceed, the President or Executive Vice President are each authorized and directed for and on behalf of the Corporation to execute a sale agreement with respect to the sale of the Certificates, to provide instructions to the Trustee, and to enter into any other documents that may be necessary or desirable to consummate the sale of the Certificates and the redemption of the Bonds.

Section 3. Redemption of Bonds. That upon approval of the sale of the Certificates by the President or Executive Vice President, the Bonds shall be redeemed in whole on the date or dates specified in the Certificate purchase agreement(s), or other instructions of the Issuer to the Trustee, at the applicable redemption prices set forth in the Indenture.

Section 4. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board of Directors of the Corporation in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 5. Severability. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

*[Remainder of Page Intentionally Left Blank]*

APPROVED AND EFFECTIVE this \_\_\_ day of January, 2015.

TEXAS STATE AFFORDABLE HOUSING  
CORPORATION

---

Chairperson  
Texas State Affordable Housing Corporation

ATTEST:

---

Laura Ross, Secretary  
Texas State Affordable Housing Corporation

# TAB 4

## **Tab 4**

### **Discussion of the 84<sup>th</sup> Texas Legislative Session.**

Discussion