

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,  
June 16, 2016  
10:41 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair

WILLIAM H. DIETZ, JR., Vice Chair

GERRY EVENWEL

I N D E X

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P R O C E E D I N G S

1  
2 MR. JONES: The June 2016 meeting of the Texas  
3 State Affordable Housing Corporation Board of Directors is  
4 called to order. It's 10:41.

5 William Dietz, Vice-Chair?

6 MR. DIETZ: Here.

7 MR. JONES: Gerry Evenwel, Member?

8 MR. EVENWEL: Present.

9 MR. JONES: Alex Meade, Member?

10 (No response.)

11 MR. JONES: Jerry Romero, Member?

12 (No response.)

13 MR. JONES: Bob Jones, Chair, here. We have a  
14 quorum.

15 Is there any public comment at this time?

16 (No response.)

17 MR. JONES: Hearing none, we'll now have our  
18 president's report.

19 MR. LONG: Thank you, Mr. Chairman and members.

20 As always, tab items A through C contain your  
21 program reports and financial reports. Melinda tells me  
22 there's no exceptions to report on the financials. If you  
23 have any questions, we'll be more than happy to go over  
24 those with you.

25 I'll give you a couple of updates on some

1 things. On May 23, the Corporation was invited to provide  
2 testimony to the House Urban Affairs Committee on Interim  
3 Charges. That hearing was held in Houston, and Janie,  
4 Michael and myself attended that hearing and I gave a  
5 presentation to the committee on TSAHC's programs. We  
6 appreciated the opportunity to be there and speak.

7 As you are aware of, June is National  
8 Homeownership month. Sarah Ellinor and Joniel Crim are  
9 conducting consumer webinars every Wednesday this month.  
10 They conduct those at lunchtime and in the evening. To  
11 date we've held six webinars. Two hundred and twenty  
12 people have attended those webinars and it's been a great  
13 success and I feel like we're going to have a continued  
14 pretty strong attendance for those going forward through  
15 the end of the month.

16 Other events, I'm going to let Mr. Jones  
17 elaborate on this a little bit, but Sarah Ellinor was able  
18 to participate on Mr. Jones's radio show last week to  
19 promote a couple of things. We promoted not only National  
20 Homeownership Month but also TSAHC's Ten Steps to Buying a  
21 Home, the webinar that we're conducting that I just  
22 mentioned. And I want to compliment Mr. Jones, first, for  
23 allowing us to do that, and doing such a good job. And  
24 also thank Sarah and the work she did on that. I thought  
25 she did a really good job, and I'll let Mr. Jones

1 elaborate if he wants to.

2 MR. JONES: I want to say that you can hear her  
3 interview on soundcloud.com/1440KEYS. Did Janie put a  
4 link somewhere? We kept calling her Eleanor, first of  
5 all. It sounded like a first name.

6 MR. LONG: I don't know about the we part of  
7 it, but okay.

8 MR. JONES: Did you put a link?

9 SPEAKER FROM AUDIENCE: We shared it on  
10 Facebook.

11 MR. JONES: Okay. And so I would recommend  
12 that you listen. Our hits on Soundcloud on your interview  
13 within 24 hours over 42 people had hit it, and it has  
14 built from there, so a lot of people are going to it. And  
15 I'll have you know that since I came up last night, I  
16 played it again today in a different time slot, because I  
17 pre-record the show or I'll tape great interviews, edit it  
18 and do new commercials and all, but I ran it again today  
19 on the show.

20 MR. LONG: Thank you.

21 MR. JONES: She had a ton of information. For  
22 the first minute and a half she was nervous, and after  
23 that, game on, it was game on. And I enjoyed it too  
24 because there was a lot that compartmentalized it for me,  
25 and there were a lot of city officials listening and

1 county officials because I've gotten some calls from them  
2 too and we'll direct them your way. But it was an  
3 excellent on air. She kept saying, It was my first, thank  
4 you for helping me get through my first. Hey, thank you  
5 for helping me get through my first with TSAHC, because  
6 you know, with what I know, it's not my job, it wasn't  
7 about me, it was about Sarah and the program. How many  
8 here have heard it? Okay. How did she do?

9 (Applause.)

10 MR. JONES: Before you continue, this one  
11 section on monthly investment report, it's monthly printed  
12 here and the Board gets briefed in particular every how  
13 often?

14 MR. LONG: In terms of the overall investment  
15 strategy or the investment report?

16 MR. JONES: I mean, we could look at it for  
17 ourselves. Do you read it every month?

18 MR. EVENWEL: I read it.

19 MR. JONES: And do you have any questions?  
20 Okay. But I know it's mostly about oil and soft  
21 economics, and I know periodically we have a presentation.

22 MR. LONG: Correct. We have our investment  
23 advisor, Linda Patterson and Associates.

24 MR. JONES: Do we do that once a year?

25 MR. LONG: Well, we do it once a year, and

1 we've done it in the past sometimes when we're doing a  
2 strategic report or something of that nature. We'll bring  
3 her in in advance, or if there's something going on in the  
4 market that we feel like you need to be aware of, we can  
5 do it then. But we're more than happy to have her come in  
6 any time you need to.

7 MR. JONES: I'm just saying because of the big  
8 slowdown, and I don't think it's necessary to do it  
9 quarterly, semi-annually, but I was just wondering when  
10 was the last time we really had one. She'll do it when  
11 there's any major development. Correct?

12 MR. LONG: When we ask her to come in.

13 MR. JONES: And you'll do that based on the  
14 understanding of something major or something significant.

15 MR. LONG: Something major that's going on that  
16 we need the Board to be made aware of as we make a  
17 transition in an investment strategy.

18 MR. JONES: All right. Because I'm not a  
19 financial guy like this guy. He says, Yeah, I read it,  
20 it's okay, I know, call me.

21 I'm sorry. Go ahead, Mr. President.

22 MR. LONG: Well, again, thank you, Mr. Jones,  
23 for the opportunity to have Sarah on your radio show. We  
24 appreciate that opportunity.

25 MR. JONES: Made for great radio.

1 MR. LONG: What?

2 MR. JONES: It wasn't all altruistic, it made  
3 for great radio.

4 MR. LONG: Good. We thought so.

5 They also continue to conduct the overcoming  
6 the down payment hurdle classes. They did one this last  
7 month in Longview. They participated in three homebuyer  
8 fairs in Dallas, Arlington and McAllen. And the next  
9 round of TSHEP, which will be held August 22 through 26,  
10 is now open for registration.

11 On June 15, yesterday, the Corporation's Loan  
12 Committee met, again, to review some loans. Ms. Keene  
13 will be presenting two of those loans under tabs 3 and 4  
14 for your consideration and approval today.

15 I want to give you an update that TSAHC's  
16 annual report for 2015 should be available for everyone  
17 for publication next month.

18 I would like to introduce the professionals we  
19 have in attendance. Ms. Van Dyke, with Greenberg Traurig,  
20 our general counsel firm is here.

21 MR. JONES: What does that mean?

22 MR. LONG: She got married.

23 And then Tim Nelson and Eric Pike are here with  
24 Hilltop Securities, our financial advisor firm.

25 And always, I like to mention our meeting is

1 tentatively scheduled next month for the second Thursday  
2 of the month which is July 14.

3 With that, I'll conclude, unless you have any  
4 questions.

5 MR. JONES: Any questions or comments from any  
6 of the Board?

7 (No response.)

8 MR. JONES: Get the hook and get him off the  
9 stage.

10 Tab 1, Presentation, discussion and possible  
11 approval of the minutes of the Board meeting held on May  
12 19, 2016. Pleasure of the Board?

13 MR. EVENWEL: I move we approve the minutes.

14 MR. JONES: Is there a second?

15 MR. DIETZ: Second.

16 MR. JONES: Moved and seconded. Any other  
17 discussion? Any public comment on this item?

18 (No response.)

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

20 (A chorus of ayes.)

21 MR. JONES: Passes.

22 Item 2, Presentation, discussion on recent  
23 updates of the Corporation's Asset Oversight and  
24 Compliance, Single Family Rental, and Multifamily Rental  
25 programs.

1 MS. BAYLESS: Mr. Chairman and members, I am  
2 Elizabeth Bayless, executive vice president.

3 The Asset Oversight and Compliance, and Single  
4 Family, and Multifamily Rental programs are managed here  
5 at TSAHC by James Matias and Celina Mizcles. Normally  
6 they would be presenting this program update to you but  
7 they are both unavoidably out of the office today, so  
8 you're stuck with me.

9 Behind tab 2 you have three pages. The first  
10 page lists the 30 different properties that TSAHC has bond  
11 financed or financed through a direct loan, over which we  
12 conduct compliance reviews, monthly asset oversight and  
13 annual on-site visits. We have completed 18 of the visits  
14 so far this year, and Celina presently is in Wichita Falls  
15 completing number 19 for the year. All annual visits are  
16 scheduled and will be completed by year-end which is our  
17 goal.

18 In terms of compliance, 96 percent of the  
19 properties are in compliance, only one is not, and that is  
20 Rita Blanca in Dalhart. It's about two-thirds of the way  
21 down the sheet. The only reason Rita Blanca is not  
22 presently in compliance is that they accidentally moved in  
23 one tenant who was over the income limits. When we  
24 pointed that out to them, they understood their error.  
25 The tenant has moved out of the unit and it's presently

1 vacant, they're looking for a replacement tenant, and when  
2 it is leased again, then it can go back into 100 percent  
3 compliance status.

4           Moving on to the Single Family Rental Program,  
5 to remind you, we have 15 housing units for rent under  
6 that program. Twelve are single family homes, a mix of  
7 three-bedroom and four-bedroom homes. We have one duplex  
8 which is three bedrooms on each side, and we have one  
9 condo which is a two-bedroom unit. So you see the list of  
10 those properties there and some other data about each of  
11 them. A hundred percent of those properties are occupied  
12 at this time; there will be one coming vacant on June 30.

13           And some interesting stats year-to-date on that  
14 program. Nine of the properties have had leases come due  
15 in the last three fiscal quarters. Six of the nine  
16 renewed their leases, two left because they were  
17 purchasing homes, which we always encourage, and one moved  
18 away from the area.

19           When we do have move-outs, we have a goal of  
20 turning that property and refreshing it, doing any repairs  
21 or cosmetic improvements that are needed, and re-leasing  
22 it within 30 days. Well, James and Celina and Jesse  
23 Sepeda, who performs maintenance on these properties, have  
24 been doing such an amazingly good job that the turn times  
25 for those three move-outs averaged seven days, so they're

1 really doing a good job of keeping tenants in those  
2 properties. The overall vacancy percentage for the  
3 program is just 2.6 percent which is the equivalent of 9-  
4 1/2 days per unit per year, so they're doing about double  
5 the goal for vacancy and re-leasing.

6 The current return on investment for the  
7 program is 4-1/4 percent. That does not include  
8 appreciation of the properties, so that's just cash over  
9 cash return on investment is 4-1/4 percent.

10 Any questions on Single Family Rental?

11 MR. EVENWEL: No questions.

12 MR. JONES: Mr. Dietz?

13 MR. DIETZ: No.

14 MR. JONES: I have a couple.

15 MS. BAYLESS: Sure.

16 MR. JONES: On the first one, Asset Oversight  
17 and Compliance, you talked about Dalhart, they were out of  
18 compliance, one unit, you said the reason, once it's  
19 leased would be 100 percent in compliance.

20 MS. BAYLESS: Yes.

21 MR. JONES: Does that mean that everything on  
22 this page is 100 percent in compliance?

23 MS. BAYLESS: Yes, sir.

24 MR. JONES: Because there's no indicating  
25 whether they're 80 percent, 85, 90, 95.

1 MS. BAYLESS: No. They're all 100 percent  
2 except the one.

3 MR. JONES: So when you present this it is all,  
4 and if they're not, then there will be some indication or  
5 you'll say something.

6 MS. BAYLESS: That's exactly right.

7 MR. JONES: Okay. Everybody is in compliance.

8 MS. BAYLESS: And quarterly, James and Celina  
9 do provide reports for your Board book that lists the  
10 specifics of every property.

11 MR. JONES: I understand. I remember that. I  
12 was just going by this sheet.

13 And your map of the TSAHC properties.

14 MS. BAYLESS: I was going to get to that.

15 MR. JONES: Okay. You're not there yet?

16 MS. BAYLESS: Not quite.

17 MR. JONES: Okay.

18 MS. BAYLESS: Let me talk briefly about our  
19 Multifamily Rental Program. We have one property here in  
20 Austin, it's called Rollins Martin Apartments, 15 units.  
21 Right now 14 of the 15 are occupied, one is newly vacant,  
22 and we will be immediately starting a remodel for that  
23 unit. You may recall that we earlier remodeled two units  
24 when they became vacant, which is our plan, as a unit  
25 becomes vacant, we will remodel it and do a very nice

1 update of all of the systems on the property. So when we  
2 finish with the newly vacant one, then three of the 15  
3 will have been remodeled. Recently we added security  
4 cameras to the property.

5 Thirteen of the units are up for renewal at the  
6 end of July. We purchased the property last July and put  
7 everybody on a one-year lease, so 13 are coming up for  
8 renewal, and we expect that everyone will renew, we don't  
9 have any reason at this point to think that anyone won't.

10 In terms of compliance, because these are  
11 properties that were built with Low Income Housing Tax  
12 Credits, and even though their initial 15-year period has  
13 expired, we are now in what's known as the extended  
14 compliance period, so we did have an audit from TDHCA. I  
15 commend James and Celina heartily because that audit was  
16 completely successful, there were no findings noted and no  
17 corrective action needed. They did a terrific job on  
18 that.

19 Also, there's a LIHTC requirement to do an  
20 annual decertification of each tenant to ensure that they  
21 are still eligible to live at the property. All of those  
22 annual re-certifications are current at this time.

23 We also own two commercial properties, the  
24 building that we're in now and also 1910 East MLK, just up  
25 the street, which is an office building which we have

1 leased to three different nonprofit organizations.

2           And finally, Jesse Sepeda is our lead  
3 maintenance technician. I want to let you know that he's  
4 just doing an outstanding job for us. He takes care of  
5 all of these properties, Rollins Martin, the single family  
6 homes, and the commercial properties. In the first three  
7 quarters of this fiscal year, he had 120 work orders and  
8 all 120 have been completed. About 40 percent are closed  
9 in less than 48 hours, and anything that's urgent is  
10 handled immediately.

11           The last page that you have is a map that Mr.  
12 Jones pointed out. It shows the two black dots are the  
13 commercial properties, the red star is the Rollins Martin  
14 Apartment unit, and the green diamonds are our single  
15 family properties.

16           So with that, that concludes my update and I'll  
17 be happy to answer your questions.

18           MR. JONES: I am correct in saying that all  
19 those properties are in close proximity to Austin simply  
20 because it's easier to get back and forth to maintain them  
21 and have the staff, like Jesse be able to get to them.

22           MS. BAYLESS: That's exactly right. If we had  
23 a property that was outside this area, we would probably  
24 have to hire a third party property management company  
25 which would be more expensive and would cut into our

1 return on the program.

2 MR. LONG: I would also add that when we  
3 initiated this as a pilot project, if you remember, the  
4 Board approved us to utilize certain resources of the  
5 Corporation to acquire these properties, and because we  
6 wanted to have some proximity for convenience to see if it  
7 would work -- which it obviously has been very successful  
8 for us -- we tried to stay in close proximity. And as we  
9 acquired properties, we also had a price limit that we  
10 could work with, and so we had to work within certain  
11 communities to get all of that together.

12 MR. JONES: I don't think any members of the  
13 Board have a problem with the fact that this pilot  
14 project, while it's working, I don't see any plans in the  
15 future to expand outside of this immediate area, because  
16 like you said, it would involve a management company and  
17 this, that and the other.

18 MR. DIETZ: What are your thoughts about that?

19 MR. LONG: Well, I would tell you that the goal  
20 originally, when we created this, was to see if it would  
21 be able to provide affordable housing in high opportunity  
22 areas for individuals who normally couldn't afford it, and  
23 we feel like we've been very successful at that.  
24 Obviously, as a budgeted item, we may consider coming back  
25 to the Board next year for optional funding to expand it a

1 little bit more. I think it would be a discussion topic  
2 with staff internally just to decide whether or not we'd  
3 want to push it beyond the boundaries of a certain  
4 distance from the Corporation's headquarters because we do  
5 have expenses, as Ms. Bayless brought up, that we'd have  
6 to incur through management fees, you have limited  
7 oversight and you have to rely on a third party to provide  
8 that.

9 So we might, but again, I think it's all  
10 opportunity as well. If somebody was to come to us with  
11 an opportunity to acquire properties at a steep discount,  
12 it might provide a better ROI on it, and therefore, we  
13 could afford to do it. But I think right now we would  
14 look to stay in the area, especially as the purchase price  
15 limits in the Austin and surrounding communities become so  
16 exorbitant, it's harder and harder on an income base for  
17 families to buy properties and accommodate living in close  
18 proximity like we were trying to provide here, so we might  
19 look to expand it locally. I would say we're interested  
20 in looking further, but we also understand that we've got  
21 our hands full right here.

22 MR. JONES: I wouldn't be averse to this being  
23 a unique little niche program of TSAHC. I could see how  
24 that would work.

25 MR. LONG: We may look to the Board for

1 additional funding to expand it into other properties.  
2 Now that we've kind of got it stabilized and we've gone  
3 through it, as Ms. Bayless said, a year, we've kind of got  
4 everybody situated and we understand kind of what the ins  
5 and outs are and we've got the program pretty well under  
6 control and we've hired staff to manage it, it may be that  
7 we look to expand it.

8 MR. DIETZ: And I understand the logistical  
9 challenges of that, but we are statewide organization, and  
10 so it would be interesting to see if that might be  
11 feasible at some point in time down the road.

12 MR. JONES: Don't want to think too far ahead,  
13 but you'd have to group those too so that the one  
14 maintenance guy, and it's a lot of considerations.

15 MR. DIETZ: Right.

16 MR. JONES: Thank you. Any other questions of  
17 Ms. Bayless?

18 (No response.)

19 MR. JONES: Thank you, ma'am.

20 Item 3, Presentation, discussion and possible  
21 approval of an increase from \$250,000 to \$500,000 to a  
22 revolving line of credit to Builders of Hope CDC through  
23 the Texas Housing Impact Fund for the purpose of building  
24 or rehabilitating housing units for sale to qualified low  
25 and moderate income households.

1 Ms. Keene: Good morning, everyone. I'm Jolene  
2 Keene, the manager of Development Finance.

3 I wanted to present, as Bob said, the increase  
4 from \$250,000 to \$500,000 for a revolving line of credit  
5 to Builders of Hope CDC. Builders of Hope has been a  
6 local partner with the Corporation, operating in the  
7 Dallas-Fort Worth area, essentially since the beginning of  
8 the ACT program. They have participated in most of our  
9 Land Bank programs, including buyers agent, ACT, NSP, and  
10 the ACT Veterans Housing Initiative.

11 They have maintained an open line of credit  
12 since 2013 which they used to build two new homes and  
13 rehabilitate five homes. Now they're asking for an  
14 expansion to their existing line of credit to build out  
15 the rest of the NSP homes. They have 21 homes left to  
16 build and sell. It's in the Creekside subdivision in  
17 Dallas.

18 Builders of Hope recently had a change in their  
19 management. Their longtime president left and the interim  
20 president is very focused on ramping up their current  
21 production. Their target is to acquire, build out and  
22 sell 50 homes per year by 2017.

23 Builders of Hope has requested \$1 million but  
24 the Loan Committee felt that \$500,000 was a more  
25 appropriate amount at this time, given the number of

1 properties left to build out in the Creekside subdivision  
2 and the borrower's current access to capital. So the Loan  
3 Committee has unanimously requested approval to increase  
4 the loan up to \$500,000 for the remainder of their 24-  
5 month term. All other terms of the loan would remain the  
6 same, but the Corporation would collect a one-time  
7 commitment fee of one percent.

8 Does anyone have any questions?

9 MR. JONES: How close have they come to  
10 exhausting the initial \$250,000?

11 MS. KEENE: They actually have two homes that  
12 they're constructing in the Creekside subdivision  
13 committed on their line of credit. Of that they have  
14 drawn down about \$40,000 so far.

15 MR. JONES: Of the \$250-?

16 MS. KEENE: Of the \$250-, yes, but they have  
17 \$200,000 committed, which means they've put in requests to  
18 build out two homes.

19 MR. JONES: To us, to tap into the line of  
20 credit.

21 MS. KEENE: Yes, sir.

22 MR. JONES: By asking for a million, were they  
23 asking us to give them the capacity to do all the other  
24 stuff they want to do too. Were they asking us as a  
25 single individual, or what was the reason?

1 MS. KEENE: They were asking for a million so  
2 that they could --

3 MR. JONES: Because they knew they'd only get  
4 five?

5 MS. KEENE: Well, I'm not sure about that.  
6 They asked for a million to build out five to seven homes  
7 at a time, but given their current access to capital, they  
8 do have other lines of credit outstanding with other  
9 banks, we felt it more appropriate at this time to stick  
10 with a half a million dollars, and we can look at further  
11 increases down the line.

12 MR. JONES: They have credit with other banks  
13 which pays a higher interest rate, I'm sure, than they pay  
14 to us on the loan.

15 MS. KEENE: Possibly so, yes.

16 MR. JONES: And you took that into  
17 consideration that it would be more expensive to do what  
18 they were going to do but reasoned out that it's a good  
19 mix of public and private?

20 MS. KEENE: Yes, we did.

21 MR. JONES: Mr. Dietz? Mr. Evenwel?

22 MR. EVENWEL: I just have a question on the  
23 second page where you've got the little bullet points. In  
24 the narrative above the bullet points, it says increase  
25 the line of credit from \$250- to \$500-, but then it's not

1 listed in the bullet points, yet on the next one it's got  
2 the same thing, taking it from \$250- to \$450-, and in the  
3 first bullet point it's got \$450- in it. Is that an  
4 important variation? I mean, are we voting on the bullet  
5 points or just that one issue?

6 MS. KEENE: We are voting essentially on the  
7 recommendation which is to take the line of credit from  
8 \$250- to \$500,000.

9 MR. EVENWEL: So the other items in the bullet  
10 points are just interesting pieces of information?

11 MR. LONG: Are you under tab 3 or under tab 4?

12 MR. EVENWEL: I'm just going back and forth.

13 MR. LONG: Oh, I gotcha. You're looking at  
14 both of them in general.

15 MR. EVENWEL: I'm just comparing the two,  
16 otherwise, I'll have the question on tab 4 and we won't be  
17 able to change what we did on 3.

18 MR. LONG: I understand what you're saying.

19 MR. JONES: But let me ask a question.

20 Counselor?

21 MS. VAN DYKE: What is the question?

22 MR. JONES: Part of Mr. Evenwel trying to get  
23 clarity of understanding involves an additional item  
24 that's not up for discussion yet.

25 MS. VAN DYKE: I'm going to try to clarify

1 really fast.

2 MR. JONES: Can he do that, though? If he can  
3 refer to an issue that's not before us.

4 MS. VAN DYKE: Right now let's stay on the item  
5 that we're discussing right now. But I think to clarify  
6 your question, just from looking at both, it appears that  
7 for this loan it's a line of credit increase from \$250- to  
8 \$500-, subject to the conditions in the bullet points, so  
9 you're voting on the increase and the bullet points being  
10 part of it.

11 MR. EVENWEL: Just information.

12 MS. VAN DYKE: Well, yes, you're approving this  
13 whole thing with the knowledge that the interest rate is  
14 going to stay the same, the 24-month term is going to stay  
15 the same, this is just clarifying the context around the  
16 increase. I think that it's just a style difference on  
17 the other page, so you're still only approving for both of  
18 these items -- even though we're only discussing the first  
19 one right now -- the increase of the line of credit and  
20 the bullet points are just backup.

21 MR. JONES: Well, technically, until this  
22 question got answered, can we look at both at the same  
23 time or we shouldn't and then vote on them separate? Or  
24 we cannot do that, or we ought not do that?

25 MS. VAN DYKE: No. Approve the first one that

1 we're discussing right now, if you decide to approve it,  
2 and then when we get to the second one, we can talk about  
3 the difference in just the backup materials if you want  
4 to.

5 MR. EVENWEL: The bullet points are just  
6 information.

7 MS. VAN DYKE: Yes. This is just backup  
8 material on just the increase of the credit line and a  
9 little bit more information around it.

10 MR. DIETZ: It does say it's subject to those  
11 conditions, so that is part of what we are approving.

12 MR. EVENWEL: Well, that's what I was looking  
13 at. You're saying that's not what we're voting on, the  
14 subject to.

15 MR. LONG: I would suggest that we're voting on  
16 the recommendation which includes the bullets, because as  
17 it reads, it is subject to those conditions. The actual  
18 request is to increase the line of credit, the conditions  
19 are existing terms, we're just re-clarifying that the  
20 terms are staying the same.

21 MS. VAN DYKE: You're not changing any of the  
22 terms, it's just stating them.

23 MR. LONG: But because it's being restated, I  
24 would suggest to you you're voting on the fact that you're  
25 not only increasing the line but you're acknowledging and

1 voting on the fact that the conditions will also stay the  
2 same.

3 MR. JONES: Just the amount that they have  
4 access to changed, that's the only thing that's changing.

5 MR. LONG: That's correct.

6 MR. JONES: And that's why you put the bullet  
7 points.

8 MR. LONG: The bullet points are just restating  
9 the terms and conditions.

10 MR. JONES: But without technically officially  
11 talking about the second item, the conditions are  
12 different in the two. Right?

13 MR. LONG: Well, I think when we get to it, we  
14 can discuss it. I think you're voting on the  
15 recommendation, and the recommendation is the whole list  
16 below that.

17 MR. DIETZ: There's no reason we couldn't table  
18 this and move on to the next item and discuss that, and  
19 then come back to it, if you want to do that.

20 MR. JONES: Well, I don't know if we want to  
21 table.

22 MR. LONG: I mean, is there a question?

23 MR. JONES: Excuse me. Mr. Evenwel, for his  
24 understanding I want to do whatever is necessary for  
25 clarity in his understanding since he's looked at both of

1       them and he's got questions.

2               MR. LONG:   I agree.

3               MR. JONES:   Can we put this on hold  
4 temporarily, go to the second one, and then come back to  
5 this issue without voting on it?

6               MS. VAN DYKE:  We can.  I'll just tell you that  
7 it's not a material difference in the packets.

8               MR. JONES:   That may be true, but until his  
9 understanding is satisfied, it doesn't matter.

10              MS. VAN DYKE:  That's fine.  So if you guys  
11 want to table this and discuss the backup.

12              MR. JONES:   Is tabling the proper way to do it?

13              MS. VAN DYKE:  Yes.  You'd say I want to make a  
14 motion to table this item to discuss the next item and  
15 return to this item, and then you vote on it.

16              MR. JONES:   And then we can go to the second  
17 item and then make a motion to take that item back off the  
18 table.

19              MS. VAN DYKE:  Yes.  You can vote on the second  
20 item first, if you want, and then go back to the first one  
21 after you understand both.

22              MR. EVENWEL:  I withdraw my question because  
23 I'm happy with your answer.  It's not material.  The  
24 question was is it material or not.  It's not material.

25              MS. VAN DYKE:  I'll just tell you that the

1 second backup simply has an additional bullet that  
2 restates the increase. Your question was this one doesn't  
3 have that bullet that's stating the increase, but it  
4 doesn't really make a difference.

5 MR. EVENWEL: Since we were doing the same in  
6 both, I was just curious if it should be stating the same.

7 MS. VAN DYKE: It was just a writing decision  
8 on the backup.

9 MR. JONES: You have to understand he has the  
10 microscopic eye and the microscopic brain. I know that  
11 much from the time he's served on the Board. And my whole  
12 position is until you're satisfied, I'm not satisfied.

13 MS. VAN DYKE: For clarity, though, it might  
14 make sense to discuss the second backup packet and then  
15 vote on each after you've discussed both, if you would  
16 like.

17 MR. JONES: And that's if he needs to do that,  
18 then we would do it that way.

19 MS. VAN DYKE: You would need to make a motion  
20 to do that if you want to do that. But that is up to you.

21 MR. JONES: But you are now saying you don't  
22 need to do that.

23 MR. EVENWEL: I withdraw whatever I said.

24 (General laughter.)

25 MR. JONES: You don't have to withdraw whatever

1 you said. But my point is members of this Board are  
2 diversified because we all have different perspectives,  
3 different views, different skills, and I'm not satisfied  
4 until each Board member is satisfied. That's where I'm  
5 coming from.

6 MR. EVENWEL: I'm good.

7 MR. JONES: Okay. He says, I'm good.

8 All right. Back to this item 3. I think we're  
9 on item 3, right, tab item 3?

10 MR. LONG: Yes, sir.

11 MR. JONES: You want to know if there's any  
12 more questions or comments?

13 MS. KEENE: Yes, sir.

14 MR. JONES: Mr. Dietz?

15 MR. DIETZ: No.

16 MR. EVENWEL: I'm good.

17 MR. JONES: I'll entertain a motion. I don't  
18 have a motion yet.

19 MR. EVENWEL: So moved.

20 MR. JONES: To approve?

21 MR. EVENWEL: To approve.

22 MR. DIETZ: Second.

23 MR. JONES: Moved and seconded. Any further  
24 discussion of the Board? Any public comment on this item  
25 number 3?

1 (No response.)

2 MR. JONES: Hearing none, all in favor of  
3 approval as stated, say aye.

4 (A chorus of ayes.)

5 MR. JONES: Any opposition?

6 (No response.)

7 MR. JONES: Any abstentions?

8 (No response.)

9 MR. JONES: It's approved. Thank you, ma'am.

10 Now item number 4, Presentation, discussion and  
11 possible approval of an increase from \$250,000 to \$450,000  
12 to a revolving line of credit to Tender Loving Care for  
13 Children, d.b.a. Legacy CDC, through the Texas Housing  
14 Impact Fund for the purpose of building or rehabilitating  
15 housing units for sale to qualified low and moderate  
16 income households.

17 MS. KEENE: Thank you, Mr. Jones.

18 Tender Loving Care for Children is an  
19 organization out of Port Arthur. They have a d.b.a.  
20 called Legacy CDC. It's under Legacy CDC that they build  
21 and rehabilitate units of affordable housing. They have  
22 been working with the Corporation since 2013,  
23 rehabilitating and building new under both the Affordable  
24 Communities of Texas and ACT Vet programs. They have  
25 maintained a line of credit with the Corporation as well

1 since 2013, and they have been one of our most active  
2 borrowers to date.

3 Legacy CDC was just awarded a contract from the  
4 City of Port Arthur to build out seven homes in a mixed  
5 income development in downtown Port Arthur. The city has  
6 awarded Legacy a total of \$320,000 in HOME funds for the  
7 infrastructure and construction of the first home in the  
8 subdivision.

9 MR. JONES: The acronym HOME means? HOME funds  
10 is a federal program.

11 MS. KEENE: Yes, sir.

12 MR. JONES: Okay. I mean, I know that but  
13 maybe other Board members didn't know what HOME funds  
14 were.

15 MS. KEENE: Yes. I apologize. The HOME funds,  
16 the federal program. And they will be constructing the  
17 first home starting in the next couple of months, so  
18 Legacy has asked the Corporation to extend an additional  
19 \$200,000 to complete three more units in the subdivision.

20 The Loan Committee is requesting approval to  
21 increase the borrower's line of credit for \$450,000 total  
22 for the remainder of their 24-month term. All other terms  
23 of the loan will remain the same, but the Corporation will  
24 collect a one-time commitment fee of one percent.

25 Any questions?

1 MR. JONES: Any questions?

2 MR. DIETZ: I'm good.

3 MR. JONES: Okay. I'll open the floor for a  
4 motion.

5 MR. EVENWEL: So moved.

6 MR. JONES: It is moved to approve as  
7 presented. Is there a second?

8 MR. DIETZ: Second.

9 MR. JONES: It is seconded. Any further  
10 discussion of the Board?

11 (No response.)

12 MR. JONES: Hearing none, any public comment?

13 (No response.)

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

16 (A chorus of ayes.)

17 MR. JONES: It passes.

18 So what do you do, you just go back and notify  
19 them. Right?

20 MS. KEENE: Yes, sir.

21 MR. JONES: Because it's just like business as  
22 usual, it's not like when we're doing financing and  
23 funding sometimes we meet the people from these things.

24 MR. LONG: Documents will be amended to reflect  
25 the correct loan amounts that we're talking about so the

1 line of credit has the legal documentation, so  
2 communication to them so they know they can start moving  
3 forward.

4 MR. JONES: And it's just a line of credit, so  
5 it's basically handled through staff. Sometimes when  
6 people get money, sometimes they come in, we get to see  
7 them, we get to meet them, but not necessarily because  
8 this is just a loan program.

9 MR. LONG: It's a significant part of our  
10 business, but typically you would see that when we're  
11 doing any development work, where we're doing a bond  
12 transaction, but under this, since Mr. Romero serves as  
13 the Board representative on the Loan Committee, we had  
14 gone through a pretty detailed analysis of all of these  
15 loans before they come to the Board at a level that's  
16 above our Loan Committee limit.

17 MR. JONES: Understood.

18 Okay. Thank you.

19 MS. KEENE: Thank you.

20 MR. JONES: It looks like that's it.

21 MR. LONG: That's it. Kept it short and sweet  
22 this time.

23 MR. JONES: It's not on the agenda, but can I  
24 say that we're entering our summer casual wear for all  
25 staff and personnel and Board. That's official as of now.

1 Suits, ties, he's not going to do it anyway, but he has  
2 the option of doing it. You know, one thing when he comes  
3 in or Mr. Meade and they're still all dressed to the  
4 nines, let's turn the air off.

5 (General laughter.)

6 MR. JONES: So it is for all staff, all  
7 members, all Board casual from this point on until we  
8 change it. Okay?

9 MR. LONG: Thank you.

10 MR. JONES: And officially congratulations to  
11 you -- or condolences, whatever is appropriate.

12 I also want to thank Ms. Stoddard for her work  
13 with On The Record. She's here. She said, I don't have  
14 any cards. So this is her card.

15 Any other business?

16 MR. LONG: No, Mr. Chairman. We'll keep you  
17 informed about the meeting next month.

18 MR. DIETZ: And can we correct the record so we  
19 don't refer to Mr. Evenwel's brain as microscopic?

20 (General talking and laughter.)

21 MR. JONES: I was talking about his ability to  
22 focus all the way down to the asterisk, but that does come  
23 off kind of bad, doesn't it.

24 SPEAKER FROM AUDIENCE: Laser focused.

25 MR. JONES: That's what I was trying to say.

1 Any other business?

2 MR. LONG: No, sir.

3 MR. JONES: Any other comments?

4 (No response.)

5 MR. JONES: If not, once again we thank the  
6 staff for the fine work that they do at Texas State  
7 Affordable Housing Corporation that makes our job a lot  
8 easier. And until next meeting, this one is adjourned.

9 (Whereupon, at 11:20 a.m., the meeting was  
10 adjourned.)

