



October 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, October 13, 2016
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
October 13, 2016 at 10:30am

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: Monthly Financial Reports

ACTION ITEMS IN OPEN MEETING:

- Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on August 18, 2016.
- Tab 2 Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Brooks Manor Apartments.
- Tab 3 Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2017.
- Tab 4 Presentation, Discussion and Possible Approval of a Resolution to Suspend the Texas Foundations Fund Advisory Council.
- Tab 5 Presentation, Discussion and Possible Approval of the 2016 Texas Foundations Fund Nonprofit Partners.
- Tab 6 Presentation and Discussion of Updates to the Texas State Affordable Housing Corporation's 2014-2017 Strategic Plan.

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.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

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 Programs with Down Payment Assistance
January 1, 2016 to September 30, 2016**

Month	Closed	# of Loans	% Total
January-16	\$ 10,696,455	80	6.7%
February-16	\$ 9,847,479	75	6.2%
March-16	\$ 14,877,596	114	9.3%
April-16	\$ 19,436,573	145	12.1%
May-16	\$ 22,371,926	165	14.0%
June-16	\$ 21,507,012	158	13.4%
July-16	\$ 18,922,422	136	11.8%
August-16	\$ 23,213,829	165	14.5%
September-16	\$ 19,192,369	140	12.0%
Totals	\$160,065,661	1178	100%
Lender	Closed	# of Loans	% Total
PrimeLending	\$18,566,629	147	11.6%
Everett Financial, dba Supreme Lending	\$18,317,001	127	11.4%
Cornerstone Home Lending, Inc.	\$12,959,842	94	8.1%
NTFN, Inc.	\$12,767,668	94	8.0%
Fairway Independent Mortgage Corporation	\$10,353,779	82	6.5%
Guild Mortgage Corporation	\$9,065,166	72	5.7%
Mortgage Financial Services, LLC	\$7,814,288	54	4.9%
WR Starkey Mortgage, LLP	\$5,238,150	40	3.3%
Highlands Residential Mortgage	\$4,155,038	30	2.6%
Gateway Mortgage Group, LLC	\$3,967,964	32	2.5%
Hometruster Mortgage Company	\$3,911,915	29	2.4%
Security National Mortgage Company	\$3,374,044	22	2.1%
Wells Fargo Bank, N.A.	\$3,187,475	23	2.0%
Nations Reliable Lending, LLC	\$2,930,147	20	1.8%
First Community Mortgage	\$2,726,206	25	1.7%
Academy Mortgage Corporation	\$2,435,189	17	1.5%
Georgetown Mortgage, LLC	\$2,424,070	16	1.5%
DHI Mortgage Company, Ltd.	\$2,312,809	13	1.4%
Wallick and Volk, Inc.	\$1,853,363	14	1.2%
Houstonian Mortgage Group, Inc.	\$1,719,116	14	1.1%
Interlinc Mortgage Services, LLC	\$1,708,068	11	1.1%
SWBC Mortgage Corporation	\$1,626,163	12	1.0%
Northstar Bank Mortgage	\$1,434,432	9	0.9%
New American Funding (Broker Solutions)	\$1,416,633	11	0.9%
Cendera Funding, Inc.	\$1,291,461	9	0.8%
Rocky Mountain Mortgage Company	\$1,249,348	10	0.8%
loanDepot dba imortgage	\$1,173,947	9	0.7%
Affiliated Bank	\$1,089,097	8	0.7%
First California Mortgage Co (FirstCal)	\$1,057,243	9	0.7%
Aspire Financial, Inc.	\$929,245	6	0.6%
Summit Funding, Inc.	\$879,726	6	0.5%
Movement Mortgage, LLC	\$873,567	7	0.5%
Willow Bend Mortgage Company, LLC	\$835,500	6	0.5%
The Home Lending Group, LLC	\$688,302	3	0.4%
Network Funding, LP	\$653,055	5	0.4%
HomeBridge Financial Services	\$619,569	4	0.4%
Pulte Mortgage LLC	\$617,619	4	0.4%
On Q Financial, Inc.	\$579,802	4	0.4%
Origin Bank	\$578,132	4	0.4%
Envoy Mortgage	\$562,461	4	0.4%
Bay Equity LLC	\$542,140	4	0.3%
AmCap Mortgage Limited	\$528,686	3	0.3%
Sente Mortgage Inc.	\$522,829	3	0.3%
American Southwest Mortgage Corp.	\$521,510	4	0.3%
SFMC, LP (Service First Mortgage)	\$504,198	3	0.3%
City Bank Mortgage	\$501,365	5	0.3%
Pacific Union Financial, LLC	\$496,833	4	0.3%
Primary Residential Mortgage, Inc.	\$488,674	4	0.3%
Americash dba AC Residential Lending	\$455,465	3	0.3%
Resmac, Inc.	\$441,644	3	0.3%
American Financial Network, Inc.	\$394,844	3	0.2%

At a Glance	
Average Annual Income	\$47,116
Average Purchase Price	\$138,482
Average Loan Amount	\$135,879
Average Household Size	2
Average Interest Rate	4.696%
Program	%
Home Sweet Texas (80% AMFI)	58.06%
Homes for Texas Heroes	41.94%
Teacher	28.86%
Peace Officer	3.82%
Veteran	2.46%
Fire Fighter	2.12%
Corrections Officer	1.95%
Public Security Officer	0.51%
Teacher Aide	0.42%
School Counselor	0.42%
EMS Personnel	0.42%
School Nurse	0.42%
County Jailer	0.25%
Professional Nurse Faculty	0.17%
Allied Health Faculty	0.08%
New/Existing Home	
Existing	90.32%
New	9.68%
Type of Loan	
FHA - Purchase	76.74%
Conventional - Purchase	18.59%
USDA-RHS Purchase	2.72%
VA - Purchase	1.95%
Ethnicity	
White	47.94%
Hispanic	33.97%
Black	14.64%
Not Defined	1.68%
Asian/Pacific Islander	1.57%
American Indian/Alaskan Native	0.21%
Other	0.00%
Top 20 Originating Counties	# of Loans
Harris	151
Tarrant	144
Dallas	136
Bexar	104
El Paso	78
Travis	36
Hidalgo	48
Denton	35
Williamson	37
Bell	34
Collin	17
Fort Bend	18
Johnson	21
McLennan	23
Ellis	15
Hays	10
Taylor	18
Cameron	18
Webb	13
Midland	11



**Homeownership Programs with Down Payment Assistance
January 1, 2016 to September 30, 2016**

Legacy Mortgage, LLC	\$357,982	3	0.2%
Guaranteed Rate	\$353,443	2	0.2%
AmeriPro Funding, Inc.	\$346,605	2	0.2%
Colonial Savings, F.A.	\$342,410	2	0.2%
Tri-State Mortgage Company	\$308,802	3	0.2%
Finance Home America	\$305,986	2	0.2%
Pilgrim Mortgage, LLC	\$286,473	2	0.2%
Michigan Mutual, Inc.	\$266,653	1	0.2%
Castle and Cooke Mortgage	\$232,215	2	0.1%
LHM Financial Corp., dba CNN Mortgage	\$201,760	1	0.1%
Sun West Mortgage Company, Inc.	\$173,794	1	0.1%
Ark-La-Tex Financial (Benchmark Mtg.)	\$157,102	1	0.1%
Branch Banking and Trust Company	\$145,500	1	0.1%
Jefferson Bank	\$139,428	1	0.1%
Moria Development/Peoples Mortgage Co	\$139,175	1	0.1%
Victorian Finance LLC	\$137,464	1	0.1%
Loan Simple, Inc.	\$135,401	1	0.1%
1st Preference Mortgage Corporation	\$127,506	1	0.1%
Affiliated Mortgage Company	\$120,280	1	0.1%
First Capital Bank of Texas	\$118,316	1	0.1%
Nations Lending Corporation	\$117,826	1	0.1%
Residential Bancorp, Inc.	\$106,043	1	0.1%
Stearns Lending, LLC	\$104,080	1	0.1%
Grand Total	\$160,065,661	1178	100%



**2015A Mortgage Credit Certificate Program
June 1, 2015 to September 30, 2016**

Month	Closed	# of Loans	% Total
June-15	\$577,861	4	3%
July-15	\$2,985,838	22	4%
August-15	\$5,081,319	38	6%
September-15	\$4,593,421	37	6%
October-15	\$4,789,345	37	6%
November-15	\$2,299,878	16	3%
December-15	\$3,788,325	29	5%
January-16	\$2,677,275	20	3%
February-16	\$3,771,900	25	5%
March-16	\$4,769,392	34	6%
April-16	\$9,816,030	69	12%
May-16	\$7,199,355	52	9%
June-16	\$8,690,392	60	11%
July-16	\$8,666,406	59	11%
August-16	\$6,430,825	43	8%
September-16	\$4,404,979	29	5%
Totals	\$80,542,543	574	100%

Lender	Closed	# of Loans	% Total
Everett Financial, dba Supreme Lending	\$10,213,440	65	11.3%
Cornerstone Home Lending, Inc.	\$8,895,810	61	10.6%
PrimaLending	\$8,181,762	62	10.8%
Fairway Independent Mortgage Corporation	\$6,726,900	53	9.2%
WR Starkey Mortgage, LLP	\$3,381,280	29	5.1%
Highlands Residential Mortgage	\$3,166,477	18	3.1%
DHI Mortgage Company, Ltd.	\$3,146,180	18	3.1%
NTFN, Inc.	\$2,833,169	21	3.7%
Gateway Mortgage Group, LLC	\$2,820,171	21	3.7%
Guid Mortgage Corporation	\$2,722,580	19	3.3%
Hometrust Mortgage Company	\$2,662,577	18	3.1%
Mortgage Financial Services, LLC	\$2,535,751	18	3.1%
Georgetown Mortgage, LLC	\$1,673,536	12	2.1%
SFMC, LP (Service First Mortgage)	\$1,636,135	14	2.4%
Wallick and Volk, Inc.	\$1,578,602	11	1.9%
Nations Reliable Lending, LLC	\$1,545,707	10	1.7%
Origin Bank	\$1,533,113	9	1.6%
New American Funding (Broker Solutions)	\$1,521,179	9	1.6%
First California Mortgage Co (FirstCal)	\$1,175,565	9	1.6%
Primary Residential Mortgage, Inc.	\$900,693	8	1.4%
Sente Mortgage Inc.	\$877,244	6	1.0%
Movement Mortgage, LLC	\$716,957	5	0.9%
Houstonian Mortgage Group, Inc.	\$682,162	6	1.0%
Bay Equity LLC	\$666,626	6	1.0%
Geneva Financial, LLC	\$613,537	4	0.7%
Interlinc Mortgage Services, LLC	\$591,061	4	0.7%
Envoy Mortgage	\$571,508	4	0.7%
Wells Fargo Bank, N.A.	\$504,050	5	0.9%
Northstar Bank Mortgage	\$488,036	3	0.5%
Sun West Mortgage Company, Inc.	\$474,505	3	0.5%
Aspire Financial, Inc.	\$474,465	4	0.7%
First Choice Loan Services, Inc.	\$462,915	3	0.5%
Republic State Mortgage Co.	\$406,173	3	0.5%
AmeriPro Funding, Inc.	\$346,605	2	0.3%
Affiliated Bank	\$316,296	2	0.3%
Pulte Mortgage LLC	\$306,121	2	0.3%
SWBC Mortgage Corporation	\$302,677	2	0.3%
American Financial Network, Inc.	\$277,018	2	0.3%
AmCap Mortgage Limited	\$273,922	2	0.3%
Open Mortgage LLC	\$268,049	2	0.3%
loanDepot dba imortgage	\$246,453	2	0.3%
Cenders Funding, Inc.	\$242,525	2	0.3%
BancorpSouth Bank	\$226,295	2	0.3%
Texas Bank Mortgage Company	\$205,446	2	0.3%
Security National Mortgage Company	\$185,576	1	0.2%
Evolve Bank & Trust	\$178,825	1	0.2%
HomeBridge Financial Services	\$162,011	1	0.2%
Pilgrim Mortgage, LLC	\$147,773	1	0.2%
Home Community Mortgage	\$147,277	1	0.2%
Branch Banking and Trust Company	\$145,500	1	0.2%
Amerifirst Financial, Inc.	\$143,010	1	0.2%
Finance Home America	\$136,964	1	0.2%
Willow Bend Mortgage Company, LLC	\$127,546	1	0.2%
First Capital Bank of Texas	\$118,316	1	0.2%
Castle and Cooke Mortgage	\$117,472	1	0.2%
Total Committed	\$80,542,543	574	100%

Total Allocation \$125,000,000
Remaining to Commit \$44,457,457

At a Glance	
Total Amount Originated	\$80,542,543
Average Annual Income	542,628
Average Purchase Price	5145,082
Average Loan Amount	5140,318
Average Household Size	2
Average Interest Rate	4.537%
Program	%
Home Sweet Texas (80% AMFI)	68.17%
Homes for Texas Heroes	31.88%
Teacher	21.42%
Veteran	3.31%
Peace Officer	2.26%
Corrections Officer	2.74%
Fire Fighter	2.22%
Professional Nurse Faculty	0.35%
Teacher Aide	0.35%
School Counselor	0.35%
County Jailor	0.17%
Public Security Officer	0.17%
EMS Personnel	0.17%
School Librarian	0.17%
Allied Health Faculty	0.17%
School Nurse	0.00%
New/Existing Home	
Existing	85.19%
New	14.81%
Type of Loan	
FHA - Purchase	76.83%
Conventional - Purchase	13.94%
USDA-RHS Purchase	6.10%
VA - Purchase	3.14%
Ethnicity	
White	42.08%
Hispanic	32.21%
Black	18.38%
Asian/Pac Isle	5.14%
Not Defined	1.57%
Other	0.62%
American Indian/Alaskan Native	0.00%
Top 20 Originating Counties	# of Loans
Harris	105
Bexar	67
Dallas	64
Tarrant	45
Travis	30
Williamson	25
Bell	21
Hill Country	21
Hidalgo	17
Denton	15
El Paso	13
Collin	11
Grayson	11
Ellis	10
Fort Bend	9
Montgomery	9
Guadalupe	8
Cameron	7
Johnson	7
Rockwall	5

Tab B

Texas State Affordable Housing Corporation

Development Finance Programs Report

October 2016

Affordable Communities of Texas Program

ACT staff spent the past two months working to finalize sales on both lots and homes within our existing portfolio. This includes three of the four remaining ACT-VET homes, as well as the seven NSP properties in Austin which were sold to our local partner, Accessible Housing Austin, for use as permanent rental housing for persons with disabilities.

Nine additional properties are under contract, including seven Texas NSP and two ACT Land Bank homes that will be sold to low and moderate-income homebuyers. Our local partners are also busy with increasing production in many cities, and 22 homes are currently under construction.

We also accepted our second donation of land from a private individual, which consisted of two lots in a subdivision outside of Huntsville, Texas. These lots will be sold to fund future land banking activities since building restrictions in the community do not make these feasible for redevelopment as affordable housing.

Finally, staff has been working to conduct a feasibility analysis on land trust activities in partnership with non-profits around the state. Two potential partners have moved forward with discussions and have the potential to move the Corporation into formally running our first land trust project. However, further analysis and internal approvals will be needed before staff takes any further movement in this area.

Here is a summary of our current portfolio numbers.

Program	Portfolio as of August 1, 2016	Acquired	Sold	Current Portfolio	Current Portfolio Value
ACT Land Bank	91	3	10	84	\$1,522,039.67
ACT Land Trust	60	0	0	60	\$650,000.00
Texas NSP	235	0	10	225	\$3,304,501.13
Veteran's Initiative	4	0	3	1	\$33,210.00
Totals	390	3	23	370	\$5,509,750.80

Texas Housing Impact Fund

Staff's efforts over the past few months have been focused on updating database reports and processing two applications. Unfortunately, neither application fulfilled the Corporation's threshold requirements and both have been withdrawn from consideration. Staff has also been working with our Development and Marketing team to raise additional lending capital from banks and foundations. We have also been promoting the Impact Fund through media channels and attendance at conferences, including the upcoming Texas Association of Community Development Corporations annual policy summit.

Multifamily Bond Program

The review of the Steele Saint James Peoples Properties project is moving ahead quickly. Staff conducted an onsite inspection of the properties and completed the public hearing at the Paul Laurence Dunbar Branch Library in Dallas on September 14th. The development has received its reservation of private activity bond volume cap from the Texas Bond Review Board and submitted their applications

Texas State Affordable Housing Corporation

Development Finance Programs Report

October 2016

for 4% housing tax credits to the Texas Department of Housing and Community Affairs. Bond Counsel has completed initial drafts of the indenture, loan agreement and other bond documents. Staff plans to bring the final details of the transaction and bond resolution for the Board's approval in November, with an anticipated closing date in the first week of December 2016.

Steele Properties has also submitted a second application for the Brooks Manor Apartments in West Columbia, Texas. The project summary and inducement resolution will be presented to the board as a full agenda item at this meeting.

Tab C

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS (unaudited)
As of July 31, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,134,667
Restricted Assets Held by Bond Trustee:	
Cash and Cash Equivalents	2,752,740
Accrued Interest	161,265
Custodial Cash and Cash Equivalents	326,116
Investments, at Fair Market Value	4,145,967
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of \$22,956	195,497
Accrued Interest Receivable	47,465
Loans Receivable, Current Portion	65,000
Notes Receivable, Current Portion	696,806
Down Payment Assistance, Current Portion	1,895,151
Prepaid Expenses	75,721

Total Current Assets: 11,496,395

Noncurrent Assets

Loans Receivable, Net of uncollectible amounts of \$91,726	554,452
Notes Receivable	4,708,606
Investments, at Fair Market Value	4,975,881
Mortgage Servicing Rights, Net of Accumulated Amortization of \$2,403,660	324,402
Fixed Assets, Net of Accumulated Depreciation of \$674,877	1,385,061
Owned Real Estate, Federal & Other Programs Net of Amort \$198,805	11,104,045
Down Payment Assistance	1,173,766
Restricted Investments Held by Bond Trustee, at Fair Market Value	83,109,321

Total Noncurrent Assets: 107,335,534

TOTAL ASSETS \$ 118,831,929

(continued)

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS - Continued (unaudited)
As of July 31, 2016

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 177,277
Notes Payable, Current Portion	45,598
Custodial Reserve Funds	326,116
Other Current Liabilities	56,041
Payable from Restricted Assets Held by Bond Trustee:	
Bonds Payable, Current Portion	1,621,441
Accrued Interest on Bonds	849,921

Total Current Liabilities: 3,076,394

Noncurrent Liabilities

Notes Payable	3,094,508
Revenue Bonds Payable	80,908,019
Due to Federal Programs	3,341,127
Unearned Revenue	127,213

Total Noncurrent Liabilities: 87,470,867

Total Liabilities: 90,547,261

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue	<u>213,874</u>
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Total Deferred Inflows of Resources 213,874

NET POSITION

Invested in Capital Assets	1,385,061
Restricted for:	
Debt Service	5,712,863
Other Purposes	60,311
Unrestricted	<u>20,912,559</u>

Total Net Position: **\$** 28,070,794

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
for the 11 months ending July 31, 2016

Operating Revenues

Interest and Investment Income	\$	4,031,757
Net Increase (Decrease) in Fair Value of Investments		(1,448,311)
Single Family Income		2,160,886
Asset Oversight and Compliance Fees		211,291
Loan Servicing Fees		99,448
Multifamily Income		182,810
Land Bank Income		332,293
Public Support		
Federal & State Grants		18,100
Contributions		515,397
Other Operating Revenue		378,493
Total Operating Revenues	\$	<u>6,482,164</u>

Operating Expenses

Interest Expense on Bonds and Notes Payable	\$	2,369,979
Salaries, Wages and Payroll Related Costs		2,089,565
Professional Fees and Services		221,685
Amortization		240,178
Office and Equipment Rental and Maintenance		87,081
Travel and Meals		89,064
Depreciation		222,874
Program and Loan Administration		573,129
Grant Expenditures		90,358
Foundation Fund Grants		360,500
Other Operating Expenses		319,271
Total Operating Expenses	\$	<u>6,663,684</u>

Net Loss (181,520)

Total Net Position, Beginning 28,252,314

Total Net Position, Ending \$ 28,070,794



Monthly Investment Report

August 31, 2016



Wait and See.... Repeat...

PAITENSON & ASSOCIATES

P&A

INVESTMENT PROFESSIONALS

Whether it is 'hawkish' speeches from Fed Presidents or official statements from the FOMC, one can only cry wolf so many times about a rate hike before folks step back to simply wait and see.

August was chockfull of hawkish comments from Fed Presidents and even Chair Yellen commented that *"the case for an increase in the federal funds rate has strengthened in recent months."* But the market, tired of the talk, remained range-bound for the entire month (as shown on the bell weather 10 year). With a heavy ho-hum quotient in place, even the Olympics were less than riveting as the US moved inexorably toward its promise of record gold medals.

These market dog days of summer reflect Chicago Fed President Evans' thought that expectations for continuing low rates is now 'entrenched'. This allows the Fed to contently stay its course without risking financial instability but also ignores some of the more positive economic news painting a picture of slow but existent growth. Even the euro area is showing some signs of resilience after Brexit fears calmed.

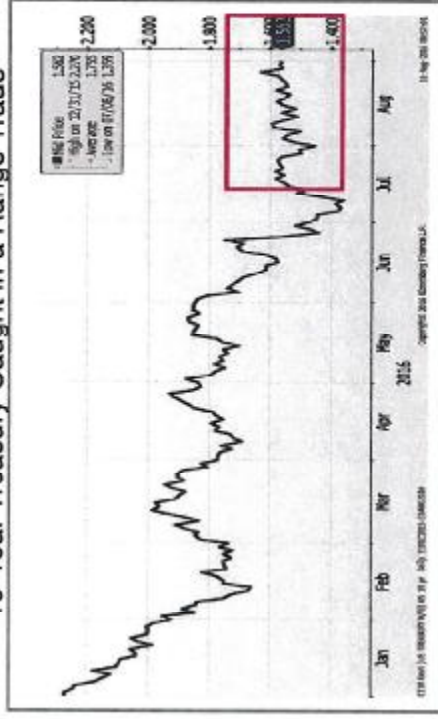
Despite laggard trends, payroll and wage growth has given a sense of optimism among American consumers as evidenced by the month's consumer confidence reports. July payrolls were very strong (255,000) which puts dollars in pockets. And, confidence –buoyed by low rates – has augmented both existing and especially new home sales to nine year highs. As an even better sign, sales of homes under \$300,000 are increasing steadily addressing more consumer segments.

For the fifth month prices fell for commodities other than food and energy. Consumers have to be gleeful to see lower lodging, airfare and energy prices (but of course lawyer fees increased!) Overall prices moderated more than accelerated keeping inflation foremost on the FOMC's agenda. There are more positive than negative changes in inflationary progress but not enough to push inflation or surge prices as needed for a rate increase.

Until the 'doves' on the Committee change their perception and position we will have to continue to "wait and see" for more and more *and more* data.

Mixed domestic data coupled with signs of slowing growth abroad have stayed the Fed's hand this year, following liftoff from near zero in December, emboldening bond bulls. Officials have twice cut their projections for the number of hikes in 2016, from four to two and then one.

10-Year Treasury Caught in a Range Trade



Summertime Speculation

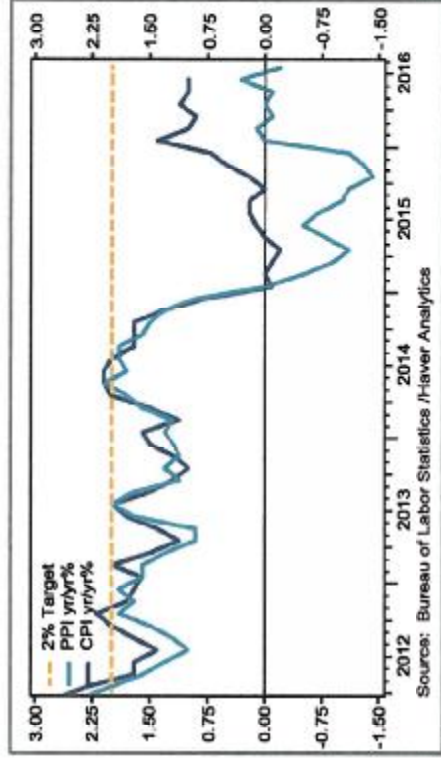
Although the volatility index (the VIX) has been low overall this summer without major events or changes, market uncertainty is fed by individual data points producing uncertainty in the market as well as the Fed.

We wouldn't have as extended a rate guessing game if the trends were smoother but every month has brought minor reversals and contradictions. After a summer of relatively good news the August numbers have detailed some significant weakness. From the ISM report production slowed to a 4-year low, new orders slipped below 50 for the first time since 12/15 and a sizable contraction in domestic manufacturing do not bode well. Nonfarm business productivity had its third straight negative read and the slowness was broadly based. On the other hand, private non-residential construction spending jumped ahead.

There was a brief cyclical burst of productivity growth in the first year of the recovery, but since the end of 2010, labor productivity has now grown only 0.4% annualized, the worst run over that long a period in the history of the data back to 1947. This is key as it is a favorite.

Another part of the rate conundrum is of course the fact that other Central Bankers continue to cut rates and undertake even more massive bond buying steps to stimulate their lagging economies. The Bank of England and the Bank of Japan followed other bankers this month with rate cuts and huge bond buying programs (akin to our quantitative easing). Raising rates in the US would put us in a diametrically opposite position. Our higher rates may then move investors to our markets and away from their sovereign debt.

In addition, as speculation of higher rates climbs, the dollar will advance against other currencies further damaging our exports but giving additional spending power. The dollar has risen against the yen and the pound in anticipation.



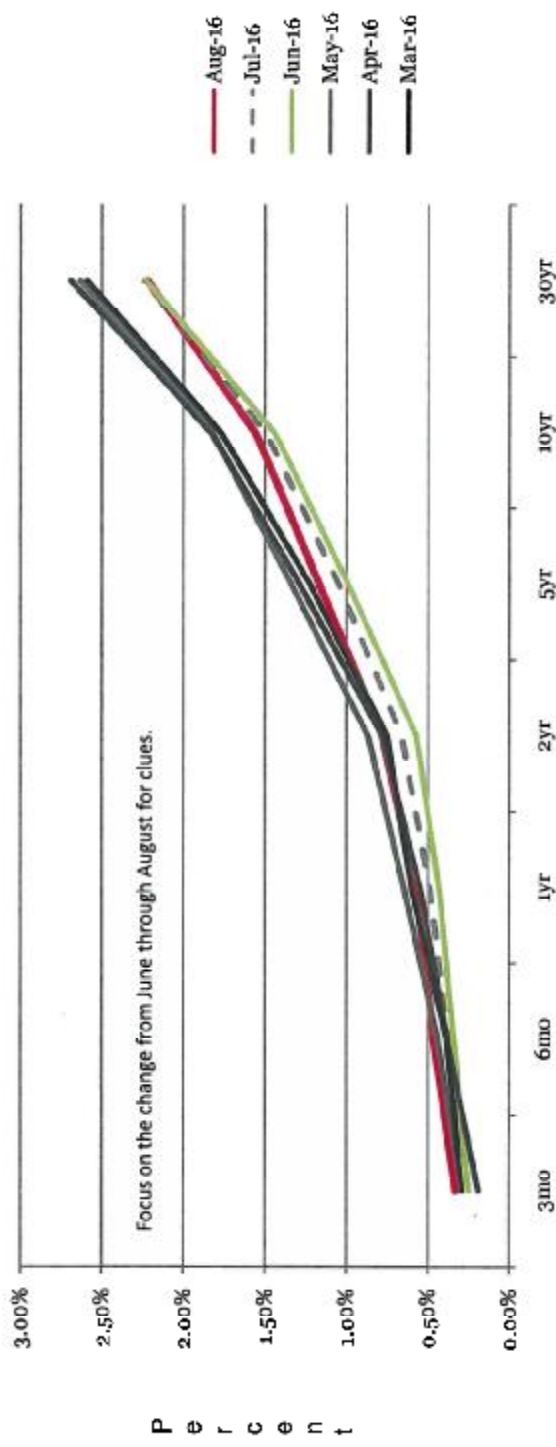
In this classic balancing act the low rates actually hurt more than retirees. Banks are unable to make the traditional spread on borrowing-to-lending ratios and as such lending is reduced. Add this to the voluminous regulations being placed on the banks and this major driver of economic power is being thwarted. Low rates here have ceased to be a driver of growth.

No where is this clearer than in Italy which is vying for the *crisis du jour* designation. Within the EU, banks can not be bailed out by their government. The *bail-in* must come from their debt holders and in the case of Italy those are primarily individuals and not institutional investors. A breakdown here in the EU's fourth largest economy could delay rate changes in Europe for some time.

Its no surprise the Fed is wary. Every market participant is also. We will all just have to wait and see – for how long is the question.

Rates are Pummeled

- The Treasury two-year climbed to its highest yield since Brexit when Fed Vice Chair Fischer joined the hawks signaling that interest rates *may* still rise in 2016. He was joining Fed President Dudley who warned the market of underestimating the hike's likelihood. Fischer highlighted there was "near full employment and inflation was close to where they want it to be."
- Treasuries stepped toward their worst month (in price) since June 2015 and hedge funds cut their bullish bets by the most in four months helping to move yields upwards. Treasuries have been falling in price since Brexit in June in halting anticipation.
- It is the unevenness of the data which keeps investors on the edge and the prices range-bound. However despite sub-par growth and a near record spread of US Treasuries to other sovereign bonds rates are inexorably rising on an economy that is improving.

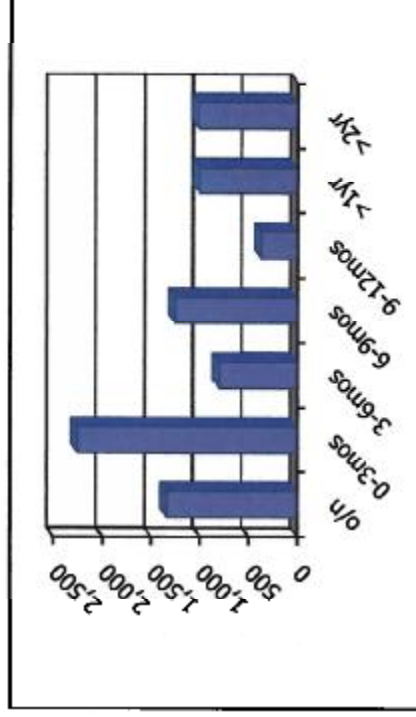
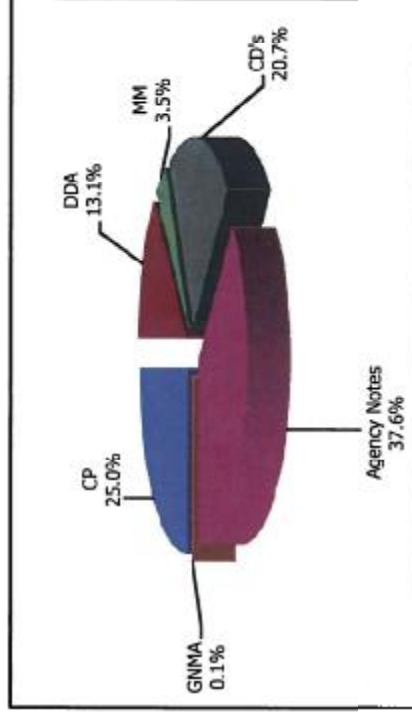


End of Month Rates - Full Yield Curve - Fed Funds to 30yr

Your Portfolio

As of August 31, 2016

- 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 very short-term rates have moved up in the last quarter offering some opportunities for diversification – especially for those with access to commercial paper. Past one year there are many more alternatives as rates creep up.
- Banks remain *uninterested* in new deposits and municipal debt has become less attractive as the supply of new muni bonds dries up. Few outperform the agencies at this point in time.
- It is still time to reduce cash balances and stretch out longer and into the two year area if possible.
- The non-cash portion of your portfolio is yielding 0.94%.





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**Texas State Affordable Housing
 Portfolio Management
 Portfolio Summary
 August 31, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
CD's - Interest at Maturity	235,000.00	295,000.00	295,000.00	3.68	334	301	0.913
Commercial Paper Disc. -Amortizing	2,000,000.00	1,997,443.75	1,997,443.75	25.02	80	64	0.851
Federal Agency Coupon Securities	3,000,000.00	3,002,972.00	3,000,950.00	37.56	972	678	1.081
Brokered CD's	365,000.00	365,080.33	366,300.00	4.56	304	114	0.750
Pass Through Securities (GNMA)	6,130.75	7,233.13	6,130.75	0.08	8,646	6,623	5.874
FHLB Dallas-Money Fund	11,776.47	11,776.47	11,776.47	0.15	1	1	0.304
MM Funds/NOW Accounts	267,287.01	267,287.01	267,287.01	3.35	1	1	0.708
CD's - Interest mo/qtr/annually	930,817.53	990,617.53	960,617.53	12.41	495	183	0.736
Bank Accounts	1,049,672.57	1,049,672.57	1,049,672.57	13.15	1	1	0.006
Investments	7,985,484.33	7,987,782.79	7,984,918.06	100.00%	472	313	0.808

Total Earnings	August 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	4,250.48	42,606.59	42,606.59

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 10/2016
 Melinda Smith, Chief Financial Officer



**Texas State Affordable Housing
Summary by Type
August 31, 2016
Grouped by Fund**

Patterson & Associates
901 S. Mopac
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Austin, TX 78746

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Bunker Hill Debt						
Bank Accounts		22,856.50	22,856.50	0.29	0.020	1
Subtotal	1	22,856.50	22,856.50	0.29	0.020	1
Fund: Bunker Hill Operating						
Bank Accounts		22,846.24	22,846.24	0.29	0.020	1
Subtotal	1	22,846.24	22,846.24	0.29	0.020	1
Fund: Bunker Hill Replacement Res						
Bank Accounts		24,205.45	24,205.45	0.30	0.020	1
Subtotal	1	24,205.45	24,205.45	0.30	0.020	1
Fund: General Investments						
MM Funds/NOV Accounts	2	287,287.01	287,237.01	3.35	0.706	1
Erokered CD's	2	386,000.00	386,000.00	4.50	0.760	114
Bank Accounts	1	710,757.95	710,757.95	8.00	0.000	1
FILLO Dallas-Money Fund	1	11,776.47	11,776.47	0.15	0.304	1
Federal Agency Coupon Securities	3	3,000,000.00	3,000,990.00	37.58	1.081	678
Fase Through Securities (GNMA)	1	6,130.75	6,130.75	0.06	5.971	6,623
CD's - Interest monthly/annually	3	990,617.53	990,617.53	12.41	0.736	183
Commercial Paper Disc. - Amortizing	2	2,000,000.00	1,987,443.75	25.02	0.651	54
CD's - Interest at Maturity	2	295,000.00	295,000.00	3.69	0.913	301
Subtotal	17	7,655,569.71	7,654,003.46	96.85	0.842	328
Fund: Heart of Texas DPA						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
Fund: Neighborhood Stabilization Pro						
Bank Accounts	1	2,973.72	2,973.72	0.04	0.000	1

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Texas State Affordable Housing
 Summary by Type
 August 31, 2016
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Rita Blanca Reserve						
Bank Accounts	1	19,825.25	19,825.25	0.25	0.000	1
Subtotal	1	19,825.25	19,825.25	0.25	0.000	1
Fund: Sagebrush Apartments - Debt						
Bank Accounts	1	39,224.46	39,224.48	0.49	0.030	1
Subtotal	1	39,224.46	39,224.48	0.49	0.030	1
Fund: Sagebrush Apartments - Oper.						
Bank Accounts	1	23,203.70	23,203.70	0.29	0.020	1
Subtotal	1	23,203.70	23,203.70	0.29	0.020	1
Fund: Sagebrush Replacement Res						
Bank Accounts	1	113,132.85	113,132.85	1.42	0.030	1
Subtotal	1	113,132.85	113,132.85	1.42	0.030	1
Fund: Wells Fargo - CDC						
Bank Accounts	1	4,732.50	4,732.50	0.06	0.000	1
Subtotal	1	4,732.50	4,732.50	0.06	0.000	1
Fund: Willows Operating						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
Fund: Willows Replacement Reserve						
Bank Accounts	1	57,913.93	57,913.95	0.73	0.000	1
Subtotal	1	57,913.93	57,913.95	0.73	0.000	1
Total and Average	29	7,985,484.33	7,984,918.08	100.00	0.808	313



INVESTMENT MANAGEMENT

**Texas State Affordable Housing
Fund BHDEBT - Bunker Hill Debt
Investments by Fund
August 31, 2016**

Patterson & Associates
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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 366	Maturity Date	Days To Maturity
591399016	78	Frost Bank Checking	04/20/2010	22,856.50	22,856.50	22,856.50	0.020	0.010	0.020		1
		Subtotal and Average		22,856.50	22,856.50	22,856.50	0.020	0.020	0.020		1
		Total Investments and Average		22,856.50	22,856.50	22,856.50	0.020	0.020	0.020		1

Bank Accounts

**Fund BHOPER - Bunker Hill Operating
Investments by Fund
August 31, 2016**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
581398261	75	Frost Bank Checking	04/20/2010	22,846.24	22,846.24	22,846.24	0.020	0.019	0.020		1
			Subtotal and Average	22,846.24	22,846.24	22,846.24	0.020	0.020	0.020		1
			Total Investments and Average	22,846.24	22,846.24	22,846.24	0.020	0.020	0.020		1

Fund BHRR - Bunker Hill Replacement Res
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398238	77	Frost Bank Checking	04/08/2010	24,205.45	24,205.45	24,205.45	0.020	0.019	0.020		1
			Subtotal and Average	24,205.45	24,205.45	24,205.45		0.020	0.020		1
			Total Investments and Average	24,205.45	24,205.45	24,205.45		0.020	0.020		1

Fund GENERAL - General Investments
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
CD's - Interest at Maturity											
3033001437	207	FHLB CD	07/26/2016	50,000.00	50,000.00	60,000.00	0.486	0.479	0.486	01/26/2017	147
12005A	206	Texas Security Bank	07/31/2016	245,000.00	245,000.00	245,000.00	1.000	0.988	1.000	07/31/2017	333
		Subtotal and Average		295,000.00	295,000.00	295,000.00		0.900	0.913		301
Commercial Paper Disc. -Amortizing											
62455AKJ5	205	Mountliff Funding CP	07/28/2016	1,488,433.33	1,500,000.00	1,458,433.33		0.801	0.812	10/18/2016	47
62455ALF2	210	Mountliff Funding CP	08/30/2016	499,010.42	500,000.00	499,310.42		0.851	0.865	11/15/2016	75
		Subtotal and Average		1,987,443.75	2,000,000.00	1,957,743.75		0.839	0.851		63
Federal Agency Coupon Securities											
3134G4Z92	195	FHLMC Cat Note	04/23/2014	1,000,000.00	1,000,000.00	1,002,744.00	0.875	0.871	0.885	04/17/2017	226
3134GACF9	208	FHLMC Cat Note	08/23/2015	1,000,273.33	1,000,000.00	1,000,208.00	1.100	1.089	1.084	08/23/2018	721
3134GABN3	209	FHLMC Cat Note	08/23/2015	1,000,716.67	1,000,000.00	999,720.00	1.300	1.285	1.274	08/23/2019	1,086
		Subtotal and Average		3,000,990.00	3,000,000.00	3,002,672.00		1.066	1.081		678
Brokered CD's											
07370T2E2	204	Beal Bank CD FDIC# 32574	07/06/2016	118,000.00	118,000.00	118,000.83	0.750	0.739	0.750	07/06/2017	307
90280JKQ3	184	Santander Bank CD FDIC# 29950	12/23/2015	248,000.00	248,000.00	247,999.50	0.760	0.739	0.750	05/23/2016	22
		Subtotal and Average		366,000.00	366,000.00	366,000.33		0.740	0.750		113
Pass Through Securities (GNMA)											
95201LFC3	190	G2 586163 Mfgc	02/17/2011	6,130.75	6,130.75	7,233.13	5.990	5.888	5.971	10/20/2034	6,623
		Subtotal and Average		6,130.75	6,130.75	7,233.13		5.888	5.971		6,623
FHLB Dallas-Money Fund											
998988985	9002	FHLB Money Market Fund	09/01/2006	11,776.47	11,776.47	11,776.47	0.304	0.299	0.304		1
		Subtotal and Average		11,776.47	11,776.47	11,776.47		0.300	0.304		1
MM Funds/NOW Accounts											
5001506	83	Austin Capital Bank MM	10/20/2010	20,538.51	20,538.51	20,538.51	0.200	0.197	0.200		1
3051137	175	Crocket National Bank	09/21/2015	246,747.50	246,747.50	246,747.50	0.750	0.739	0.750		1
		Subtotal and Average		267,287.01	267,287.01	267,287.01		0.658	0.708		1

Fund GENERAL - General Investments
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 385	Maturity Date	Days To Maturity	
CD's - Interest maturity/annually												
2700025593	202	Anthem Bank	05/09/2016	245,617.53	245,617.53	245,617.53	1.000	0.966	1.000	05/09/2017	250	
8410000190	193	Hilcrest Bank CD	10/08/2015	245,000.00	245,000.00	245,000.00	0.750	0.738	0.750	01/08/2017	129	
3084923236	194	Hilcrest Bank CD	11/25/2015	500,000.00	500,000.00	500,000.00	0.800	0.661	0.600	02/25/2017	177	
		Subtotal and Average		990,617.53	990,617.53	990,617.53		0.726	0.736		183	
Bank Accounts												
591359967	68	Frost Bank Checking	03/05/2010	718,757.95	718,757.95	718,757.95					1	
		Subtotal and Average		718,757.95	718,757.95	718,757.95		0.000	0.000		1	
		Total Investments and Average		7,554,003.46	7,555,569.71	7,856,368.17		0.831	0.842		326	

Fund HRTTX - Heart of Texas DPA
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 366	Maturity Date	Days To Maturity
Bank Accounts											
581748871	152	Frost Bank Checking	02/06/2015	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 Pro
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 380	YTM 388	Maturity Date	Days To Maturity
Bank Accounts											
551355932	71	Frost Bank Checking	04/20/2010	2,973.72	2,973.72	2,973.72					1
			Subtotal and Average	2,973.72	2,973.72	2,973.72		0.000	0.000		1
			Total Investments and Average	2,973.72	2,973.72	2,973.72		0.000	0.000		1

Fund RBRES - Rita Blanca Reserve
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591732447	150	Frost Bank Checking	01/26/2016	19,825.25	19,825.25	19,825.25					1
			Subtotal and Average	19,825.25	19,825.25	19,825.25		0.000	0.000		1
			Total Investments and Average	19,825.25	19,825.25	19,825.25		0.000	0.000		1

Fund SBDEBT - Sagebrush Apartments - Debt
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity	
Bank Accounts												
591398253	79	Frost Bank Checking	04/20/2010	39,224.48	39,224.48	39,224.48	0.030	0.029	0.030		1	
			Subtotal and Average	39,224.48	39,224.48	39,224.48	0.030	0.030	0.030		1	
			Total Investments and Average	39,224.48	39,224.48	39,224.48	0.030	0.030	0.030		1	

Fund SBOPER - Sagebrush Apartments - Oper.
Investments by Fund
August 31, 2016

CLUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 300	Maturity Date	Days To Maturity
Bank Accounts											
591398237	78	Frost Bank Checking	04/20/2010	23,203.70	23,203.70	23,203.70	0.020	0.018	0.020		1
			Subtotal and Average	23,203.70	23,203.70	23,203.70	0.020	0.020	0.020		1
			Total Investments and Average	23,203.70	23,203.70	23,203.70	0.020	0.020	0.020		1

Fund SBRR - Sagebrush Replacement Res
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591396245	80	Frost Bank Checking	04/08/2010	113,132.85	113,132.85	113,132.85	0.030	0.029	0.030		1
		Subtotal and Average		113,132.85	113,132.85	113,132.85		0.030	0.030		1
		Total Investments and Average		113,132.85	113,132.85	113,132.85		0.030	0.030		1

Fund WELLS - Wells Fargo - CDC
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
589999894	0014	Wells Fargo Non-Profit C-1kg	08/01/2015	4,732.50	4,732.50	4,732.50					1
		Subtotal and Average		4,732.50	4,732.50	4,732.50		0.000	0.000		1
		Total Investments and Average		4,732.50	4,732.50	4,732.50		0.000	0.000		1

Fund WOPER - Willows Operating
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
581501356	106	Frost Bank Checking	11/17/2011	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 WRR - Willows Replacement Reserve
Investments by Fund
August 31, 2016**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 385	Maturity Date	Days To Maturity
Bank Accounts											
591501224	108	Frost Bank Checking	11/17/2011	57,913.93	57,913.93	57,913.93					1
		Subtotal and Average		57,913.93	57,913.93	57,913.93		0.000	0.000		1
		Total Investments and Average		57,913.93	57,913.93	57,913.93		0.000	0.000		1



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**Texas State Affordable Housing
 Cash Reconciliation Report
 For the Period August 1, 2016 - August 31, 2016
 Grouped by Fund**

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
General Investments											
08/09/2016	202	GENERAL	Interest	270025563	245,300.00	ANT-HEM 0.2M 1.00% Mat	35/09/2017	0.00	617.53	0.00	617.53
08/09/2016	202	GENERAL	Interest	270025563	245,300.00	ANT-HEM 0.2M 1.00% Mat	35/09/2017	-817.53	0.00	0.00	-817.53
08/20/2016	100	GENERAL	Interest	36201LFC3	22,957.28	G2686T 0.0M 5.99% Mat	10/20/2034	0.00	30.74	27.80	59.64
08/23/2016	208	GENERAL	Purchase	3134GACF9	1,000,000.00	FHLMCC 1.0M 1.10% Mat	08/23/2018	-1,000,300.00	0.00	0.00	-1,000,300.00
08/23/2016	209	GENERAL	Purchase	3134GABN3	1,000,000.00	FHLMCC 1.0M 1.30% Mat	08/23/2019	-1,000,750.00	0.00	0.00	-1,000,750.00
08/24/2016	176	GENERAL	Interest	3136G2LCS	2,000,000.00	FNMAC 2.0M 2.00% Mat	08/24/2018	0.00	20,000.00	0.00	20,000.00
08/24/2016	176	GENERAL	Call	3136G2LCS	2,000,000.00	0.0M 2.00%	08/24/2018	0.00	0.00	2,000,000.00	2,000,000.00
08/26/2016	192	GENERAL	Interest	3134G8NB8	250,000.00	FHLMCC 0.3M 1.10% Mat	02/26/2018	0.00	1,352.08	0.00	1,352.08
08/26/2016	192	GENERAL	Call	3134G8NB8	250,000.00	3.0M 1.10%	02/26/2018	0.00	0.00	250,000.00	250,000.00
08/30/2016	210	GENERAL	Purchase	6245SALF2	500,000.00	MOLNT 0.5M 0.30% Mat	11/15/2016	-488,887.03	0.00	0.00	-488,887.03
							Subtotal	-2,500,651.56	22,000.35	2,260,027.90	-228,623.31
							Total	-2,500,651.56	22,000.35	2,260,027.90	-228,623.31



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**Texas State Affordable Housing
 Purchases Report
 Sorted by Fund - Fund
 August 1, 2016 - August 31, 2016**

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
General Investments													
3134GACF9	208	GENERAL	FAC	FHLMCC	1,000,000.00	06/23/2016	02/25 - 08/25	1,000,300.00		1.100	08/23/2018	1.085	1,000,273.33
3134GABN3	209	GENERAL	FAC	FHLMCC	1,000,000.00	06/23/2016	02/25 - 08/25	1,000,750.00		1.300	08/23/2018	1.274	1,000,716.67
62455ALF2	210	GENERAL	ACP	MOUNT	500,000.00	06/30/2016	11/15 - At Maturity	498,984.03			11/15/2016	0.952	459,010.42
			Subtotal		2,500,000.00			2,500,034.03	0.00				2,500,000.42
			Total Purchases		2,500,000.00			2,500,034.03	0.00				2,500,000.42



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**Texas State Affordable Housing
 Sales/Call Report
 Sorted by Maturity Date - Fund
 August 1, 2016 - August 31, 2016**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
02/26/2018	192	GENERAL	FHLMCC FAC	02/28/2016	08/28/2016	02/28/2018	250,000.00	1.100	250,000.00	250,000.00	1,352.08	251,352.08	1,352.08
					Subtotal		250,000.00		250,000.00	250,000.00	1,352.08	251,352.08	1,352.08
08/24/2018	176	GENERAL	FNNAC FAC	10/19/2015	08/24/2016	08/24/2018	2,000,000.00	2.800	2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00
3138G2LC9					Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00
					Total Sales		2,250,000.00		2,250,000.00	2,250,000.00	21,352.08	2,271,352.08	21,352.08

Portfolio TSAH
 AP
 SA (PRF_SA) 7.1.1
 Report Ver. 7.3.5



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**Texas State Affordable Housing
 Interest Earnings**
 Sorted by Fund - Fund
 August 1, 2016 - August 31, 2016
 Yield on Beginning Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Interest Earned	Amortization/Accretion	Adjusted Interest Earnings
Fund: Bunker Hill Debt												
581398016	76	BHDEBT	RR5	22,856.50	22,856.11	22,856.50		0.020	0.020	0.39	0.00	0.39
			Subtotal	22,856.50	22,856.11	22,856.50			0.020	0.39	0.00	0.39
Fund: Bunker Hill Operating												
581398261	75	BHOPER	RR5	22,846.24	22,845.85	22,846.24		0.020	0.020	0.39	0.00	0.39
			Subtotal	22,846.24	22,845.85	22,846.24			0.020	0.39	0.00	0.39
Fund: Bunker Hill Replacement Res												
581398288	77	BHRR	RR5	24,205.45	23,288.39	24,205.45		0.020	0.020	0.40	0.00	0.40
			Subtotal	24,205.45	23,288.39	24,205.45			0.020	0.40	0.00	0.40
Fund: General Investments												
989898965	9002	GENERAL	RR2	11,776.47	21,956.89	11,776.47		0.304	0.163	5.04	0.00	3.04
841000190	193	GENERAL	RR4	245,000.00	245,000.00	245,000.00	01/08/2017	0.750	0.750	166.06	0.00	166.06
3084828206	194	GENERAL	RR4	580,000.00	500,000.00	500,000.00	02/25/2017	0.600	0.600	254.80	0.00	254.80
12385A	208	GENERAL	BCD	245,000.00	245,000.00	245,000.00	07/31/2017	1.000	1.000	208.08	0.00	208.08
3134GARM3	208	GENERAL	FAC	1,000,000.00	0.00	1,000,716.87	08/23/2018	1.300	1.038	286.80	-33.33	253.47
3134GACF9	208	GENERAL	FAC	1,000,000.00	0.00	1,000,273.33	08/23/2018	1.100	0.883	244.44	-26.67	217.77
3134G8N88	192	GENERAL	FAC	0.00	250,000.00	0.00	02/26/2018	1.100	1.115	180.97	0.00	180.97
3134G4Z92	135	GENERAL	FAC	1,000,000.00	1,000,000.00	1,000,000.00	04/17/2017	0.875	0.859	729.16	0.00	729.16
3138G2LC8	176	GENERAL	FAC	0.00	2,002,039.08	0.00	08/24/2018	2.000	0.409	2,555.56	-2,039.08	516.48
3051137	175	GENERAL	RRS	248,747.50	246,590.43	248,747.50		0.750	0.750	157.07	0.00	157.07
5001506	83	GENERAL	RR3	20,539.51	20,539.02	20,539.51		0.200	0.200	3.49	0.00	3.49
39201LFC3	100	GENERAL	GN1	6,130.75	6,158.85	6,130.75	10/20/2034	5.950	5.850	30.60	0.00	30.60
3033070437	207	GENERAL	BCD	50,000.00	50,000.00	50,000.00	01/28/2017	0.486	0.486	20.84	0.00	20.84
8028JJKQ3	184	GENERAL	MC3	248,000.00	248,000.00	248,000.00	08/23/2016	0.750	0.750	157.97	0.00	157.97
2700025583	202	GENERAL	RR4	245,617.53	245,000.00	245,617.53	05/09/2017	1.000	1.002	208.47	0.00	208.47
073701ZE2	204	GENERAL	MC3	118,000.00	118,000.00	118,000.00	07/05/2017	0.790	0.790	75.17	0.00	75.17
62455AKJ5	205	GENERAL	ACP	1,580,000.00	1,497,480.00	1,498,433.33	10/18/2016	0.813	0.813	0.00	1,033.33	1,033.33

Portfolio T5AH
 AP
 IE (PR-JE): 7.23
 Report Ver: 7.3.5

Texas State Affordable Housing
Interest Earnings
August 1, 2016 - August 31, 2016

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: General Investments												
52455ALF2	210	GENERAL	ACP	500,000.00	0.00	489,010.42	11/15/2016		0.965	0.00	26.39	26.39
			Subtotal	8,938,811.76	6,695,691.07	6,935,245.51			0.742	6,284.41	-1,039.36	4,245.05
Fund: Sagebrush Apartments - Debt												
581388253	73	SBDEBT	RR5	39,224.48	39,223.48	39,224.48		0.030	0.030	1.00	0.00	1.00
			Subtotal	39,224.48	39,223.48	39,224.48			0.030	1.00	0.00	1.00
Fund: Sagebrush Apartments - Oper.												
581388237	73	SBOPER	RR5	23,203.70	23,203.31	23,203.70		0.020	0.020	0.39	0.00	0.39
			Subtotal	23,203.70	23,203.31	23,203.70			0.020	0.39	0.00	0.39
Fund: Sagebrush Replacement Res												
581388245	80	SBRR	RR5	113,132.85	111,879.99	113,132.85		0.030	0.030	2.66	0.00	2.66
			Subtotal	113,132.85	111,879.99	113,132.85			0.030	2.66	0.00	2.66
			Total	7,192,280.98	6,936,968.20	7,180,714.73			0.717	5,289.84	-1,039.36	4,250.48



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**Texas State Affordable Housing
 Amortization Schedule
 August 1, 2016 - August 31, 2016
 Sorted By Fund - Fund**

Investment #	Fund	Maturity Date	Beginning Par Value	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 08/01/2016	Amount Amortized This Period	Amt Amortized Through 08/31/2016	Amount Unamortized Through 08/31/2016
General Investments										
135	GENERAL	04/17/2017	1,000,000.00	989,750.00	-250.00	1,000,000.00	250.00	0.00	250.00	0.00
	FHLMC Call Note	10/17/2014	0.875				0.00			
208	GENERAL	08/23/2018	1,000,000.00	1,000,300.00	300.00	1,000,273.33	300.00	-26.67	-26.67	273.33
	FHLMC Call Note	11/23/2016	1.100							
209	GENERAL	08/23/2019	1,000,000.00	1,000,750.00	750.00	1,000,716.67	750.00	-33.33	-33.33	716.67
	FHLMC Call Note	02/23/2017	1.300							
176	GENERAL	08/24/2018	2,300,000.00	2,027,040.00	27,040.00	0.00	-25,000.92	-2,039.08	-27,040.00	0.00
	FNMA Call Note	08/24/2016	2.000				2,039.08			
205	GENERAL	10/18/2016	1,500,000.00	1,497,300.00	-2,700.00	1,498,433.33	100.00	1,033.33	1,133.33	-1,566.67
	Mountcliff Funding CP						-2,638.06			
210	GENERAL	11/15/2016	500,000.00	486,684.03	-1,315.97	499,010.42	0.00	26.39	26.39	-888.58
	Mountcliff Funding CP						-1,015.97			
			Subtotal	7,024,124.03	24,124.03	4,988,433.75	-24,660.92	-1,039.36	-25,690.28	-1,566.25
			Total	7,024,124.03	24,124.03	4,988,433.75	-24,660.92	-1,039.36	-25,690.28	-1,566.25

Portfolio TSAH
 AP
 AS-PRF_AS01/7.1
 Report Ver: 7.3.5



INVESTMENT PROFESSIONALS

**Texas State Affordable Housing
Projected Cashflow Report
Sorted by Monthly**

For the Period September 1, 2016 - March 31, 2017

Patterson & Associates
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Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
September 2016										
09/23/2016	184	GENERAL	80280JKJ3	Maturity	Santander Bank CD FDIC# 28650	248,000.00	248,000.00	248,000.00	1,401.37	248,401.37
October 2016										
10/17/2016	135	GENERAL	3134G4Z9Z	Interest	FHLMC Call Note	0.00	0.00	0.00	4,375.00	4,375.00
10/18/2016	205	GENERAL	62465AKJ6	Maturity	Mountcliff Funding CP	1,500,000.00	1,497,300.00	1,500,000.00	0.00	1,500,000.00
November 2016										
11/15/2016	210	GENERAL	62465ALF2	Maturity	Mountcliff Funding CP	500,000.00	496,984.03	500,000.00	0.00	500,000.00
11/23/2016	208	GENERAL	3134GACF9	Call	FHLMC Call Note	1,000,000.00	1,000,380.00	1,000,000.00	0.00	1,000,000.00
January 2017										
01/25/2017	207	GENERAL	3033001437	Maturity	FH-LB CD	50,000.00	50,000.00	50,000.00	122.50	50,122.50
February 2017										
02/23/2017	208	GENERAL	3134GACF9	Interest	FHLMC Call Note	0.00	0.00	0.00	5,500.00	5,500.00
02/23/2017	208	GENERAL	3134GABN3	Interest	FHLMC Call Note	0.00	0.00	0.00	6,500.00	6,500.00
02/23/2017	208	GENERAL	3134GABNS	Call	FHLMC Call Note	1,000,000.00	1,001,750.00	1,000,000.00	0.00	1,000,000.00
GRAND TOTALS:										
						4,298,000.00	4,295,334.03	4,288,000.00	17,898.87	4,315,898.87

Portfolio TSAH
AP
PC (PRF_PC) 7.2L
Report Ver. 7.3E



**Monthly Investment Report
Surplus Funds**

August 31, 2016



Wait and See.... Repeat...

Whether it is 'hawkish' speeches from Fed Presidents or official statements from the FOMC, one can only cry wolf so many times about a rate hike before folks step back to simply wait and see.

August was chockfull of hawkish comments from Fed Presidents and even Chair Yellen commented that *"the case for an increase in the federal funds rate has strengthened in recent months."* But the market, tired of the talk, remained range-bound for the entire month (as shown on the bell weather 10 year). With a heavy ho-hum quotient in place, even the Olympics were less than riveting as the US moved inexorably toward its promise of record gold medals.

These market dog days of summer reflect Chicago Fed President Evans' thought that expectations for continuing low rates is now 'entrenched'. This allows the Fed to contently stay its course without risking financial instability but also ignores some of the more positive economic news painting a picture of slow but existent growth. Even the euro area is showing some signs of resilience after Brexit 'ears calmed.

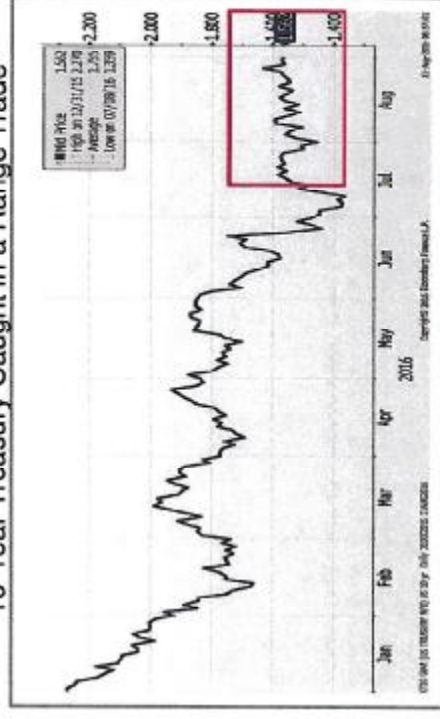
Despite laggard trends, payroll and wage growth has given a sense of optimism among American consumers as evidenced by the month's consumer confidence reports. July payrolls were very strong (255,000) which puts dollars in pockets. And, confidence -buoyed by low rates - has augmented both existing and especially new home sales to nine year highs. As an even better sign, sales of homes under \$300,000 are increasing steadily addressing more consumer segments.

For the fifth month prices fell for commodities other than food and energy. Consumers have to be gleeful to see lower lodging, airfare and energy prices (but of course lawyer fees increased!) Overall prices moderated more than accelerated keeping inflation foremost on the FOMC's agenda. There are more positive than negative changes in inflationary progress but not enough to push inflation or surge prices as needed for a rate increase.

Until the 'doves' on the Committee change their perception and position we will have to continue to "wait and see" for more and more *and more* data.

Mixed domestic data coupled with signs of slowing growth abroad have stayed the Fed's hand this year, following liftoff from near zero in December, emboldening bond bulls. Officials have twice cut their projections for the number of hikes in 2016, from four to two and then one.

10-Year Treasury Caught in a Range Trade



Summertime Speculation

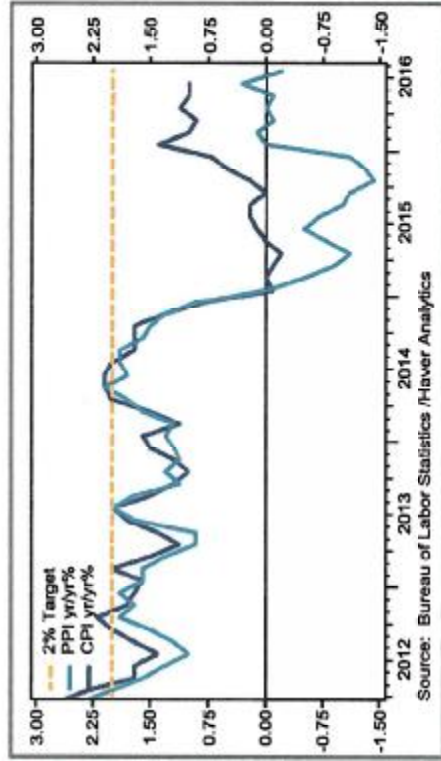
Although the volatility index (the VIX) has been low overall this summer without major events or changes, market uncertainty is fed by individual data points producing uncertainty in the market as well as the Fed.

We wouldn't have as extended a rate guessing game if the trends were smoother but every month has brought minor reversals and contradictions. After a summer of relatively good news the August numbers have detailed some significant weakness. From the ISM report production slowed to a 4-year low, new orders slipped below 50 for the first time since 12/15 and a sizable contraction in domestic manufacturing do not bode well. Nonfarm business productivity had it's third straight negative read and the slowness was broadly based. On the other hand, private non-residential construction spending jumped ahead.

There was a brief cyclical burst of productivity growth in the first year of the recovery, but since the end of 2010, labor productivity has now grown only 0.4% annualized, the worst run over that long a period in the history of the data back to 1947. This is key as it is a favorite.

Another part of the rate conundrum is of course the fact that other Central Bankers continue to cut rates and undertake even more massive bond buying steps to stimulate their lagging economies. The Bank of England and the Bank of Japan followed other bankers this month with rate cuts and huge bond buying programs (akin to our quantitative easing). Raising rates in the US would put us in a diametrically opposite position. Our higher rates may then move investors to our markets and away from their sovereign debt.

In addition, as speculation of higher rates climbs, the dollar will advance against other currencies further damaging our exports but giving additional spending power. The dollar has risen against the yen and the pound in anticipation.



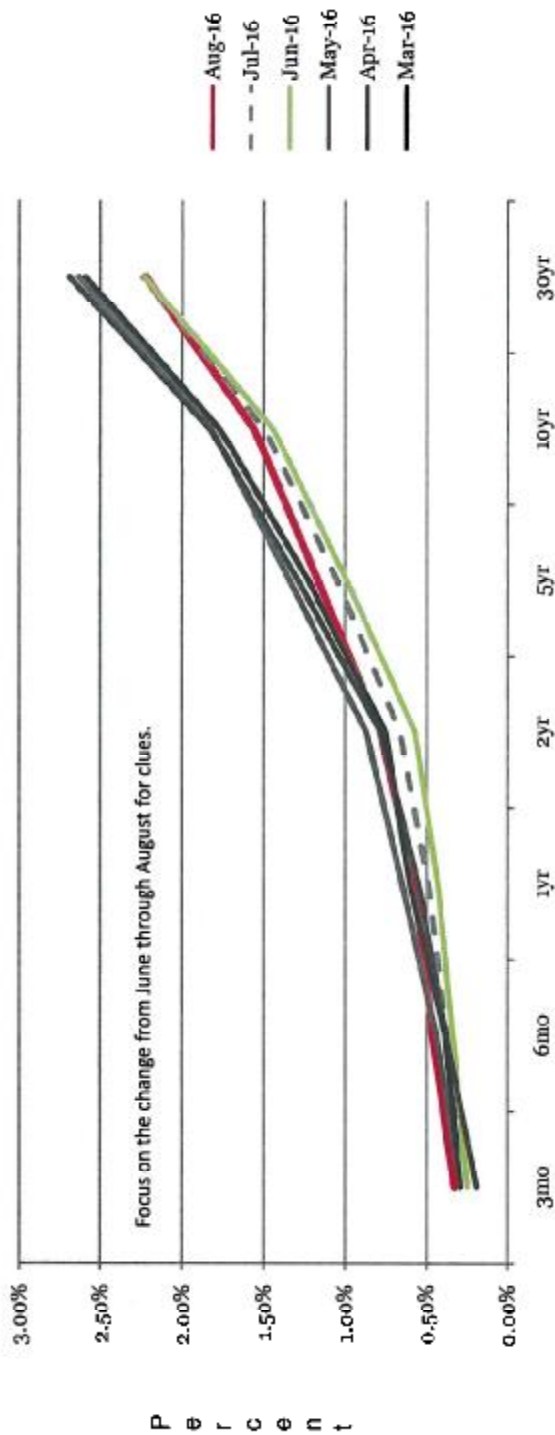
In this classic balancing act the low rates actually hurt more than retirees. Banks are unable to make the traditional spread on borrowing-to-lending ratios and as such lending is reduced. Add this to the voluminous regulations being placed on the banks and this major driver of economic power is being thwarted. Low rates here have ceased to be a driver of growth.

No where is this clearer than in Italy which is vying for the *crisis du jour* designation. Within the EU, banks can not be bailed out by their government. The *bail-in* must come from their debt holders and in the case of Italy those are primarily individuals and not institutional investors. A breakdown here in the EU's fourth largest economy could delay rate changes in Europe for some time.

Its no surprise the Fed is wary. Every market participant is also. We will all just have to wait and see – for how long is the question.

Rates are Pummeled

- The Treasury two-year yield climbed to its highest yield since Brexit when Fed Vice Chair Fischer joined the hawks signaling that interest rates *may* still rise in 2016. He was joining Fed President Dudley who warned the market of underestimating the hike's likelihood. Fischer highlighted there was "near full employment and inflation was close to where they want it to be."
- Treasuries stepped toward their worst month (in price) since June 2015 and hedge funds cut their bullish bets by the most in four months helping to move yields upwards. Treasuries have been falling in price since Brexit in June in halting anticipation.
- It is the unevenness of the data which keeps investors on the edge and the prices range-bound. However despite sub-par growth and a near record spread of US Treasuries to other sovereign bonds rates are inexorably rising on an economy that is improving.

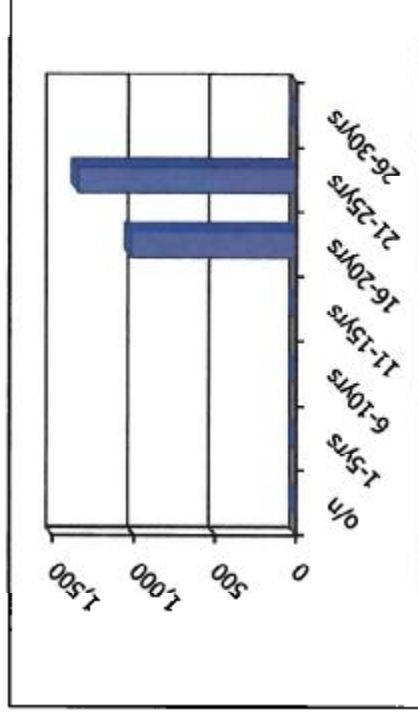
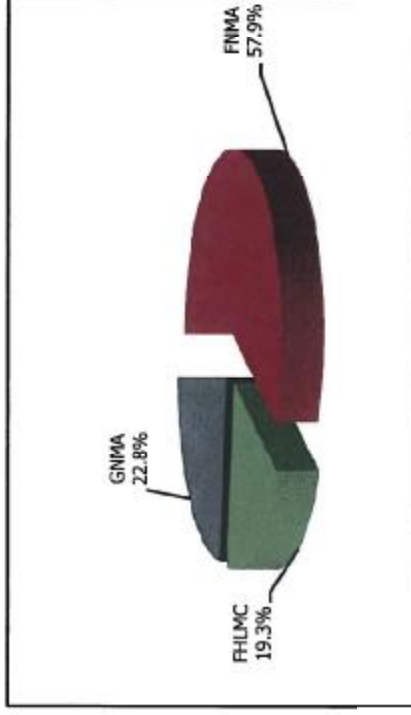


End of Month Rates - Full Yield Curve - Fed Funds to 30yr

Your Portfolio

As of August 31, 2016

- 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 very short-term rates have moved up in the last quarter offering some opportunities for diversification – especially for those with access to commercial paper. Past one year there are many more alternatives as rates creep up.
- Banks remain *uninterested* in new deposits and municipal debt has become less attractive as the supply of new muni bonds dries up. Few outperform the agencies at this point in time.
- It is still time to reduce cash balances and stretch out longer and into the two year area if possible.
- The non-cash portion of your portfolio is yielding 5.513%.





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Texas State Affordable Housing - Surplus Funds
Portfolio Management
Portfolio Summary
August 31, 2016

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Pass Through Securities (GNMA)	538,650.99	596,582.33	538,650.99	22.83	7.507	7.357	5.540
Pass Through Securities (FNMA)	1,365,059.35	1,433,135.50	1,365,059.35	57.88	7.684	7.291	5.469
Pass Through Securities (FHLMC)	455,478.87	509,865.54	455,478.87	19.31	7.706	7.556	5.613
Investments	2,359,189.21	2,539,583.34	2,359,189.21	100.00%	7.579	7.367	5.513
Total Earnings	August 31	Month Ending	Fiscal Year To Date	Fiscal Year Ending			
Current Year	10,953.54	83,199.13	83,199.13	83,199.13			

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



Texas St Aff Housing - Surplus
Summary by Type
August 31, 2016
Grouped by Fund

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Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 385	Average Days to Maturity
Fund: General Investments						
Pass Through Securities (FHLMC)	4	455,476.87	455,476.87	18.31	5.013	7,656
Pass Through Securities (FNMA)	17	1,365,050.35	1,265,059.35	57.06	6.459	7,291
Pass Through Securities (GNMA)	8	539,650.99	538,660.99	22.83	5.540	7,357
Subtotal	29	2,359,189.21	2,359,199.21	100.00	5.513	7,357
Total and Average	28	2,369,189.21	2,369,189.21	100.00	5.513	7,357

Portfolio TSSF
 AP
 ST (PRF_ST) 7.2.0
 Report Ver 7.3.5



INVESTMENT PROFESSIONALS

**Texas St Aff Housing - Surplus
Fund GENERAL - General Investments
Investments by Fund
August 31, 2016**

Patterson & Associates
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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Pass Through Securities (GNMA)											
36201XSZ2	172	G2 806366 Mlge	08/27/2015	34,053.10	34,053.10	37,468.63	5.490	5.362	5.437	03/20/2036	7,140
36201XTW8	173	G2 806365 Mlge	08/27/2015	115,405.28	115,405.28	127,348.93	5.490	5.363	5.437	05/20/2036	7,201
36202TUK0	178	G2 608066 Mlge	08/28/2013	85,818.71	85,818.71	84,705.85	5.490	5.359	5.434	11/20/2038	7,385
36202XDG9	174	G2 612203 Mlge	08/27/2015	0.00	0.00	0.00	5.490	5.363	5.438	08/20/2036	7,203
36290YB64	179	G2 621161 Mlge	08/28/2013	85,809.12	85,809.12	84,695.59	5.490	5.359	5.434	11/20/2036	7,395
36290YDR6	188	G2 621212 Mlge	08/28/2015	32,930.66	32,930.66	36,711.80	5.750	5.616	5.694	04/20/2037	7,535
36290YB23	187	G2 621157 Mlge	08/28/2013	50,700.19	50,700.19	59,594.42	5.750	5.615	5.693	12/20/2038	7,415
36290YCF3	184	G2 621170 Mlge	08/28/2015	133,915.95	133,915.95	149,117.20	5.750	5.615	5.693	01/20/2037	7,448
Subtotal and Average				638,650.99	638,650.99	598,582.30		5.464	5.540		7,347
Pass Through Securities (FNMA)											
31410UYT3	183	FN 898122 Mlge	08/28/2016	79,216.81	79,216.81	83,336.77	5.730	5.601	5.679	08/01/2038	7,305
3140EXNJ4	181	FN 881693 Mlge	08/27/2015	73,716.19	73,716.18	78,345.43	5.490	5.350	5.424	04/01/2036	7,152
3141CMJP6	162	FN 891370 Mlge	08/27/2015	109,939.74	109,939.74	115,746.91	5.490	5.350	5.424	04/01/2036	7,152
3141CMW89	163	FN 891771 Mlge	08/27/2015	131,874.34	131,874.34	140,817.37	5.490	5.350	5.425	05/01/2036	7,182
3141OSAC2	164	FN 895807 Mlge	08/27/2015	78,982.55	78,982.55	82,974.08	5.490	5.350	5.425	08/01/2036	7,182
3141OSWN3	165	FN 896253 Mlge	08/27/2015	94,752.09	94,752.09	99,606.35	5.490	5.351	5.425	08/01/2036	7,213
3141OVWZ9	175	FN 898884 Mlge	08/28/2016	66,233.88	66,233.88	69,285.82	5.490	5.346	5.420	08/01/2036	7,305
3141OVWZ2	185	FN 898895 Mlge	08/28/2016	89,976.62	89,976.62	94,769.75	5.750	5.602	5.630	11/01/2038	7,368
3141OTNCD	186	FN 896899 Mlge	09/27/2015	98,158.48	98,158.48	103,176.87	5.490	5.351	5.425	06/01/2036	7,243
3141OUYS5	167	FN 898121 Mlge	08/27/2016	97,287.34	97,287.34	102,266.74	5.490	5.351	5.425	07/01/2036	7,243
3141OVW71	166	FN 898970 Mlge	08/27/2015	44,313.75	44,313.75	46,300.19	5.490	5.361	5.425	07/01/2036	7,243
31411CWA5	169	FN 934053 Mlge	08/27/2016	60,589.57	60,589.57	63,395.12	5.490	5.351	5.425	08/01/2036	7,274
31411LYY1	170	FN 911827 Mlge	08/27/2015	77,314.15	77,314.15	81,792.96	5.490	5.349	5.423	11/01/2035	7,000
31412BR Y0	176	FN 820403 Mlge	08/28/2016	33,489.15	33,489.15	35,845.31	5.490	5.347	5.421	12/01/2036	7,396
31413MMY0	177	FN 948575 Mlge	08/28/2016	58,783.30	58,783.30	62,493.12	5.490	5.348	5.422	03/01/2037	7,400
31413RLV6	171	FN 853140 Mlge	08/27/2015	60,357.87	60,357.87	63,133.38	5.490	5.354	5.428	09/01/2037	7,670
31414JH80	188	FN 967229 Mlge	08/28/2016	107,873.52	107,873.52	113,851.30	5.650	5.507	5.583	11/01/2037	7,731
Subtotal and Average				1,365,059.35	1,365,059.35	1,433,135.60		5.394	5.469		7,291

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Fund GENERAL - General Investments
Investments by Fund
August 31, 2016

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM 350	YTM 355	Maturity Date	Days To Maturity
Pass Through Securities (FHLMC)											
31335YXU9	180	FG U30307 Mte	08/27/2016	125,834.87	125,834.87	140,451.35	5.480	5.376	5.451	12/01/2035	7,398
31335YNQ5	180	FG U30389 Mte	08/26/2016	149,875.28	149,875.28	167,531.15	5.750	5.630	5.708	08/01/2037	7,578
31335YJZ7	182	FG U30600 Mte	08/26/2016	112,355.36	112,355.36	126,171.82	5.650	5.532	5.608	11/01/2037	7,731
31335YNAD	181	FG U30385 Mte	08/26/2016	67,613.35	67,613.35	75,671.22	5.760	5.629	5.707	04/01/2037	7,517
Subtotal and Average				455,478.87	455,478.87	509,865.54		5.536	5.613		7,668
Total Investments and Average				2,359,169.21	2,359,169.21	2,538,583.34		5.437	5.513		7,367



**Texas St Aff Housing - Surplus
Cash Reconciliation Report
For the Period August 1, 2016 - August 31, 2016
Grouped by Fund**

Patterson & Associates
501 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
08/15/2016	160	GENERAL	Interest	31335YKJ19	134,789.95	FGMTGE 0.1M 5.49% Mat.	12/01/2036	0.00	581.07	1,174.60	1,755.67
08/15/2016	180	GENERAL	Interest	31335YND5	150,342.45	FGU303 0.2M 5.75% Mat.	08/01/2037	0.00	718.80	334.44	1,053.24
08/15/2016	181	GENERAL	Interest	31335YNA0	67,879.79	FGU308 0.1M 5.75% Mat.	01/01/2037	0.00	324.62	133.57	458.15
08/15/2016	182	GENERAL	Interest	31335YUZ7	112,790.45	FGU308 0.1M 5.85% Mat.	11/01/2037	0.00	530.03	218.11	748.14
08/20/2016	172	GENERAL	Interest	36201XS22	35,009.10	G28063 0.0M 5.49% Mat.	03/20/2036	0.00	158.21	80.17	236.38
08/20/2016	173	GENERAL	Interest	36201XTW8	118,464.73	G28066 0.1M 5.49% Mat.	05/20/2036	0.00	528.18	262.00	791.18
08/20/2016	178	GENERAL	Interest	36202TUK0	86,182.90	G26096 0.1M 5.49% Mat.	11/20/2036	0.00	333.48	182.55	576.01
08/20/2016	179	GENERAL	Interest	36200YB64	86,178.19	G28211 0.1M 5.49% Mat.	11/20/2036	0.00	333.42	183.99	577.41
08/20/2016	184	GENERAL	Interest	36250YCF3	34,477.73	G28217 0.1M 5.75% Mat.	01/20/2037	0.00	643.02	278.64	921.63
08/20/2016	187	GENERAL	Interest	36250YB23	50,915.80	G28245 0.1M 5.75% Mat.	12/20/2036	0.00	243.48	104.07	347.55
08/20/2016	188	GENERAL	Interest	36280YDR6	33,104.87	G28242 0.0M 5.75% Mat.	04/20/2037	0.00	138.21	87.23	245.44
08/25/2016	161	GENERAL	Interest	31446XNJ4	94,018.06	FN8815 0.1M 5.49% Mat.	04/01/2036	0.00	344.07	1,480.01	1,834.08
08/25/2016	162	GENERAL	Interest	3141CMJ98	15,407.40	FN8813 0.1M 5.49% Mat.	04/01/2036	0.00	505.12	468.22	973.34
08/25/2016	163	GENERAL	Interest	3141CMW89	135,291.51	FN8817 0.1M 5.49% Mat.	05/01/2036	0.00	604.56	292.63	897.29
08/25/2016	164	GENERAL	Interest	3141CSA32	84,705.09	FN8856 0.1M 5.49% Mat.	05/01/2036	0.00	363.59	480.04	853.03
08/25/2016	165	GENERAL	Interest	3141CSW83	87,189.75	FN8862 0.1M 5.49% Mat.	06/01/2036	0.00	454.45	208.75	643.20
08/25/2016	166	GENERAL	Interest	3141CTN24	100,616.05	FN8868 0.1M 5.49% Mat.	06/01/2036	0.00	450.12	227.58	677.70
08/25/2016	167	GENERAL	Interest	3141CJVS5	99,858.21	FN8861 0.1M 5.49% Mat.	07/01/2036	0.00	448.40	220.16	668.26
08/25/2016	168	GENERAL	Interest	3141CVW71	48,052.84	FN8869 0.0M 5.49% Mat.	07/01/2036	0.00	205.93	97.63	303.46
08/25/2016	169	GENERAL	Interest	31411CMA6	64,739.86	FN8840 0.1M 5.49% Mat.	08/01/2036	0.00	278.24	346.83	625.07
08/25/2016	170	GENERAL	Interest	31411LY1	78,911.93	FN8818 0.1M 5.49% Mat.	11/01/2036	0.00	368.82	179.64	556.46
08/25/2016	171	GENERAL	Interest	31413RLV6	62,006.72	FN8831 0.1M 5.49% Mat.	09/01/2037	0.00	278.78	141.20	417.98
08/25/2016	175	GENERAL	Interest	31410VWZ9	66,528.09	FN8864 0.1M 5.49% Mat.	09/01/2036	0.00	303.70	147.77	451.47
08/25/2016	176	GENERAL	Interest	31412BRV0	33,832.88	FN8804 0.0M 5.49% Mat.	12/01/2036	0.00	153.54	72.03	225.57
08/25/2016	177	GENERAL	Interest	31413MMY0	60,165.79	FN8865 0.1M 5.49% Mat.	03/01/2037	0.00	274.39	191.72	466.11
08/25/2016	183	GENERAL	Interest	31410UYT3	80,282.28	FN8122 0.1M 5.75% Mat.	09/01/2036	0.00	300.96	284.77	585.72
08/25/2016	185	GENERAL	Interest	31410VWZ2	90,451.73	FN8885 0.1M 5.75% Mat.	11/01/2036	0.00	432.28	238.20	670.48
08/25/2016	186	GENERAL	Interest	31414AJ80	108,883.92	FN8972 0.1M 5.65% Mat.	11/01/2037	0.00	509.56	358.11	865.69
Subtotal									10,992.82	8,492.53	19,485.35
Total									10,992.82	8,492.53	19,485.35

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

**Texas St Aff Housing - Surplus
 Interest Earnings
 Sorted by Fund - Fund
 August 1, 2016 - August 31, 2016
 Yield on Beginning Book Value**

CUSIP	Investment #	Fund	Security Type	Ending Per Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Yield	Interest Earned	Adjusted Interest Earnings	
											Amortization/ Accretion	Adjusted Interest Earnings
Fund: General Investments												
31335YK09	160	GENERAL	GN3	125,834.97	127,009.47	125,834.87	12/1/2036	5.480	5.337	575.69	0.00	575.69
31409XN14	161	GENERAL	GN2	73,716.19	75,206.20	73,716.18	04/1/2036	5.490	5.280	397.25	0.00	397.25
31410MJP6	162	GENERAL	GN2	109,939.74	110,407.96	109,939.74	04/1/2036	5.490	5.364	502.97	0.00	502.97
31410MWA9	163	GENERAL	GN2	131,874.34	132,166.97	131,874.34	05/1/2036	5.490	5.375	603.33	0.00	603.33
31410SAG2	164	GENERAL	GN2	76,962.55	79,472.59	78,882.55	05/1/2036	5.490	5.364	381.25	0.00	381.25
31410SNN3	165	GENERAL	GN2	94,752.08	94,860.64	94,752.08	05/1/2036	5.490	5.375	433.49	0.00	433.49
31410TQ4	166	GENERAL	GN2	98,158.48	99,385.06	98,158.48	06/1/2036	5.490	5.374	449.08	0.00	449.08
31410UY5	167	GENERAL	GN2	97,287.34	97,507.50	97,287.34	07/1/2036	5.490	5.375	445.09	0.00	445.09
31410WW1	168	GENERAL	GN2	44,913.75	45,011.28	44,813.75	07/1/2036	5.490	5.375	205.48	0.00	205.48
31411CMAR	169	GENERAL	GN2	60,549.57	61,056.40	60,699.57	08/1/2036	5.490	5.356	277.85	0.00	277.85
31411LY1	170	GENERAL	GN2	77,814.15	77,983.79	77,814.15	11/1/2035	5.490	5.374	386.00	0.00	386.00
31413RLV6	171	GENERAL	GN2	60,357.87	60,499.07	60,357.87	08/1/2037	5.490	5.374	276.14	0.00	276.14
36201XS22	172	GENERAL	GN1	34,143.27	34,143.27	34,063.10	03/20/2036	5.490	5.374	155.84	0.00	155.84
36201XTW8	173	GENERAL	GN1	115,405.28	115,667.20	115,405.28	05/20/2036	5.490	5.375	527.98	0.00	527.98
31410WZ9	175	GENERAL	GN2	66,233.88	66,381.65	66,233.88	08/1/2038	5.490	5.375	333.02	0.00	333.02
31412BRY0	176	GENERAL	GN2	33,489.15	33,561.18	33,489.15	12/1/2036	5.490	5.375	153.21	0.00	153.21
31413MNY0	177	GENERAL	GN2	59,783.30	59,975.02	59,783.30	03/1/2037	5.490	5.378	273.51	0.00	273.51
36202TUK0	178	GENERAL	GN1	85,918.71	86,001.26	85,818.71	11/20/2038	5.490	5.375	392.62	0.00	392.62
36290YB64	179	GENERAL	GN1	85,908.12	86,883.11	85,809.12	11/20/2038	5.490	5.375	392.58	0.00	392.58
31335YNC5	180	GENERAL	GN3	148,675.29	150,009.73	149,675.29	06/1/2037	5.750	5.629	717.19	0.00	717.19
31335YNA0	181	GENERAL	GN3	67,613.35	67,746.92	67,613.35	04/1/2037	5.750	5.631	323.88	0.00	323.88
31335YU27	182	GENERAL	GN3	112,355.36	112,573.47	112,355.36	11/1/2037	5.650	5.533	529.01	0.00	529.01
31410UYT3	183	GENERAL	GN2	79,216.81	79,501.58	79,216.81	08/1/2038	5.750	5.622	379.58	0.00	379.58
36290YCF3	184	GENERAL	GN1	133,915.95	134,194.56	133,815.95	01/20/2037	5.750	5.630	641.68	0.00	641.68
31410WZ2	185	GENERAL	GN2	89,978.82	90,214.82	89,978.82	11/1/2036	5.750	5.627	431.14	0.00	431.14
31414JAE0	186	GENERAL	GN2	107,873.52	108,229.63	107,873.52	11/1/2037	5.650	5.526	507.91	0.00	507.91
36290YB23	187	GENERAL	GN1	50,708.19	50,812.26	50,708.19	12/20/2036	5.750	5.630	242.88	0.00	242.88
36290YDR6	188	GENERAL	GN1	32,930.86	33,017.86	32,930.86	04/20/2037	5.750	5.627	157.78	0.00	157.78
Subtotal										10,953.54	0.00	10,953.54

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Texas St Aff Housing - Surplus
Interest Earnings
August 1, 2016 - August 31, 2016

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
			Total	2,389,189.21	2,367,681.74	2,359,189.21			5.447	10,953.54	0.00	10,953.54

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
August 18, 2016 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 10:35am, on August 18, 2016, 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
Gerry Evenwel, Member

Members Absent

Alex Meade, Member
Jerry Romero, Member

Staff Present

Betsy Aldrich, Senior Accounting Manager
Liz Bayless, Executive Vice President
Katie Claflin, Senior Manager of Communications & Development
Joniel Crim, Director of Homeownership Programs
David Danenfelzer, Senior Director of Development Finance
Sarah Ellinor, Manager of Homeownership Programs
Nick Lawrence, Controller
David Long, President
James Matias, Manager of Asset Oversight & Compliance
Celina Mizcles, Manager of Asset Oversight & Compliance
Laura Ross, Corporate Secretary/Senior Manager of Digital Content & Publications
Melinda Smith, Chief Financial Officer
Janie Taylor, Senior Director of Communications, Development & Government Relations
Michael Wilt, Manager of External Relations

Guests

Hannah Bell, Office of Representative Molly White
Tim Nelson, First Southwest Company
Eric Pike, First Southwest Company
Tim Smith, Hope Development Services

Katie Van Dyk, Greenberg Traurig

Public Comment

No public comment was provided at the beginning of the meeting.

Audit Committee Report

Mr. Dietz reported that during the Audit Committee meeting, the Audit Committee had discussed the 2017 operating budget and approved it for presentation to the full board. They also reviewed the Audit Committee Guidelines which remained unchanged from last year. Lastly, the Audit Committee heard from the auditors about the upcoming audit.

Mr. Jones asked for public comment on the Audit Committee report and none was given.

President's Report

Mr. Long thanked Mr. Dietz and Mr. Evenwel for participating on the Audit Committee. Mr. Long noted that the fiscal year 2017 operating budget would be presented under Tab 3 of the agenda. He referred the board to the program and financial reports included in the board packet and stated that there were no exceptions to report.

Mr. Long reported that he, Mr. Danenfelzer, and Mr. Wilt had attended the Federal Reserve Bank's Rural Housing Summit in Dallas on July 22nd. On July 25th, Ms. Ellinor participated in the Texas Association of Realtors (TAR) live Facebook event to advertise our homeownership programs and the Overcoming the Down Payment Hurdle class. Mr. Long informed the board that the video had been viewed by over 1,500 people and continued to be on TAR's Facebook page. He noted his appreciation of TAR's support of our programs.

Mr. Long informed the board that he and Mr. Wilt attended the National Alliance to End Homelessness Conference July 25th-28th in Washington DC. Ms. Crim and Mr. Almquist had attended the Sunbelt Builders Show in Dallas August 2nd-4th where the Corporation had a booth. Mr. Long informed the board that the final round of Texas Statewide Homebuyer Education Program (TSHEP) training for 2016 would be held in Houston at the Federal Reserve Bank August 22nd-26th. Ms. Ellinor and Ms. Davila would be attending the training. Mr. Long expressed his appreciation for TDHCA's partnership and announced that our contract to administer the program had been renewed for 2017. Mr. Long talked about upcoming homeownership related activities including a Down Payment Hurdle class that would take place in Houston. Staff would also have a booth at the Combined Law Enforcement Agencies of Texas (CLEAT) conference and attend the El Paso Realtor Rally. On August 30th, Ms. Crim would be interviewed by Mr. Shad Bogany on the Houston area radio show "Real Estate Corner". Mr. Bogany was formerly the chair of the Texas Association of Relators and Mr. Long expressed his appreciation of Mr. Bogany inviting us to be on the show to talk about our programs.

Mr. Long introduced the guests in attendance at the meeting. They included Ms. Bell with Representative Molly White's office, Ms. Van Dyk with Greenberg Traurig, the Corporation's general counsel; Mr. Pike and Mr. Nelson with Hilltop Securities, the Corporation's financial advisory firm.

Mr. Jones asked for public comment and none was given.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on July 14, 2016.

Mr. Jones noted that the following people had been added to the list of guests at the August board meeting: Mr. Ryan Combs with Palladium USA, Ms. Mary Jo Davis with Bank of Texas, and Mr. Chase Miles with Patterson & Associates.

Mr. Dietz made a motion to approve the minutes of the Board Meeting held on July 14, 2016 as presented and amended. Mr. Jones seconded the motion. He 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 Texas State Affordable Housing Corporation's 2017 Broker Listing.

Ms. Smith stated that the Corporation was required to ask the Board to approve the Investment Policy and Broker Listing on an annual basis. The broker listing wasn't voted on at the last board meeting however it was on this month's agenda for the board's review and consideration. Ms. Smith noted that one change had been made to the broker listing – Barclay's Capital had been removed and First Tennessee had been added. Mr. Jones asked why they had been removed; Ms. Smith stated that the Corporation's investment advisor, Ms. Linda Patterson, felt Barclay's had not been beneficial in assisting the Corporation with purchasing investments. She felt First Tennessee might be a better fit.

Mr. Evenwel asked if there was significance in the order in which the brokers were listed and Ms. Smith stated that there was not, they could be listed in any order.

Mr. Jones asked for public comment and none was given. Mr. Evenwel made a motion to approve the Texas State Affordable Housing Corporation's 2017 Broker Listing. Mr. Jones seconded the motion. A vote was taken with Mr. Evenwel and Mr. Jones voting yes. Mr. Dietz abstained from voting. The motion passed.

Tab 3 Presentation, Discussion and Possible Approval of the Fiscal Year 2017 Operating Budget.

Ms. Smith reiterated staff had presented the operating budget to the Audit Committee during their meeting earlier this morning. They had gone through the budget in detail which Ms. Smith volunteered to do again for the full board. She noted that the Corporation expected \$6.1 million in revenue and around \$6 million in expenses which would leave \$91,000 excess of cash revenues over expenditures. She added that there was nothing unusual about any of the revenue or expense items that were included.

Mr. Dietz stated that he and Mr. Evenwel had reviewed each line item in detail during the Audit Committee meeting and they were both satisfied with the final product. Mr. Jones stated that he was satisfied with the Audit Committee's recommendation of the budget for approval.

Mr. Evenwel made a motion to approve the Fiscal Year 2017 Operating Budget. 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 4 Presentation, Discussion and Possible Approval of the Audit Committee Guidelines.

Ms. Smith explained that the Audit Committee Guidelines were required to be reviewed by the Audit Committee on an annual basis. She reported that this had been done in the Audit Committee Meeting earlier that morning and because no changes are being proposed or made to the Guidelines from the previous year, it does not require the board's review and approval. Mr. Dietz, chair of the Audit Committee noted that the Guidelines remained unchanged from the previous year and so there was not a need for the full board to review them in detail.

Mr. Evenwel made a motion to approve the Audit Committee Guidelines for 2017. 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 5 Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Peoples El Shaddai Village Apartments and St. James Manor Apartments.

Mr. Danenfelzer explained that staff had received a bond application proposing the acquisition and rehabilitation of two properties in Dallas, Peoples El Shaddai Village and St. James Manor Apartments. Staff had reviewed the application and was today asking for the Board's approval of an inducement resolution that would allow staff to move forward with further review, preparation of bond documents, public hearings and other steps needed to issue the bonds. Once all this was complete, staff would bring a full report, as well as underwriting and other documents to the board for final review and consideration.

Mr. Danenfelzer stated that in addition to the information he included in the staff write-up, he wanted to make the board aware that he had received a letter of support for the project from State Senator Royce West. He had also spoken with community members in the area including the president of Citywide CDC, a local community development corporation, who also had voiced support for the project.

Mr. Danenfelzer explained that the developer on the project was Steele Properties, LLC, and the properties would be managed by their subsidiary the Monroe Group.

Mr. Smith with Hope Development Services, a consultant on the two developments, introduced himself to the board. He explained his role in helping Steel Properties Group apply for tax credits, apply for tax-exempt bonds and work through steps with local government in order to move the project forward. He stated that he had assisted Steel Properties on several other developments, including two that had closed in the last year.

Mr. Smith explained that collectively the principals for the Steele Properties group had 60 years of experience. The Group was founded in 2006 and in the last ten years had acquired and renovated over 4500 units, 20 of those being tax credit units in 14 different states. The Group currently owned seven tax credit developments in Texas and completed a total of \$500 million in acquisition rehab development sales. Their specialization was turning around section 8 properties.

Mr. Jones asked about the community's reaction to the proposed project and Mr. Smith stated they had received a resolution of no objection from the City of Dallas. Mr. Danenfelzer added that the resolution had been passed unanimously by the city council. They had also received a letter of support from the City of Dallas's housing finance corporation which had been unable to issue the bonds for the project due to internal planning issues.

Mr. Dietz commented that the proposed development would be welcome because the developer was taking an existing property and making it better. Mr. Danenfelzer agreed, adding that we usually encountered little resistance to acquisition rehab developments. People liked to see reinvestment in these properties. With approval of the resolution today, staff would continue their due diligence. They would inspect the properties and hold a public hearing in Dallas so the community members and tenants of the properties had the opportunity to voice any concerns or questions they had about the project. Staff would then present the results of the public hearings and inspections to the board.

Mr. Jones asked how the proposed project would benefit the neighborhood. Mr. Danenfelzer stated that the properties were in a very low income census tract but the city had budgeted funding to go into that area of the city. Investment would also be made by other local community development corporations. Preserving affordable housing was one of the four targeted housing needs that the Corporation had set for the bond program.

Mr. Jones asked how the rehab would affect current tenants. Mr. Smith explained that they would not be relocated; the units would be rehabbed while the tenants still occupied the units. The asset management team would evaluate why the property was in the shape it was currently in and what factors had contributed to it, so that they could preserve the value they were putting back into the development.

Mr. Danenfelzer noted that the inducement resolution before the board would induce the project for federal tax purposes so the bonds could be reserved for the project. One of the next steps staff would take would be to ask for a reservation of private activity bonds from the State's Bond Review Board. Approval of the inducement resolution would also allow the developer to be paid with bond proceeds for any expenses related to the issuance of the bonds incurred after the resolution was approved. Mr. Danenfelzer stated that the inducement resolution would open a window of opportunity to conduct TEFRA hearings, develop bond documents and then to bring the project back for final bond approval by the board. The Texas Bond Review Board would also need to approve the development as the state bond issuer.

Mr. Evenwel made a motion to approve the resolution regarding the submission of one or more applications for allocation of Private Activity Bonds, notices of intention to issue bonds and state bond applications to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Peoples El Shaddai Village Apartments and St.

James Manor Apartments. Mr. Dietz seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Open Meeting

Mr. Long briefly discussed the next board meeting which was tentatively scheduled for Thursday, September 15th. Mr. Jones thanked staff for their hard work. He thanked Mr. Dietz for chairing the Audit Committee. Lastly, he thanked the court reporter, Ms. King.

Adjournment

Mr. Jones adjourned the meeting at 11:04 am.

Respectfully submitted by _____
Laura Ross, Corporate Secretary

Tab 2

Texas State Affordable Housing Corporation

Agenda Item:

Presentation, discussion and possible approval of a resolution regarding the submission of one or more applications for allocation of private activity bonds, notices of intention to issue bonds and state bond application to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Brooks Manor Apartments.

Summary:

The Corporation received an application from Steele Properties II, LLC (“Steele”) in September 2016 for the issuance of multifamily private activity bonds for the Brooks Manor Apartments (“Brooks Manor”). The proposal includes the acquisition and rehabilitation of a 50-unit senior apartment complex located in West Columbia, Texas. The Corporation’s Board is being asked at this time to approve an inducement resolution and provide staff with the authority to move forward with an application for private activity bond volume cap, underwriting, public hearings and drafting of bond documents to move the development towards an anticipated bond closing in January 2016.

Map of Project Area



Public Benefit:

The proposed project fulfills the Corporation’s targeted housing need for at-risk preservation and senior housing developments. The property has a Section 8 project based rental contract with the U.S. Department of Housing and Urban Development (“HUD”) that provides rental assistance to all 50 units. The rehabilitation plan calls for approximately \$27,500 per unit in rehabilitation, including siding replacement, interior renovations, new roofs, energy efficient windows and Energy Star certified HVAC systems to ensure the property continues to provide safe, decent and affordable housing.

Financial Summary:

The proposed acquisition and rehabilitation has a total budget of approximately \$5.4 million. \$1.4 million is planned for direct construction costs. Acquisition of the existing property will cost \$2.5 million, with financing costs, soft costs and developer fees accounting for the remaining \$1.5 million.

The proposed financing leverages tax-exempt bonds and 4% housing tax credits. \$3.08 million in bonds will be issued for acquisition and rehabilitation activities. Total tax credit equity is anticipated to be \$1.7 million, with the remaining project funds coming from deferred developer fees, cash flow and owner equity. R4 Capital Funding has provided a letter of intent to purchase both the bonds and tax credit equity.

Market Conditions:

Brooks Manor Apartments is located in West Columbia, Texas, southwest of the Houston metro area at the intersection of state highways 35 and 36. Staff’s review of neighborhood conditions shows that the property is located in a census tract with high median household incomes. The U.S. Census reports the area’s median income is \$81,389, as compared to the statewide median of

Texas State Affordable Housing Corporation

\$61,958. Although West Columbia is a small community with only 32,755 persons, it has good access to grocers, medical facilities and other community services. The community also has 104 low-income rental units in 3 properties. Given the size, unit make-up and age of other properties in the market area, staff feels that the proposed rehab will make Brooks Manor more desirable and competitive within the market area.

Staff did look at economic growth and educational services, though these factors do not generally impact housing targeted to seniors in the same way they would developments targeted to families. We did note that the project is located close to several community services including government offices, public library, grocery stores, pharmacies and banking centers. Although there are no urgent care or hospital facilities in West Columbia, the community has access (20 to 35 min drive) to medical facilities in Lake Jackson, Angleton and Sweeny.

Borrower Summary:

Steele Properties LLC will be the primary owner/operator of the property through its subsidiary entity, Steele Brooks Manor LLC. Steele Properties is a Denver-based developer of affordable housing with more than 4,500 units completed since 2006. The majority of their portfolio has involved tax credit and Section 8 property acquisition and renovations. Steele Properties has completed seven acq/rehab projects in Texas with several more potential projects in the pipeline.

The Monroe Group is the planned property manager for the Brooks Manor Apartments. The Monroe Group was formed as a sister company to Steele Properties LLC to conduct development and property management activities. The Monroe Group currently manages 36 properties, including all of Steele Properties' units in Texas.

As a developer and manager of affordable housing, Steele Properties has received high marks from their past and present financial partners including PNC Real Estate and Wells Fargo Multifamily Capital. The Corporation is currently underwriting and preparing the Steele St. James Peoples Portfolio transaction for final consideration by the Board in November, 2016.

Staff Recommendation:

Staff recommends that the Board approve the resolution regarding the submission of one or more applications for allocation of private activity bonds, notice of intention to issue bonds and state bond application to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Brooks Manor Apartments.

Steele BM - Underwriting
Project Summary

Project Summary

Applicant Steele Properties II LLC
Project Name Steele Brooks Manor

Location(s)

Property: Brooks Manor Apartments
Address 444 Jefferson Street City West Columbia
County: Brazoria State TX Zip 77486
Census Tract: 48039662001

Funding Sources

	Amount	% of Total
TSAHC Bonds	\$ 3,080,000	57.57%
R4 - Tax Credit Syndication	\$ 1,704,341	31.86%
Deferred Developer Fee	\$ 565,703	10.57%
		0.00%
		0.00%
Totals	\$ 5,350,044	100%

Market Summary

	Census Tract	City	County	State
Population	2,313	32,755	325,477	26,092,033
Average Age	43	41	35	34
Minority Pop. %	19.3%	17.1%	25.1%	25.3%
% Hispanic	11.6%	18.8%	28.6%	38.2%
% Persons with Disability	12.8%	15.6%	10.1%	11.6%
% Households that Rent	22.8%	19.8%	26.6%	37.3%
Persons w/o Insurance	8.8%	18.4%	17.7%	21.9%
Median Household Income	\$81,389	\$62,623	\$80,560	\$61,958
Median Home Price	\$141,100	\$104,000	\$148,800	\$131,400
Median Rents	\$569	\$689	\$888	\$870
% Renters Who are Cost Burdened	31.3%	29.3%	38.7%	45.2%
% Attending Public Schools	96.8%	95.7%	94.4%	93.5%
Graduation Rate (Brazoria ISD))	83.1%			
Unemployment			4.6%	4.5%
CRA Eligible Census Tract	No			
Medically Underserved Area	Yes			

	Projects	Units
# of LI Apartment Projects	3	104

Steele BM - Underwriting
Summary Sources and Uses

Summary of Sources and Uses

Applicant	Steele Properties II LLC
Project Name	Steele Brooks Manor
Number of Units	50

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC Bonds	\$ 3,080,000	\$ 61,600	58%
R4 - Tax Credit Syndication	\$ 1,704,341	\$ 34,087	32%
Deferred Developer Fee	\$ 565,703	\$ 11,314	11%
	\$ -	\$ -	0%
	\$ -	\$ -	0%
	\$ -	\$ -	
Total Sources	\$ 5,350,044	\$ 107,001	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 2,500,000	\$ 50,000	46%
Off-Site Construction	\$ -	\$ -	0%
On-site and Construction Costs	\$ 1,370,373	\$ 27,407	25%
Indirect Costs	\$ 335,519	\$ 6,710	6%
Financing Costs	\$ 493,846	\$ 9,877	9%
Reserve Accounts	\$ 68,979	\$ 1,380	1%
			0%
Developer Fees	\$ 613,741	\$ 12,275	11%
Total Uses	\$ 5,382,458	\$ 107,649	100%

Gap / Reserve	\$ (32,414)
Percent of Developer Fee Deferred	0.00%

Operating Proforma

Appliment (State Property # 111)
Project Name: State Results Monitor

Number of Units	30	After-Action Units	30
Self-Admin Requirements	15	After-Action Units	1,070
		Accountability Units	1

Residential Income

Unit Type	Unit Sq. Ft.	Rent Sq. Ft.	Units	Rent	Mkt. Value	Inflation	Rent/Limit
1-1	418	4,070	5	\$ 2035	\$ 8,033	1.2%	\$26,469
1-1	587	23,300	49	\$ 475	\$ 21,183		\$26,469
1,225		26,450	54				

Other income: \$ - \$ - \$ - \$ - \$ - \$ - \$ -
Potential gross income: \$ 453,000
Residential vacancy loss: \$ (4,000)
Net Residential Income

Year 1	Year 2	Year 3	Year 4	Year 5	Year 18	Year 25
\$ 88,020	\$ 87,858	\$ 88,020	\$ 88,193	\$ 88,358	\$ 88,523	\$ 88,688
\$ 410,240	\$ 410,240	\$ 410,240	\$ 410,240	\$ 410,240	\$ 410,240	\$ 410,240
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 453,000	\$ 476,298	\$ 488,156	\$ 493,143	\$ 503,873	\$ 553,317	\$ 613,099
\$ (18,788)	\$ (13,148)	\$ (13,526)	\$ (13,613)	\$ (13,815)	\$ (12,428)	\$ (14,956)
\$ 434,212	\$ 463,150	\$ 474,630	\$ 479,530	\$ 490,058	\$ 540,889	\$ 598,143

Operating Expenses

Category	Total Amt	Per Unit P/L	% Cost	Subtotal	Per Unit	Inflation
General & Administration	\$ 12,200	\$ 12,200	1.8%	\$ 199	\$ 1.0%	
Management Fee	\$ 25,740	\$ 25,740	4.4%	\$ 429	\$ 2.0%	
Payroll and Related	\$ 55,610	\$ 55,610	9.2%	\$ 927	\$ 4.2%	
Laborer	\$ 28,810	\$ 28,810	4.7%	\$ 480	\$ 2.2%	
Maintenance & Repair	\$ 46,020	\$ 46,020	7.6%	\$ 767	\$ 3.5%	
Taxes	\$ 13,510	\$ 13,510	2.3%	\$ 225	\$ 1.0%	
Insurance	\$ 13,510	\$ 13,510	2.3%	\$ 225	\$ 1.0%	
Operating Debt Service Reserve	\$ -	\$ -	0.0%	\$ -	\$ -	1.0%
Replacement Reserves	\$ 13,000	\$ 13,000	2.2%	\$ 217	\$ 1.0%	
Resident Services Fee	\$ -	\$ -	0.0%	\$ -	\$ -	1.0%
Rent/Compliance Fees	\$ 2,210	\$ 2,210	0.4%	\$ 37	\$ 0.2%	
Owner Fee	\$ 8,210	\$ 8,210	1.4%	\$ 137	\$ 0.6%	
Other (Specify)	\$ 319,720	\$ 319,720	54.9%	\$ 5,329	\$ 24.2%	
Total Operating Expenses	\$ 375,050	\$ 375,050	63.6%	\$ 6,263	\$ 28.3%	

Year 1	Year 2	Year 3	Year 4	Year 5	Year 18	Year 25
\$ 17,200	\$ 17,318	\$ 18,347	\$ 18,595	\$ 18,859	\$ 22,442	\$ 26,612
\$ 25,740	\$ 25,740	\$ 25,740	\$ 25,740	\$ 25,740	\$ 25,740	\$ 25,740
\$ 55,610	\$ 55,610	\$ 55,610	\$ 55,610	\$ 55,610	\$ 55,610	\$ 55,610
\$ 28,810	\$ 28,810	\$ 28,810	\$ 28,810	\$ 28,810	\$ 28,810	\$ 28,810
\$ 46,020	\$ 46,715	\$ 47,998	\$ 48,815	\$ 49,565	\$ 52,643	\$ 56,360
\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510
\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510	\$ 13,510
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,210	\$ 2,210	\$ 2,210	\$ 2,210	\$ 2,210	\$ 2,210	\$ 2,210
\$ 8,210	\$ 8,210	\$ 8,210	\$ 8,210	\$ 8,210	\$ 8,210	\$ 8,210
\$ 319,720	\$ 319,720	\$ 319,720	\$ 319,720	\$ 319,720	\$ 319,720	\$ 319,720
\$ 375,050	\$ 375,050	\$ 375,050	\$ 375,050	\$ 375,050	\$ 375,050	\$ 375,050

State.org \$ 6,852.00 per unit
Operating expenses as a percentage of Effective Gross Income

NEW LIABILITIES INCLUDE:

PRIMARY DEBT VALUES

	2020Q1	2021	2022	2023	2024
TRAC BONDS	\$ 3,000,000	4,000,000			
Total Primary Debt	\$ 3,000,000				
TRAC Equity Fee	\$ 5,000				
Net Cashflow After Primary Debt					
EVCO Primary Debt					

NET SUBORDINATE DEBT & EQUITY

Unlevered Overhang Cost	\$ 505,303				
Total Secondary Debt	\$ 505,303				

Estimated value of completed real estate

Estimated Cap Rate

2020	2021	2022	2023	2024	2025	2026	2027
------	------	------	------	------	------	------	------

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
\$ 302,007	\$ 302,007	\$ 302,433	\$ 302,433	\$ 302,457	\$ 302,457	\$ 302,457	\$ 302,457
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 302,007	\$ 302,007	\$ 302,433	\$ 302,433	\$ 302,457	\$ 302,457	\$ 302,457	\$ 302,457
\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$ 307,007	\$ 307,007	\$ 307,433	\$ 307,433	\$ 307,457	\$ 307,457	\$ 307,457	\$ 307,457
1.15	1.18	1.18	1.20	1.20	1.20	1.20	1.20

\$ 15,000	\$ 20,175	\$ 20,175	\$ 42,150	\$ 48,000	\$ 54,375	\$ 61,200	\$ 68,525
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,000	\$ 20,175	\$ 20,175	\$ 42,150	\$ 48,000	\$ 54,375	\$ 61,200	\$ 68,525

MINUTES AND CERTIFICATION

THE STATE OF TEXAS

TEXAS STATE AFFORDABLE
HOUSING CORPORATION

§
§
§
§

The Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") convened on October 13, 2016, at its regular meeting place, and roll was called of the duly constituted members of said Board of Directors, to-wit:

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

and all of said persons were present except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced for the consideration of said Board:

"RESOLUTION NO. 16-_____

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Brooks Manor Apartments"

Upon motion duly made and seconded, the Resolution was finally passed and adopted by the following vote:

___ AYES

___ NOES

___ ABSTENTIONS

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the duly constituted officers and members of the Board of Directors of the Corporation, and the attached and following copy of such Resolution is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the Corporation.

SIGNED this October 13, 2016.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 16-____

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Brooks Manor Apartments

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit a 2016 Application for Allocation of Private Activity Bonds, a calendar year 2016 Application for Carryforward for Private Activity Bonds or one or more calendar year 2017 Applications for Allocation of Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with bonds (the "Bonds") relating to the qualified residential rental housing project located at 444 Jefferson Street, West Columbia, Texas 77486 (the "Project");

WHEREAS, the Corporation intends to issue the Bonds and loan the proceeds to Steele Brooks LLC (the "Borrower"), which will use the proceeds for the acquisition, rehabilitation and equipping of the Project;

WHEREAS, it is anticipated that the Borrower will make certain capital expenditures with respect to the Project and currently desires and expects to reimburse the capital expenditures with proceeds of such debt;

WHEREAS, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Corporation must declare its expectation to make such reimbursement;

WHEREAS, the Corporation desires to preserve the ability of the Borrower to reimburse the capital expenditures with proceeds of tax-exempt obligations; and

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds.

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

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and one or more State Bond Applications in connection with the Bonds and such officers are further authorized and directed to request that the application(s) be approved by the Executive Director of the Texas Bond Review Board in accordance with Chapter 181 of the Texas Administrative Code, as amended.

3. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the

private activity bond allocation(s) and the approval of the Bonds from the Texas Bond Review Board.

4. That the Corporation reasonably expects that the Borrower will reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Corporation, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project is \$3,300,000.

PASSED, APPROVED AND EFFECTIVE this October 13, 2016.

TEXAS STATE AFFORDABLE
HOUSING CORPORATION

Tab 3



Development Finance Programs October 13, 2016

Agenda Item

Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2017.

Summary

In accordance with the Corporation's governing statute, we are required to release annually a Request for Proposals (the "RFP") and updated 501(c)(3) bond policies that comply with both state and federal requirements. The Corporation, pursuant to §2306.565 of the Texas Government Code, is also required to adopt targeted areas for the allocation of bonds, review relevant needs assessment information, adopt criteria regarding the solicitation of proposals, and set criteria for scoring and ranking of applications. The attached draft policies and RFP fulfill these statutory requirements.

Staff has conducted a review of several needs assessments including the State Low-Income Housing Plan, market research published by the Real Estate Center at Texas A&M University, and other resources. Additionally, staff monitored application procedures and public input during the past year and is recommending the following changes to the policies and RFP:

- Section 7(d), Scoring for Small and Mid-Sized Cities, has been amended to match the definition of Rural and Smaller Urban Markets used in the Corporation's Targeted Housing Needs in Section 2(b). This clarification was needed for smaller cities that may have been located within a PMSA but still fulfilled our targeted housing needs.
- Section 7(e), Scoring for At-Risk Preservation, has been amended to focus on projects that will preserve housing long-term through extended rental contracts rather than those projects that may be near the end of their current contracts, but not renewing federal affordability restrictions.
- In order to comply with amendments to the Securities Exchange Act of 1934, the Corporation is changing the term Financial Advisor to Municipal Advisor throughout the proposed policies and RFP.
- Section 17(g) has been added at the request of Bond Counsel in order to fulfill requirements of the Securities and Exchange Commission under Rule 15c(2-12).

If approved, staff will post the policies and RFP to the Corporation's website and give notice through the *Texas Register* that public comment will be accepted. Based on public comment and input from the Corporation's Bond Counsel and Issuer's Counsel, staff may update the draft policies and come back to the board for further discussion of the policies and to consider adoption of the policies and RFP.

Staff Recommendation:

Staff recommends that the Board approve the attached blacklined draft policy and RFP for publication for public comment.

Texas State Affordable Housing Corporation

~~2016-2017~~ Multifamily Tax-Exempt Bond Programs Policies and Request for Proposals

The Texas State Affordable Housing Corporation has approved these policies and request for proposals (“RFP”) for its multifamily tax-exempt bond programs for calendar year ~~2016~~2017. These policies and RFP are updated annually to inform the public of the Corporation’s process and guidelines for selecting residential rental properties to be financed with tax-exempt bonds issued by the Corporation. All submissions must be submitted for review of threshold and scoring criteria at least 35 days prior to any presentation to the Corporation’s Board for an Inducement Resolution.

1. Introduction.

- a. The Texas State Affordable Housing Corporation (the “Corporation”) is a public nonprofit corporation that serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation accepts applications from developers (“Developers”) to acquire and rehabilitate, or construct new affordable multifamily rental developments (“Developments”). Pursuant to §§2306.554, 564 and 565 of the Texas Government Code, the Corporation is authorized to issue multifamily 501(c)(3) bonds and to direct the Texas Bond Review Board on the issuance of the portion of the state’s private activity bonds ceiling set aside for the Corporation under §1372.0231(a) of the Texas Government Code. The Corporation’s available volume cap for private activity bonds is 10% of the State’s available volume cap for residential rental private activity bonds. For ~~2016~~2017 the amount is estimated to be approximately \$~~60-65~~ million. This volume cap is available for reservation until August 1, ~~2016~~2017. Thereafter the Corporation will be able to reserve any additional available volume cap through the Texas Bond Review Board. There are no deadlines or limits on the amount of 501(c)(3) bonds that the Corporation may issue.
- b. These policies and RFP have been adopted by the Corporation’s Board of Directors based on a review of the state’s strategic housing needs, the demonstration of local community support, and solicitation from local and regional housing organizations, pursuant to §2306.565 of the Texas Government Code. This RFP defines the methodology that staff will use to review applications and creates the criteria for scoring and ranking applications.
- c. This RFP will be extended month-to-month until such time as the Corporation chooses to close the RFP to further submissions, based on the amount of funds awarded or induced by the Corporation’s Board. A notice that the RFP has closed will be posted to the Corporation’s website, and written notice will be provided to any Developers who submit an application prior to the release of the closing notice. The Corporation reserves the right to re-open the RFP at any time.
- d. Contact Information. All questions about the RFP and application process can be directed in writing to:

~~Manager of~~ Development Finance ~~Program~~
Texas State Affordable Housing Corporation
2200 E. Martin Luther King Jr. Blvd.
Austin, Texas ~~78722~~78702
Tel. 512-477-3555, Fax 512-477-3557
Email: ddanenfelzer@tsahc.org

Texas State Affordable Housing Corporation
P.O. Box 12637, Austin, Texas 78711

Texas State Affordable Housing Corporation

~~2016-2017~~ Multifamily Tax-Exempt Bond Programs Policies and Request for Proposals

2. **Targeted Housing Needs.** Pursuant to §2306.565(b) of the Texas Government Code, the Corporation's Board has identified target areas of housing need within the State of Texas ("Targeted Housing Needs") for the allocation of qualified residential rental project bond funds. The Targeted Housing Needs are based on research conducted by the Corporation, including a review of the State's strategic housing needs, relevant housing needs assessments and information from local and regional stakeholders. To this end, the Corporation's Board has adopted the following Targeted Housing Needs. The Corporation will only accept applications in response to this RFP that fulfill at least one of the Targeted Housing Needs.
- a. *At-Risk Preservation and Rehabilitation.* The preservation and rehabilitation of existing affordable rental housing is defined as existing housing in need of significant structural repairs and mechanical systems updates. The housing must currently have a recorded regulatory agreement or land use restriction agreement (the "LURA") placed on it by a public body. Rehabilitation activities must result in the housing units being brought up to current energy efficiency, housing quality, local building code and accessibility standards. Developments may include temporary tenant relocation expenses, but may not cause the permanent relocation of existing low-income tenants. Public housing developments participating in the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration program are eligible under this section;
 - b. *Rural and Smaller Urban Markets.* The Corporation is dedicated to expanding access to rental housing in rural and smaller urban markets that are not generally targeted for housing expansion. Rural rental housing developments must be located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area. Smaller urban rental housing developments must be located within a city of less than 100,000 persons, but not within or adjacent to a PMSA or MSA of more than 500,000 persons;
 - c. *Senior and Service Enriched Housing Developments.* Senior and Service Enriched Housing Developments must meet at least one of the following definitions in order to qualify under this Targeted Housing Need category.
 - i. A proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b));
 - ii. A proposed Development that provides for integrated, affordable and accessible housing that offers the opportunity to link residents with on-site or off-site services and supports that foster independence for individuals with disabilities and persons who are elderly. Such Developments should also show a clear effort to coordinate housing and health services for residents; or

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- iii. A Development financed in accordance with limitations set by the Internal Revenue Service on Assisted Living Developments, and a) is affordable rental housing combined with minimal on-site medical or supportive services; b) is targeted to persons with disabilities, but with at least 75% of units open to any qualified renter; and c) has at least 10% of its units affordable to persons earning less than 30% of the area median income.
 - d. *Disaster Relief Housing.* The Corporation will consider any eligible multifamily residential rental housing Development, including rehabilitation and new construction, located in any one or more Texas counties identified in a Federal Emergency Management Agency disaster declaration to be eligible for financing under this RFP.
3. **Housing Needs Set-Aside.** To ensure that bond cap will be available for specific housing needs the Corporation has determined that until April 1, ~~2016~~2017, 20% of its annual available volume cap will be reserved for developments that:
 - a. Include at least 50% of housing units located in a qualified Rural or Smaller Urban Market, as defined by this policy; or
 - b. Include at least 20% of housing units built to be accessible for persons with mobility impairments and special needs populations as defined by this policy.
4. **Application Submission.** The Corporation will publish an application package to its website. Developers should download and complete the application pursuant to the guidelines for completion included in the application instructions. The Corporation requires a nonrefundable application submission fee of \$1,500 for Private Activity Bonds or \$2,500 for 501(c)(3) bonds.
5. **Application Review.**
 - a. The Corporation requires at least 28 days to review an application before presenting any recommendation for inducement to the Corporation's Board. The Corporation will bring before the Board only those applications that have completed the review process.
 - b. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. If an application fails to fulfill the minimum threshold criteria for the private activity bond ("PAB") program, the application will not be accepted by the Corporation for further review.
 - c. All applications that have completed the review process will be presented, and recommendations for awards will be determined based on final scores and availability of funds. If the Corporation utilizes all of its volume cap prior to approving an application, the application will be held for a period of 120 days from its date of submission and may be considered for a future award, if volume cap becomes available.
6. **Threshold Criteria.** All applications submitted to the Corporation must meet the following minimum Threshold Criteria ("Threshold Criteria") in order to be considered for an allocation of bonds by the Corporation. Applications not meeting the criteria listed below will be subject to termination by the Corporation.

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a. *Affordability Threshold.*

- i. The Corporation seeks to provide housing to a mix of eligible households, including low, very-low and extremely-low income persons. Developers who are successful at receiving an allocation of PABs shall agree to the following minimum terms and conditions through a Regulatory Agreement. At a minimum, all Developments will be required to meet the following income and rent restrictions:

- A. A minimum of twenty percent (20%) of the units in a Qualified Residential Rental Development must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the Area Median Income ("AMI"), adjusted for family size, **or** at least forty percent (40%) of the units in the Development must be affordable to persons and families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

- B. Rent Restrictions. Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI.

- ii. Affordability Requirements shall be maintained for of the greater of 15 years or as long as the bonds are outstanding.

- b. *Experience Threshold.* Developers must demonstrate sufficient experience in the development, ownership and/or management of affordable housing. Developers must submit evidence that they have been involved in the development or ownership of the greater of 75 units or 50% of the total proposed Development units. The Corporation may only give credit for projects that are determined to be successful examples of affordable housing development, which includes properties in continuing operation, historically and currently in compliance, and any other factors that the Corporation determines to be relevant.

- c. *Construction Threshold.* All Developments, new construction and rehabilitation, must adhere to local building codes and standards. If a Development is planned in an area or community that does not have local building codes, then the most recent and approved version of the International Building Code or International Residential Building Standards must be used. A certification from the Development's architect, engineer or other third-party construction supervisor must be submitted prior to closing of the bonds. For Developments requiring rehabilitation of existing housing units, the Corporation will require the submission of a physical conditions inspection report and may conduct an onsite inspection of the property in order to complete its underwriting process. The Corporation may also suggest reasonable changes to the rehabilitation scope of work based on its inspection.

- d. *Compliance Threshold.* All Developments must adhere to the Corporation's Compliance Policies, which can be viewed on our website at: www.tsahc.org. Developers and their affiliates will also be reviewed for compliance history with the Corporation's and any other state or federal affordable housing program. The Corporation will require the submission of compliance information and references in order to research a Developer's compliance history.

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- e. *Resident Services Threshold.* The Corporation strives to maintain excellent resident services programs in the properties it finances. To meet this goal and better serve low income tenants, Developers must maintain a sustained resident services program that provides at least six (6) approved services to tenants per quarter. Developers must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to direct services. The six (6) services must be listed in the Corporation's Resident Services Program Guidelines, as attached in Appendix A, or as approved by the Corporation.
- f. *Energy Efficiency Threshold.* All Developments must adhere to the U.S. Department of Energy's Energy Star program standards, unless otherwise exempted by the Corporation. Developments including either new construction or rehabilitation shall meet these standards. Developers may obtain additional information regarding these standards directly from the Energy Star website: <http://www.energystar.gov>. This threshold must be certified to by the Development architect, consulting engineer, or other third party energy efficiency consultant, prior to closing and based upon a review of the construction specifications or scope of work provided by the Development's general contractor. Additional incentives for Green Building methods and energy efficiency are included as scoring items.
- g. *Environmental Review Threshold.* Prior to closing, the Developer is required to conduct a Phase I Environmental Site Assessment. At bond closing, the Developer will be required to provide an environmental indemnity in the form ~~to be provided by~~ satisfactory to the Corporation's ~~Bond Counsel~~.
- h. *Relocation Threshold.* All Developments involving the rehabilitation, reconstruction or demolition of existing housing must provide evidence that all tenants, lease holders, property owners and/or residents have been notified at least 30 days prior to the submission of the bond reservation application to the Texas Bond Review Board, that:
 - i. The Developer intends to rehabilitate, reconstruct or demolish existing housing units; and
 - ii. The Developer must ensure that tenants' rights under all federal, state and local housing laws are upheld, including but not limited to extended lease agreements, rental assistance, and relocation assistance.
- i. *Accessibility Threshold.* All Developments must be designed, built and rehabilitated to adhere with the Fair Housing Accessibility Standards, Title II and III of the Americans with Disabilities Act, and §2306.514 of the Texas Government Code. Developers are encouraged to review these guidelines with their architects and/or construction teams prior to application submission. All Developments will be required to obtain a certification from the project architect, engineer or contractor that the final construction plans and/or rehab plan will meet or exceed the above listed federal and state accessibility standards.
- j. *Community Support Threshold.* Developers are encouraged to collect community input on their Development proposals. All letters of support or opposition must be provided to the Corporation as they are received. Developers must submit with their response to the RFP two (2) of the following documents in order to demonstrate community support for the proposed development:

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- i. A letter of Support from one or more of the following: Mayor; City Manager; City Administrator; Director of the Local Housing Finance Agency; Director of the Local Public Housing Agency; School District Superintendent; or County Judge, in the jurisdiction in which the development is located;
 - ii. A resolution of support from the City Council, Local School Board or County Commissioner's Court. A resolution fulfilling the requirements for housing tax credit allocations pursuant to section 2306.67021 of the Texas Government Code will be acceptable for this item;
 - iii. A letter of support from an affected neighborhood association; Chamber of Commerce or tenant council of a Development to be acquired;
 - iv. Evidence that a local government (city or county) entity is providing funding for the development; and/or
 - v. A letter of support from the State Representative or Senator representing the district in which the proposed development is located.
- k. *Underwriting Threshold.* The Corporation generally applies the same underwriting standards as required by the Texas Department of Housing and Community Affairs ("TDHCA"), to ensure consistency with the low-income housing tax credit underwriting process. The Corporation must receive all third party reports, including but not limited to property condition assessments, environmental reports, market analysis and appraisals, that are required to be submitted to TDHCA. Additional minimum underwriting standards include:
- i. All Developments, and each property within a pooled transaction, must maintain a minimum Debt Coverage Ratio ("DCR") of 1.15 for a period of no less than 15 years as underwritten by the Corporation;
 - ii. The Corporation generally does not permit amortization periods of more than 40 years. The Corporation may consider longer amortization schedules for service enriched and extremely low-income housing developments;
 - iii. The Corporation will include a reserve of replacement expense of not less than \$250 per unit annually for new construction developments and \$300 per unit annually for rehabilitation developments in the operating expenses for each Development. The Corporation may require a higher reserve amount based on information provided in the Property Condition Assessment (the "PCA");
 - iv. Compliance fees will be included in the estimate of operating expenses and will include, at a minimum, the Corporation's Asset Oversight and Compliance Fee, as well as any fees required by TDHCA or other financial sources; and
 - v. The Corporation will include other reasonable and documented expenses, including, but not limited to, depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees in its underwriting analysis. Lender or syndicator's asset management fees or other ongoing partnership fees will not be considered in the calculation of debt coverage.

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- l. *Property Tax Exemption.* Developers must certify that they will, or will not, apply for a property tax exemption or payment in lieu of taxes agreement (“PILOT”) to reduce the property taxes due to local taxing entities. If a Developer agrees not to apply for a tax exemption or PILOT agreement, the Corporation will require a restriction to be added to the bond documents that prohibits any future application for exemption. If a Developer states that they will or may apply for a tax exemption or PILOT agreement, the Corporation will require a notification to the local tax appraisal district, school district superintendent and the County Judge where the Development is located that such an exemption or agreement will be requested. Developers will also be required to submit confirmation of any exemptions or final agreements to the Corporation.
- m. *Public Benefit Threshold for 501(c)(3) Bonds Only.* Pursuant to §2306.563 of the Texas Government Code and this Policy, the Corporation requires that all nonprofit organizations that receive an issuance of qualified 501(c)(3) bonds must invest at least one dollar in projects and services that benefit income-eligible persons for each dollar of property taxes that is not imposed on the Development as a result of a property tax exemption received under §§11.182 and 11.1825 of the Texas Tax Code. Projects and services must benefit income-eligible persons in the county in which the Development supported with the tax exemption is located and must consist of: (1) rent reduction; (2) capital improvement projects; or (3) social, educational, or economic development services, referred to hereafter as qualified public benefits (“QPB”). The Corporation has determined that the following guidelines are reasonable for the calculation and accounting of QPB:
 - i. The Corporation shall require the value of any property tax exemption to be included in the operating budget of the Development and escrowed with the Trustee in an account (the “QPB Account”) prior to the repayment of any debt, management fees, performance fee, or any other fees that the Corporation determines relevant. The QPB account may be funded in advance with funds withdrawn for repayment of QPB activities, or may be included on the operating ledger as an account payable with QPB expenditures credited against the balance. On or before January 1st of each calendar year starting after the closing of the bonds, the Developer shall provide to the Corporation an estimate of the value of property tax exemption for that calendar year based on the appraised value provided to the Development by the county tax appraiser where the Development is located. The balance of funds to be escrowed or credited in the QPB Account may be reduced each month in an amount equal to the value of QPB expended by the Development each month. In the event that the QPB Account has a balance of funds existing, or owed as an account payable, if applicable, at the end of the calendar year the Developer or its guarantors shall advance the balance to the appropriate taxing entities on a pro rata basis. The QPB Account imposed by this section will be reduced by an amount equal to each dollar that, in lieu of taxes, a Developer pays to a taxing unit for which the Development receives an exemption prior to the end of the calendar year.
 - ii. The Corporation has determined that the value of QPBs will be calculated in the following manner:

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- A. The value of rent reductions will be calculated using the difference between the most recent fair market rent (the "FMR") published by the U.S. Department of Housing and Urban Development (the "HUD") and the actual rent collected in each lease agreement. This includes rent concessions granted to households upon move-in, but not the absence or forgiveness of deposits. Rent reductions must be accounted for on a monthly basis, documented in each individual lease agreement that receives the benefit, and a notice given to each resident of the annual value of their rent reduction. Units that receive rental assistance payments of any kind are excluded from rent reduction calculations.
 - B. The value of capital improvements will be determined on a case-by-case basis for each Development and be specific to each Development or property within a pooled transaction. Capital improvement costs will not include regular maintenance, general repairs, or make ready costs associated with the daily operations of the Development. The Development may include the cost of rehabilitation to be completed as part of the issuance of new 501(c)(3) bonds or approved capital improvements paid for with proceeds from grants, tax credit equity, bond proceeds, loans or other forms of taxable debt, and may amortize the cost of those capital improvements over a five (5) year period. The repayment of taxable debt for capital improvements pursuant to this section B that actually reduces the equivalent amount of such taxable debt payable will be paid out of escrowed funds or credited against the QPB Account. Capital improvements may not account for more than 75% of the total annual QPB requirement.
 - C. The value of social, educational, or economic development services may be based on (1) the actual dollar amount expended by the Development towards such services at the time such services are provided to residents; (2) the value of volunteer services provided and coordinated by the Developer or its affiliates; and (3) the cost saving provided to tenants through services such as free on-site day care, free after school care and free lunch programs. The Development may only include the cost of services approved by the Corporation and must not include the value or cost of services provided to residents free of cost by third party entities.
- iii. The Corporation will require each Developer to certify that the Public Benefit Threshold has been met in accordance with this policy, and any future revisions of this policy, in their annual audit, to be filed with the Corporation within 120 days of the beginning of each fiscal year of the Development.
7. **Scoring.** Pursuant to §2306.565(e) of the Texas Government Code, the Corporation's Board has adopted the following criteria to score and rank applications to the PAB program. The first three scoring criteria are required by state statute. The remaining criteria support the Corporation's goals to target specific housing needs and underserved areas in the state. Applicants must achieve a minimum score of 50 points.

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- a. *Cost Per Unit of Housing.* Applications may receive up to 15 points for proposing housing developments with total residential costs within the following ranges:
 - i. 15 points for:
 - A. Acquisition & Rehabilitation equal to or less than \$85,000 per unit
 - B. New Construction equal to or less than \$110,000 per unit;
 - ii. 8 points for:
 - A. Acquisition & Rehabilitation equal to or less than \$95,000 per unit
 - B. New Construction equal to or less than \$120,000 per unit; or
 - iii. 15 Points for acquisition and rehabilitation Developments that exceed \$25,000 per unit in rehabilitation expenses.
- b. *Proposed Rents.* Applications may receive up to 15 points for proposing Developments that ensure a percentage of rents are affordable to very low and extremely low-income households. Developments supported by project based rental contracts may not include units supported by project based subsidies in the calculation of the following set-aside selections:
 - i. 15 points – at least 5% of units will be reserved for families who earn 30% or less of the area median income; or
 - ii. 10 points – at least 40% of units will be reserved for families who earn 50% or less of the area median income.
- c. *Income Range for Residents.* The Corporation is interested in promoting mixed income housing as a means to improve the lives of residents and build stronger communities. Applications that propose to ensure the following mixed income guidelines will receive 15 points:
 - i. Not more than 80% of the housing units will be reserved for persons earning 60% or less than the area median income; or
 - ii. At least 15% of the housing units will be reserved for persons earning between 80% and 120% of the area median income.
- d. *Small and Mid-sized Cities.* Applications will receive 10 points for developments located in communities with populations less than 100,000; but not located adjacent to a PMSA or MSA with a total population of more than 500,000; or within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area.
- e. *At-Risk Preservation.* Applications will receive 10 points for the acquisition and rehabilitation of developments ~~at risk of losing with current~~ affordable housing rental contracts or land use restrictions. ~~Developments-Applicants~~ must demonstrate that the current rental voucher contract or land use restriction agreement (“LURA”) ~~or Regulatory Agreement, if applicable, is within 3 years of expiration will be extended for at least 15 years from the date of closing.~~

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- f. *Green Building Features.* Applications will receive 10 points for obtaining a certification from a qualified third party that the Development meets either:
 - i. The minimum certification requirement of the U.S. Green Building Council's LEED ("LEED") program; or
 - ii. The Development achieves an Energy Star score for multifamily developments of 70 or higher.
- g. Applications will receive an additional 5 points (maximum of 15 points for this criterion) for meeting the Gold or Platinum certification standards for the LEED program, or an Energy Star score for multifamily development of 80 or higher. Certification may be based on the proposed construction plans, and the Development must obtain an official certification after completion of construction or rehabilitation.
- h. *Accessible Housing Features.* Applications, including those for rehabilitation developments, will receive 10 points for certifying that the Development will meet the following housing accessibility standards:
 - i. All housing units accessible through a ground floor entrance must have at least one no-step entry with a 36" entrance door;
 - ii. All housing and community spaces will be accessible via pathways that meet ADA and Fair Housing accessibility standards;
 - iii. All doorways in ground floor units (including closets, bathrooms, storage areas, etc...) must have doors with at least a 32 inch clear opening;
 - iv. All doors must have lever handles and windows shall have accessible release and opening mechanisms;
 - v. All ground floor units must have at least one ground floor bathroom with an accessible bath tub or roll-in shower, and at least one ground floor bedroom;
 - vi. All electrical outlets, switches and control panels must be no higher than 48 inches and no lower than 15 inches; and
 - vii. All ground floor units must have kitchens that are accessible pursuant to the Fair Housing Accessibility Guidelines.
- i. *Local Public Funding.* Applications will receive 5-10 points for providing evidence that a commitment of financial support of at least \$100 per unit has been made by a unit of government to the proposed development. The only qualifying units of government will be Counties, Cities, Municipal Utility Districts, and Councils of Government. The Corporation considers fee waivers, grants and loans as financial support.
- j. *Letters of Local Support.* Applications will receive 5-10 points for submitting at least four letters of support from any combination of the following persons: Mayor; City Manager; County Judge; School District Superintendent; State Representative; or State Senator, whose district includes the Development site.

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- k. *Developer Experience.* Applications will receive 5 points for providing evidence that the Developer currently owns, and maintains in compliance, a number of multifamily housing units at least twice the amount proposed in the Application.
 - l. *Resident Services.* Applications will receive 10 points for agreeing to provide at least four (4) approved services to tenants on a monthly basis. This scoring criterion is a higher standard than the Corporation's threshold criteria for resident services.
 - m. *Tie Breaker.* The Corporation will break all scoring ties by dividing the estimated total development cost per unit by the number of very low and extremely low-income units. The application with the lowest ratio will be determined the winner of the tie break.
8. **Subsequent Filing Requirements.** Prior to final approval of the bonds by the Corporation's Board or the Texas Bond Review Board, Developers may be required to file such additional documents or statements in support of their Development as may be considered relevant and appropriate by the Corporation, which may include but are not limited to:
- a. Such additional information as requested by the Corporation's ~~Financial~~-Municipal Advisor, Bond Counsel, or Issuer's Counsel;
 - b. A draft of any official statement, prospectus, or other offering memoranda through the use of which the proposed obligations are to be offered, sold or placed with a lender, purchaser, or investor, which offering, sale or placement materials must contain prominent disclosure substantially to the effect that:
 - i. Neither the Corporation nor the State has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to the Corporation and to a description of the obligations being offered thereby;
 - ii. All findings and determinations by the Corporation and the State, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the legislation enabling the Corporation and this RFP;
 - iii. Notwithstanding its approval of the obligations and the Development, neither the State nor the Corporation endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either or guarantees, warrants, or endorses the creditworthiness or credit standing of the Developer or of any Guarantor of such obligations, or in any manner guarantees, warrants, or endorses the investment quality or value of such obligations; and
 - iv. Such obligations are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Developer and any Guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation or the State.
9. **Public Hearings and Meetings.**
- a. The Corporation's Board, at its own discretion, may call any Developer to a scheduled meeting to review the Developer's experience, qualifications, and/or the characteristics of a Development.

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- b. The Corporation requires Developers to attend a public hearing in each of the communities where a Development is proposed. If the Development includes multiple sites in several cities, the Corporation may require an additional hearing to be conducted at a location central to all development sites. All public hearings must be held prior to the final approval of the Bond Resolution by the Corporation's Board.
- c. With respect to public hearings required by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Corporation will plan and publish notice, at the expense of the Developer, of the hearing in the *Texas Register* and the local newspapers of general circulation in the participating jurisdictions at least fifteen (15) days prior to the planned TEFRA hearing. The *Texas Register* is published only on Fridays and such notice must be provided in advance pursuant to the requirements of the *Texas Register* guidelines. The Corporation will schedule an appropriate date, time and location for TEFRA hearings based on the schedule of publication.
- d. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date the Corporation approves the Inducement Resolution; provided, however, that such hearings may be scheduled and publication of the hearing notice may be prepared prior to selection as long as (a) the Corporation's staff determines that such action is appropriate, (b) the hearing and publication of notice do not actually occur until after selection by the Corporation, and (c) the Borrower provides the deposit to the Corporation set forth herein.

10. Awards.

- a. The Corporation's Board may select Developers and alternate Developers for an inducement of volume cap based on the results of threshold and scoring criteria review from a response to the RFP and oral presentations. The Corporation reserves the right not to approve any inducement of volume cap to any Developer(s), even one that is awarded the most points during the scoring review.
- b. The Corporation reserves the right to retract an award if a Developer is unable to receive a reservation of private activity bond cap prior to July 1, ~~2016~~2017. The Corporation reserves this right in order to allow alternate Developers or other applications to proceed with an inducement and reservation, and to ensure the maximum utilization of the Corporation's volume cap.
- c. The Corporation reserves the right in its sole discretion to modify, suspend or amend this program at any time, with or without further notice to any interested party. All costs incurred in the response or application process are the sole responsibility of the Developer. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation's selection of proposed Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

11. Bond Review Board Approval.

- a. ~~Obligations-Bonds or similar obligations~~ issued by the Corporation are subject to approval by the Texas Bond Review Board (the "TBRB"). TBRB rules provide an optional

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- exemption from the formal approval process for Texas State Affordable Housing Corporation multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. If no ad valorem tax exemption or reduction is requested with respect to the Development, the formal TBRB approval process may not be required. However, if one or more TBRB members request it, the formal TBRB approval process must be followed. If so, representatives of the Developer are expected to attend the TBRB planning session and the TBRB meeting at which the Development will be considered for approval. Additional information may be requested by TBRB members, and the Developer's cooperation in providing this information is required.
- b. If the formal TBRB approval process is required, the Corporation, with the assistance of its Bond Counsel, will prepare and file the notice of intent and the TBRB Application for the Development. The Corporation will file the notice of intent and the TBRB Application with the TBRB only if it has timely received all required information and documentation for the completion of the TBRB Application from the Developer and/or its consultants.
12. **Fees.** Developers shall be responsible for fees and expenses incurred as a result of bonds issued on their behalf (the "Cost of Issuance"). Up to two percent (2%) of the Cost of Issuance may be financed through bond proceeds and will be considered part of the obligations authorized for issuance by the Corporation, where eligible under the Code. Developers shall commit to pay from other sources any Costs of Issuance not payable from tax-exempt bond proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NONREFUNDABLE, EXCEPT AS OTHERWISE PROVIDED HEREIN.
- a. *Application Fee.* Developers shall submit a nonrefundable fee of \$1,500 for Private Activity Bonds or \$2,500 for 501(c)(3) bonds, made payable to the Corporation, upon submission of the Application.
- b. *Inducement Fee.* Developers shall pay a deposit of \$7,500, and an additional \$1,000 for each property for Developments involving more than one (1) site, to cover expenses related to public hearings and the application for PAB allocation to the Texas Bond Review Board, within five (5) business days of the date the Inducement Resolution is approved by the Corporation's Board. Additional reimbursements for expenses related to public hearings and application for private activity bond allocation may be requested by the Corporation.
- c. *Professional Fee Deposit.* Following the issuance of a reservation for volume cap from the Bond Review Board, Developers shall make a deposit with the Corporation which will be credited against fees and expenses incurred by Bond Counsel, the ~~Financial Advisor-Municipal Advisor~~ and Issuer's Counsel in connection with the proposed financing. Such deposit shall be \$30,000, which represents a \$15,000 deposit for Bond Counsel fees, a \$7,500 deposit for Financial Advisor's fees, and a \$7,500 deposit for Issuer's Counsel fees. Two additional deposits, each equal to 20% of Bond Counsel Fee, based on the projected issuance amount, will be due, the first at the submission of the reservation application to the Texas Bond Review Board and the second upon approval of the final bond resolution by the Corporation's Board. All fees and expenses incurred by Bond Counsel, the ~~Financial Advisor-Municipal Advisor~~ and Issuer's Counsel in connection with the Developer's transaction will be deducted from such deposit whether or not the obligations are issued. If the accrued fees and expenses of Bond Counsel, the ~~Financial Advisor-Municipal Advisor~~ and/or Issuer's

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- Counsel exceed the amount of such initial deposit, the Corporation may require the Developer to submit an additional deposit payment.
- d. *Corporation Expenses.* Developers shall reimburse the Corporation for all costs and expenditures incurred by the Corporation that exceed the Corporation's application and inducement fees paid to the Corporation by the Developer during the review, issuance and closing of a Development. Such expenditures include but are not limited to (i) on-site visitation of multifamily residential developments to be financed (or the site[s] therefore), (ii) any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Developer, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings [described herein] and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the proposed Development for financing assistance to be offered by the Corporation. The Corporation will include any of the above expenditures in its closing fees estimate prior to the closing date.
- e. ~~*Financial Advisor-Municipal Advisor Fees.*~~ The fee to be paid to the Corporation's Financial Advisor, acting in a standard ~~Financial Advisor-Municipal Advisor~~ role, will be \$20,000 plus \$2.00 per \$1,000 of bonds issued, plus actual expenses, unless otherwise agreed to by the Corporation's Financial Advisor. In addition, for an additional fee the Corporation's Financial Adviser will also serve as the bidding agent with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments. If the financing structure proposed by the Developer requires non-standard services to be performed by ~~Financial Advisor-Municipal Advisor~~ or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by the ~~Financial Advisor-Municipal Advisor~~ will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.
- f. *Bond Counsel Fees.* The fee to be paid to Bond Counsel will be \$25,000 plus .3% (\$3/\$1,000 of the bond amount) on the first \$20 million in bonds, and .2% (\$2/\$1,000) on all amounts above \$20 million. The minimum fee for Bond Counsel will be \$35,000 plus expenses, unless otherwise agreed to by Bond Counsel. If the financing structure proposed by the Developer requires non-standard services to be performed by Bond Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Bond Counsel will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board. In addition to the fees paid to Bond Counsel, the Developer will reimburse Bond Counsel for all out-of-pocket expenses incurred by Bond Counsel in connection with the Development. Such expenses include TEFRA notice publication, public hearing notices, Attorney General filing fees, and the preparation and filing of the TBRB Applications and supplements thereto.

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- g. *Issuer's Counsel Fees.* The fee to be paid to Issuer's Counsel will be .1% (\$.100/\$1000 of bonds) on the first \$20 million of the principal amount of the bonds, and .075% (\$.075/\$1000 of bonds) on the principal amount above \$20 million, with the minimum fee being \$15,000 plus \$5,000 for expenses (unless otherwise agreed to by Issuer's Counsel). If the financing structure proposed by the Developer requires non-standard services to be performed by Issuer's Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Issuer's Counsel will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.
- h. *Closing Fees.* Concurrently with the closing of the financing, the Developer shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including Bond Counsel Fees, ~~Financial Advisor~~ ~~Municipal Advisor~~ Fees, Issuer's Counsel Fees, Texas Bond Review Board Fees, and the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any fees and expenses of any compliance agent appointed in connection with the review of any property, any out-of-pocket expenses incurred by professionals acting on behalf of the Corporation, and any other costs and expenses, including issuance expenses, relating to the obligations, their security, and the Development. Additionally, the Corporation will receive a Closing Fee of fifteen basis points (0.15%) of the principal amount of obligations issued, with a minimum closing fee of \$20,000.
- i. *Administrative Fee.* Until the final maturity of the obligations, the Developer will pay an annual Administrative Fee, remitted through the respective bond trustee to the Corporation as designated by the Corporation, equal to ten (10) basis points (.10%) of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of \$5,000. The first annual payment of the Administrative Fee must be paid at closing. The Administrative Fee is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, asset-oversight management fee, audit fee, independent analyst fee, and any other costs or extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by the bond credit enhancement and/or secured under the first mortgage on the property assigned to the bond trustee. The Corporation may require the payment of the Administrative Fee to be guaranteed by the Development owner and/or general partner(s).
- j. *Trustee's Fees.* The Developer shall select a bond trustee from a list of bond trustees approved by the Corporation to administer the funds and accounts pursuant to the trust indenture between the Corporation and the trustee bank. All trustee fees and expenses, including fees of trustee's counsel, will be approved by the Corporation and must be paid by the Developer.
- k. *Auditor's Fees.* The Corporation may at any time over the life of the Development appoint an auditor to review the financial transactions under the bond documents, a compliance agent, and a rebate analyst to perform an analysis of rebate requirements with respect to the issue. Such fees and costs must be paid by the Developer.

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- l. *Continuing Costs.* Developers shall pay to the Corporation, in the manner described in the Development documents, the following amounts:
 - i. An annual asset oversight and compliance fee equal to the greater of \$45 per unit or \$2,500 for each property included in the Development (as such fee may be adjusted in accordance with the Asset Oversight and Compliance Agreement). The Corporation may require the owner of the Development and/or related entities or persons to guarantee the payment of these fees;
 - ii. Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing by the Corporation completed as herein contemplated, and
 - iii. The amount allocable to each Developer (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause will be divided and allocated equally among all Developers whose financings have been completed.
 - m. *Changes in Fees.* The Corporation reserves the right at any time to change, increase or reduce the fees payable under this RFP. All fees imposed subsequent to closing by the Corporation under this RFP will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefore.
 - n. *Failure to Timely Pay Fees and Costs.* The Corporation will not consider submissions for future transactions proposed by Developers who are delinquent in the payment of any fees described herein.
13. **Document Preparation.** Bond Counsel will have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of the Development by the Corporation. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Developer and its legal counsel shall cooperate fully with Bond Counsel, the Financial Advisor, the Issuer's Counsel and the Corporation's agents in the preparation of such materials.
14. **Material Changes to Financing Structure.** Any and all material proposed changes to the financing structure, ownership of the Development, or scope or materials of or for the Proposed Development, from that set forth in the application must be disclosed to the Corporation immediately in writing and approved by the Corporation.
15. **Time Limits.** In the event that the Development does not close within the time frame established by the Corporation, the Corporation reserves the right to terminate its participation in the financing.
16. **Final Approval by the Corporation.** The Corporation's Board will consider final action on the Bonds after the completion of the public hearings and upon recommendation by the

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Corporation's staff. If approved, the Board will adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the issuance of obligations to provide financing for the Development. Final approval will be granted only upon:

- a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this RFP not otherwise waived by the Board; and
- b. An affirmative determination of the Board that:
 - i. All requirements for and prerequisites to final approval under this RFP have either been satisfied or waived and are in form and substance satisfactory to the Board; and
 - ii. The operation of the Development(s) will constitute a lawful activity, is qualified for approval by the State, complies with and promotes the purposes of the Corporation and satisfies the requirements of the Corporation.

17. Closing of the Development. Following the public hearing(s) and final approval by the Corporation and the TBRB, if necessary, the Corporation will proceed to close the financing in accordance with the documents approved by the Corporation and when finally approved by the Texas Attorney General and Bond Counsel in accordance with the terms of the sale or placement.

- a. *Structure of Bond Sale.* Developers shall be responsible for determining the structures of the sale of bonds, but are encouraged to contact the Corporation's ~~Financial Advisor~~ Municipal Advisor for information regarding Bond transactions in Texas. Developers are required to execute an agreement in connection with awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement that obligates the Developer to the payment of the costs of issuing such obligations as more fully described herein.
- b. *Public and Limited Offering Requirements.*
 - i. All bonds to be sold publicly, whether by competitive bid or negotiated sale, must have a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by a nationally recognized rating agency acceptable to the Corporation. Bonds with an investment grade of "A" or higher may be sold in minimum denominations of \$5,000,
 - ii. The Corporation will consider any bonds that do not have a debt rating of at least "A" or higher as non-rated obligations. Non-rated obligations must be sold in minimum denominations of at least \$25,000 and in integrated multiples of any amounts in excess of \$25,000.
 - iii. All non-rated obligations must be privately placed or offered on a limited basis with transfer and other restrictions. In order for a non-rated transaction to be considered by the Corporation, the placement must comply with the following minimum requirements: (i) the sale must be made to a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933 (a "QIB") or an "institutional accredited investor" as defined in Rule 501(a)(1), (2), or (3) of Regulation D under such act (an "Institutional Accredited Investor") and cannot be an underwriting or purchase with

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an intent to resell any portion of the obligations, (ii) the obligations must be issued in minimum denominations of not less than \$250,000 and integral multiples of any amount in excess thereof, and (iii) at such time as the bond financing is presented to the Corporation for final approval, (a) the Developer (or placement agent, if applicable) must identify the Purchaser of the obligations, (b) the Developer (or placement agent, if applicable) must provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the obligations, (c) the Purchaser must represent that it is in the business of originating, or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multifamily rental housing properties, (d) when a placement agent is involved in the sale of the obligations, there may be a placement memorandum prepared by the agent for the Purchaser, but there will be no offering statement by the Corporation, and (e) the Corporation may require that one physical obligation be issued with a legend stating that the initial and any subsequent purchaser(s) of such bond shall be a QIB or an Institutional Accredited Investor, as applicable. In the case of a private placement transaction, the Developer or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Institutional Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Developer and therefore waives any right to receive such information; (3) it has received copies of the financing documents pursuant to which such obligations are issued, and (4) that it has purchased the obligations for its own account and not with the intent to sell them. A complete form of such investment letter will be provided by the Corporation.

- c. Any variation to the requirements set forth above must be requested in writing by the Developer and must be approved by the Corporation and be acceptable to the Bond Counsel, Financial Advisor, and Issuer's Counsel.
- d. *Required Approvals.* No Developer, or any representative of any Developer or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise) supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response or Reservation Detail until the Board has given final approvals for the issuance thereof under this RFP, and then subject to the governmental approvals required by this RFP and the approval of the Attorney General of the State of Texas, the approval of Bond Counsel and subject to any requirements imposed by the Corporation's Articles of Incorporation.
- e. *Offering Statement.* No Developer, or any representative of the Developer or the Corporation, shall make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by this RFP.
- f. *Registration.* Neither the Developer nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any obligations

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authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or placement is made without first registering the same or making the filings regarding the same required by such laws.

- g. The Developer will provide and be responsible for filing so long as it is obligated to make payment to the Corporation in support of the bonds, notes or other obligations issued by the Corporation for a project being financed for the Developer, all information required to satisfy the requirements of Rule 15c(2.12) of the United States Securities and Exchange Commission as that rule is applicable to the financing.

18. **Failure to Comply with this RFP.** The Corporation will not consider submissions from Developers for a potential Development if the Developer is a borrower (or a related party thereto) in connection with obligations previously issued by the Corporation and such borrower (or related party) is not in compliance with the requirements set forth in this RFP or is delinquent in the payment of any fees or costs set forth in this RFP with respect to such prior issued obligations of the Corporation.
19. **OTHER REQUIREMENTS.** THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A DEVELOPER THAN THOSE PROVIDED IN THIS RFP IN THE EVENT THAT THESE ADDITIONAL OR DIFFERENT REQUIREMENTS BECOME NECESSARY TO PROVIDE THE BEST OPPORTUNITY FOR APPROVAL BY THE CORPORATION'S BOARD OF DIRECTORS AND/OR THE TEXAS BOND REVIEW BOARD.

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APPENDIX A

TSAHC Resident Services Program Guidelines

It is the Texas State Affordable Housing Corporation's goal to support Developers in the creation of high quality Resident Service Programs. TSAHC has created basic guidelines and a reporting system to help with this process.

The following is a list of activities/courses that can be implemented. In order to fulfill the Resident Service requirement, at least six resident service activities per quarter must be provided from the following list. Developers must ensure services are provided onsite or provide free transportation to services if off-site. If the applicant received additional points under the Resident Service scoring criteria, an average of at least four resident service activities per month must be provided from the following list. If you are interested in starting an activity or course that is not on the list, please propose the new activity to the Multifamily Oversight Department for approval. Activities that are provided daily, such as after school programs and educational/scholastic tutoring, can be counted as two services for the quarter. Please make sure that services offered will encourage economic self-sufficiency and/or promote homeownership opportunities.

- Career Services
 1. Computer Literacy Class
 2. GED Classes
 3. Job Skills/Training
 4. Resume/ Job Search Workshop
 5. Job Fair
 6. College Preparation Class
 7. Military Recruiting

- Children's Services
 1. After School Care (Counts as 2 Services When Provided Daily)
 2. Swimming Lessons
 3. Free On-site Daycare (Counts as 2 Services When Provided Daily)
 4. Free On-site Tutoring Sessions (Counts as 2 Services When Provided Daily)
 5. Performing Arts Classes
 6. Holiday Safety Classes
 7. On-Site Library
 8. Free Lunch Program (Counts as 2 Services When Provided Daily)

- Community Awareness
 1. Crime Watch Meeting
 2. Self Defense Course
 3. Child ID/Fingerprinting Program
 4. Fire Safety Class
 5. Hurricane Safety Class
 6. Domestic Violence Awareness Workshop

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7. Drug Awareness Workshop
 8. Host Support Groups Such as AA, Anger Management, etc.
 9. Community Gardens
 10. Community Service Activities (i.e. Habitat for Humanity)
 11. Green Living/Environmental Workshop
- Financial Skills
 1. Household Budgeting Workshop
 2. Financial Planning/Credit Counseling Workshop
 3. Asset Building Workshop
 4. Tax Preparation Courses
 5. Student Financial Aid Workshop
 6. Personal Insurance Workshop (Medical, Renters, Life, Disability, Car)
 - Medical and Health Services
 1. Basic First Aid and CPR Class
 2. Caring for the Disabled Class
 3. Health and Screening Services
 4. HIV/AIDS Classes
 5. Vaccinations/ Flu Shots Services
 6. Fitness and Exercise Classes
 7. Diabetes/ Heart Disease Courses
 8. Babysitting Safety Courses
 9. Health and Nutritional Courses
 10. Low Cost Healthy Cooking Courses
 11. Cancer Awareness Workshop/Cancer Screening Services
 12. Free Dental Services
 - Personal Development
 1. Counseling Services
 2. English as a Second Language Courses
 3. Home Ownership Counseling
 4. Parenting Classes
 5. Anger Management Courses
 6. Family Counseling
 7. Cleaning Supply Safety Class / Housekeeping Education
 8. Book Club
 - Free Transportation Services
 1. Grocery Store
 2. Library
 3. Medical Visits
 4. Cultural Community Events
 5. Free/Discounted Public Transportation Tickets

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Activities that will not be counted towards the six resident services per quarter requirement include, but are not limited to, children's movie time, patio decorating contests, gambling trips, resident parties, Easter Egg Hunts or other activities along these lines. Properties are welcome to offer these activities, but they will not count towards fulfilling the Resident Services obligation.

Tab 4

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 (the “Board”) convened on the 15th day of September, 2016, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of the Board and officers, to wit:

<u>Name</u>	<u>Office</u>
Robert Elliot Jones	Chairperson
William H. Dietz	Vice Chairperson
Gerry Evenwel	Director
Alejandro (Alex) 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 of the Board of Directors were present except _____, thus constituting a quorum.

Whereupon, among other business, the following was transacted, to-wit: a written resolution (the “Resolution”) bearing the following caption:

“RESOLUTION NO. 16-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

**RESOLUTION TO SUSPEND THE TEXAS FOUNDATIONS
FUND ADVISORY COUNCIL**

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

___AYES

___NOES

___ABSTENTIONS

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

SIGNED this 13th day of October, 2016.

Laura Ross, Secretary
Texas State Affordable Housing Corporation

RESOLUTION NO. 16-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

**RESOLUTION TO SUSPEND THE TEXAS FOUNDATIONS
FUND ADVISORY COUNCIL**

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized under the authority of Texas Government Code, Title 10, Chapter 2306, Subchapter Y, as amended, and pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 *et seq.*, now codified as the Texas Business Organizations Code, including Chapter 22 thereof, as amended;

WHEREAS, on February 15, 2008, the Board of Directors authorized the creation of the Texas Foundations Fund as a segregated fund of the Corporation, to be comprised of certain unrestricted funds of the Corporation and of third party charitable donations and to be used to provide grants to certain Texas local governments (and/or their instrumentalities) and nonprofit corporations in Texas that benefit Texas residents of very low income and extremely low income with respect to various housing needs (the “Texas Foundations Fund”);

WHEREAS, on February 15, 2008, the Board of Directors also authorized the creation of an Advisory Council to provide guidance for the operation of the Texas Foundations Fund (the “Advisory Council”);

WHEREAS, on March 24, 2016, the Board of Directors approved the updated 2016 Guidelines for the Texas Foundations Fund (the “Guidelines”) to provide, among other things, that the Corporation shall award matching grants to pre-approved partners, rather than award competitive grants;

WHEREAS, Section 6.11 of the resolution authorizing the creation of the Texas Foundations Fund and the Advisory Council provides that the Board of Directors may adjust the role and use of the Advisory Council in its sole discretion;

WHEREAS, the Board of Directors has reviewed the Guidelines and hereby determines that the Advisory Council is no longer needed to review applications and provide guidance to the Texas Foundations Fund, and that it is necessary to indefinitely suspend the Advisory Council, and hereby suspends the Advisory Council and authorizes the taking of any other actions as may be necessary and appropriate in connection with the suspension of the Advisory Council; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

Section 1. Suspension of the Texas Foundations Fund Advisory Council. That the Advisory Council for the Texas Foundations Fund is hereby suspended until such time as the Board of Directors takes action to reinstate such Advisory Council.

Section 2. Execution and Delivery of Other Documents. That the officers of the Corporation are each hereby authorized to consent to, accept, execute and attest such certificates,

documents, instruments, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 3. Ratification of Certain Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the suspension of the Advisory Council are hereby authorized, ratified, confirmed and approved.

Section 4. Purposes of Resolution. That the Board of Directors of the Corporation has expressly determined and hereby confirms that the suspension of the Advisory Council accomplishes a valid public purpose of the Corporation.

Section 5. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board of Directors in conflict herewith are hereby expressly repealed to the extent of any such conflict.

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

APPROVED AND EFFECTIVE this 13th day of October, 2016.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

Chairperson

Tab 5



2016 Texas Foundations Fund

Overview and Funding Recommendations

2016 Funding Cycle Overview

Through the Texas Foundations Fund TSAHC partners with non-profit organizations across Texas to support high quality programs that address the critical housing needs of very low-income families and individuals. To date TSAHC has completed eight award cycles of the Texas Foundations Fund. TSAHC has awarded 72 grants, totaling more than \$2.25 million.

For the 2016 funding round, the Texas Foundations Fund will match public and private funds raised by selected partners (“Partners”). Partners will be selected for a two-year term, with grant funding made available each year. Per the 2016 funding guidelines, all applicants meeting the requirements will be approved as a Partner. To qualify as Partner, applicants must meet the following threshold requirements:

1. **Organization Type:** Applicant must be a nonprofit organization with a 501(c)(3) designation from the Internal Revenue Service.
2. **Organization Experience:** Applicant must have at least three years of experience operating housing programs in Texas.
3. **Program Experience:** Applicant must have at least two years of experience operating the program for which a matching grant will be requested (see section below for additional program eligibility information).
4. **Fundraising Experience:** Applicant must provide a letter of reference or support from a funder who has supported the program for which a matching grant will be requested.
5. **Government Grant Performance:** Applicant must certify that it has not defaulted on or been required to repay any federal, state or local government grants within the past two years. Applicants do not need to have prior experience with government grants to be eligible for a matching grant.
6. **Financial Requirements:** Applicant must be able to provide annual financial audits for its two most recent fiscal years (TSAHC will accept financial reviews in lieu of audits from organizations with an annual operating budget of \$750,000 or less) and must be prepared to submit its audits, as well as other financial documents, when requested.
7. **Household Requirements:** To ensure the Texas Foundations Fund reaches those who are most in need, each applicant must utilize matching funds to serve only:
 - a. Households at or below 50% of the area median family income (very low income) **and**
 - b. Households with a household member with a disability, **and/or** households located in a rural community

The following housing activities are eligible for support through the 2016 Texas Foundations Fund cycle. All services will be provided free of charge to the families and individuals receiving assistance.

1. The rehabilitation and/or critical repair of owner-occupied, single family homes to remedy unsafe living conditions. Critical repairs may also include accessibility modifications to assist household members with a disability.

2. The provision of supportive housing services that help individuals and families at risk of homelessness or unnecessary institutionalization gain and maintain their housing stability.

The 2016 Texas Foundations Fund partner application opened in April 2016, and the deadline to submit applications was Friday, June 3rd at 5pm. TSAHC received 30 applications from nonprofits serving communities throughout Texas. Staff conducted a thorough threshold review of all applications to determine whether each applicant meets our organization, program and financial requirements. If questions arose regarding an applicant's eligibility, staff gave the applicant the opportunity to clarify the deficiency via email.

Funding Recommendations

Staff determined that 25 of the 30 applicants meet the requirements to be selected as a Partner. The total funding available for the 2016 funding cycle is \$302,500, which equals \$12,100 per Partner. Below is a list of the applicants meeting TSAHC's Partner requirements. Please see pages 3-8 of this document for a description of each proposed Partner.

- | | |
|---|--|
| 1. Austin Habitat for Humanity | 12. Merced Housing Texas |
| 2. Avenue Community Development Corporation | 13. Montgomery County Women's Center |
| 3. Blackland Community Development Corporation | 14. Motivation, Education and Training, Inc. |
| 4. Buckner Children and Family Services, Inc. | 15. New Hope Housing, Inc. |
| 5. Community Partnership for the Homeless dba Green Doors | 16. North Collin County Habitat for Humanity |
| 6. Easter Seals Central Texas, Inc. | 17. Opportunity Center for the Homeless |
| 7. Foundation Communities | 18. Panhandle Community Services |
| 8. Galilee Community Development Corporation | 19. Rebuilding Together El Paso |
| 9. Habitat for Humanity Smith County | 20. Tarrant County Samaritan Housing, Inc. |
| 10. Habitat for Humanity South Collin County | 21. The Women's Home |
| 11. Habitat for Humanity Williamson County | 22. Trinity Habitat for Humanity |
| | 23. VinCare Services of Austin Foundation dba Saint Louise House |
| | 24. Waco Habitat for Humanity |
| | 25. Youth and Family Alliance dba LifeWorks |

Next Steps

Once Partners are approved by the Board of Directors, TSAHC will execute a partner agreement with each Partner listed above. The agreement outlines a description of the program that the matching grant will support, eligible expenditures, the process to request matching grants, reporting requirements, and TSAHC's right to inspect properties or services records and to review financial documents. Each Partner will have six months to access their matching grant.

Any funds not accessed during the initial six month period will be combined into a statewide pool and made available to other Partners, who have already accessed their matching grant, on a first-come, first-awarded basis until all funds are depleted. A Partner must use 100% of its matching grant and submit a brief summary documenting the use of the matching grant by the end of the first year before accessing matching funds the following year.

A description of each proposed Partner is listed below:

1. Austin Habitat for Humanity

Austin Habitat for Humanity brings people together to build homes, communities, and hope. In its 30 year history, Austin Habitat has repaired 260 homes and built 409 new homes, making it the largest builder of affordable homeownership in Central Texas. Austin Habitat will use its matching grant to grow its Home Repair Program and plans to provide at least 30 critical home repairs in 2016 and 32 in 2017. All families served with a Texas Foundations Fund matching grant will have a physical or mental disability.

Program Type: Critical Repair

Counties Served: Bastrop, Blanco, Caldwell, Travis

Priority Served: Persons with a Disability

2. Avenue Community Development Corporation

Avenue CDC's mission is to build affordable homes and strengthen communities. Avenue CDC develops safe, quality housing accessible to low- and moderate-income families and launched its home repair program "Rebuilding Northside Together" in 2014 to help very low-income homeowners in the Northside neighborhood of Houston rehabilitate their homes. Avenue CDC will utilize its matching grant to provide critical repairs to homeowners with disabilities through the Rebuilding Northside Together program.

Program Type: Critical Repair

County Served: Harris

Priority Served: Persons with a Disability

3. Blackland Community Development Corporation

The mission of Blackland CDC is to foster a safe, inclusive community that strives for social equality by facilitating projects and activities that bring neighbors together, by preserving and enhancing the stock of affordable housing in the neighborhood, and by providing supportive programs for members of the Blackland community to enhance their health, wellness, and financial stability. A matching grant from the Texas Foundations Fund will support Blackland CDC's supportive housing program which provides mental health counseling and employment opportunities to residents with disabilities.

Program Type: Supportive Housing Services

County Served: Travis

Priority Served: Persons with a Disability

4. Buckner Children and Family Services, Inc.

Buckner Children and Family Services, Inc. (a subsidiary of Buckner International) was originally founded in Dallas in 1879 as an orphanage. Today it is a highly diversified agency providing social service programs and ministries to disadvantaged and displaced children and families. Buckner has successfully operated the Lufkin Family Pathways program since 1997. It is the oldest of seven (soon to be eight) supportive housing programs currently operated by Buckner in Texas. Buckner will use its matching grant to support the Lufkin Family Pathways program's case management and other supportive services that help single parent families maintain housing stability while pursuing their education.

Program Type: Supportive Housing Services

County Served: Angelina

Priority Served: Rural Communities

- 5. Community Partnership for the Homeless, dba Green Doors**
 Green Doors was founded in 1990 by an Austin woman concerned about the homelessness she witnessed around her. Twenty-five years later, Green Doors continues providing housing and supportive services to some of Austin's most vulnerable citizens. A matching grant from the Texas Foundations Fund will help fund Green Door's supportive services for people with disabilities, which focus on providing residents with access to case management, educational assistance and transportation.
Program Type: Supportive Housing Services
County Served: Travis
Priority Served: Persons with a Disability
- 6. Easter Seals Central Texas, Inc.**
 Easter Seals Central Texas, Inc. has been a leader in providing housing services for people with disabilities and their families for more than 20 years and has offered critical home repairs through the Critical Home Accessibility Modification Program (CHAMP) since 2003. A matching grant from the Texas Foundations Fund will support repairs provided through the CHAMP program to people with disabilities in rural communities.
Program Type: Critical Repair
Counties Served: Bastrop, Bell, Blanco, Burnet, Caldwell, Coryell, Fayette, Gillespie, Gonzales, Guadalupe, Hays, Lampasas, Lee, Llano, Milam, Travis, Williamson
Priorities Served: Persons with a Disability, Rural Communities
- 7. Foundation Communities**
 Foundation Communities was founded in 1990 to work toward housing low-income families and ending homelessness in our communities. The organization offers two supportive housing programs, Permanent Supportive Housing and Children's Home Initiative, each providing case management and other services to help residents overcome homelessness and maintain housing stability. A matching grant from the Texas Foundations Fund will be used specifically to serve residents with mental and physical disabilities.
Program Type: Supportive Housing Services
Counties Served: Travis, Williamson
Priority Served: Persons with a Disability
- 8. Galilee Community Development Corporation**
 Galilee Community Development Corporation is a nonprofit dedicated to helping low-income members in the San Angelo area find and maintain decent and affordable housing. It has operated its Helping Hands program since 2012 and provides critical home repairs, including accessibility modifications and roof repairs, to 40 households each year. Galilee CDC will direct its matching grant specifically to serving homeowners with disabilities.
Program Type: Critical Repair
County Served: Tom Green
Priority Served: Persons with a Disability
- 9. Habitat for Humanity Smith County**
 Habitat for Humanity Smith County (HFHSC) believes every family deserves the opportunity to live in a safe and healthy environment. HFHSC started its critical home repair & modification division, ReHabitat, in 2009 and by the end of 2015 had repaired or modified over 320 homes. A matching grant from the Texas Foundations Fund will fund critical repairs specifically for homeowners with a disability.
Program Type: Critical Repair
County Served: Smith
Priority Served: Persons with a Disability

10. Habitat for Humanity South Collin County

Habitat for Humanity South Collin County's purpose is to ensure everyone has a decent place to live. It accomplishes this purpose by building new affordable homes and repairing older homes. The organization will utilize its matching grant to provide critical home repairs specifically for homeowners with a disability who are located in rural communities.

Program Type: Critical Repair

County Served: Collin

Priorities Served: Persons with a Disability, Rural Communities

11. Habitat for Humanity Williamson County

The mission of Habitat for Humanity of Williamson County (HFHWC) is to bring communities and people together to create and sustain homeownership opportunities in Williamson County. HFHWC's home repair program provides interior and exterior home repairs for homeowners who earn less than 50% of the median income. A matching grant from the Texas Foundations Fund will enable HFHWC to provide critical repairs specifically for homeowners in rural areas of Williamson County.

Program Type: Critical Repair

County Served: Williamson

Priority Served: Rural Communities

12. Merced Housing Texas

The mission of Merced Housing Texas (Merced) is to create and strengthen healthy communities by providing quality, affordable, service-enriched housing for low-income individuals and families. Merced's Owner Occupied Repair Program (OORP) began in 2002 with the repair of one elderly woman's dilapidated home on the east side of San Antonio. Since that time, Merced has repaired more than 570 homes through the OORP, averaging 30 homes annually. Merced will use its Texas Foundations Fund matching grant specifically to serve homeowners with a disability through the program.

Program Type: Critical Repair

County Served: Bexar

Priority Served: Persons with a Disability

13. Montgomery County Women's Center

The mission of the Montgomery County Women's Center is to lead the effort in preventing domestic violence and sexual assault through crisis intervention, assistance, advocacy, empowerment and social change. The construction of the organization's Reaching Pines apartment complex was completed in 2009 and is the first transitional housing program of its kind in Montgomery County. With a matching grant from the Texas Foundations Fund, Montgomery County Women's Center will provide financial education and other supportive services to residents with a disability, enabling them to achieve independence through financial empowerment.

Program Type: Supportive Housing Services

Counties Served: Harris, Liberty, Montgomery

Priority Served: Persons with a Disability

14. Motivation, Education and Training, Inc.

Motivation, Education and Training, Inc. (MET) was founded for the purpose of providing academic and vocational training to migrant and seasonal farmworkers to help further their economic sufficiency. A matching grant from the Texas Foundations Fund will support MET's Farmworker Housing Rehabilitation Program, enabling MET to serve homeowners in rural communities throughout south Texas.

Program Type: Critical Repair

Counties Served: Cameron, Dimmit, Hidalgo, Maverick, Starr, Webb, Willacy, Zavala
Priority Served: Rural Communities

15. New Hope Housing, Inc.

New Hope Housing's core purpose is to provide life-stabilizing, affordable, permanent housing with support services for people who live on limited incomes. New Hope formally instituted its Resident Services Program (RSP) in 2000 to provide case management, information and referral services, direct assistance with basic necessities, and educational and recreational opportunities for spiritual and social well-being. New Hope will target its matching grant specifically to residents with a disability, helping them become self-sufficient, maintain healthy lifestyles and engage with their neighbors.

Program Type: Supportive Housing Services

County Served: Harris

Priority Served: Persons with a Disability

16. North Collin County Habitat for Humanity

North Collin County Habitat for Humanity (NCC Habitat) is part of a global, nonprofit housing organization working to build strength, stability and self-reliance for families through shelter. To date, NCC Habitat has completed 123 home repairs through its Brush With Kindness (ABWK) program for low-income homeowners in need. A matching grant from the Texas Foundations Fund will enable NCC Habitat to serve more homeowners through the ABWK program, focusing specifically on homeowners in rural communities.

Program Type: Critical Repair

County Served: Collin

Priority Served: Rural Communities

17. Opportunity Center for the Homeless

The Opportunity Center for the Homeless exists for all homeless without distinction of race, ethnic origin, language spoken, or, religious beliefs, and regardless of mental, drug and alcohol problems. The Center will utilize its matching grant to fund supportive services, including intensive case management, provided at its Magoffin Avenue SRO (Single-Room Occupancy) permanent housing facility. All services funded by the matching grant will be targeted specifically to residents with a disability

Program Type: Supportive Housing Services

County Served: El Paso

Priority Served: Persons with a Disability

18. Panhandle Community Services

Panhandle Community Services (PCS) is a non-profit community action agency that serves the top 26 counties of the Texas Panhandle by working with low-income households to provide temporary financial assistance and improve self-sufficiency. PCS has operated its Weatherization program for 38 years, and in that time the program has evolved to provide a range of critical repairs to approximately 150 households annually. PCS will utilize its matching grant to expand the program in rural communities of the Texas Panhandle.

Program Type: Critical Repair

Counties Served: Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler

Priority Served: Rural Communities

19. Rebuilding Together El Paso

Rebuilding Together El Paso (RTEP) is a non-profit organization that provides critical repairs to low-income elderly and/or disabled homeowners in El Paso. To date, over 500 homes have been rehabilitated and revitalized with the help of hundreds of volunteers. RTEP will target all repairs funded through its matching grant specifically to homeowners with disabilities.

Program Type: Critical Repair

County Served: El Paso

Priority Served: Persons with a Disability

20. Tarrant County Samaritan Housing, Inc.

Tarrant County Samaritan Housing, Inc. (Samaritan House) was established in 1991 to provide housing and end-of-life care to persons living with HIV/AIDS. As medical interventions improved and life expediencies grew, the agency realigned the mission to help residents maintain housing stability, establish goals, improve life skills, and work toward self-sufficiency. Samaritan House will utilize its matching grant from the Texas Foundations Fund to continue to provide supportive services, such as medical case management, substance abuse counseling, life skills and enrichment services to residents with a disability.

Program Type: Supportive Housing Services

County Served: Tarrant

Priority Served: Persons with a Disability

21. The Women's Home

The Women's Home was created in 1957 with the mission to help women in crisis regain their self-esteem and dignity, empowering them to return to society as productive, self-sufficient individuals. A matching grant from the Texas Foundations Fund will help fund supportive services for residents with disabilities at the organization's Jane Cizik Garden Place permanent supportive housing facility.

Program Type: Supportive Housing Services

Counties Served: Fort Bend, Galveston, Harris, Montgomery

Priority Served: Persons with a Disability

22. Trinity Habitat for Humanity

Trinity Habitat for Humanity builds strength, stability and self-reliance through shelter. Programs include building new homes, externally repairing existing homes and offering homeownership education classes and counseling services in partnership with qualified low-income families, sponsors and community volunteers. Trinity Habitat will target its matching grant specifically to serve homeowners with disabilities through its Preserve a Home Program, which provides external home repairs ranging from minor siding repairs to full roof replacements and accessibility modifications.

Program Type: Critical Repair

County Served: Tarrant

Priority Served: Persons with a Disability

23. VinCare Services of Austin Foundation dba Saint Louise House

Saint Louise House was founded in 2000 with the mission to empower women with children to overcome homelessness in Central Texas. Since opening its doors in 2001 to five families in rented apartments, Saint Louise House has expanded to serve up to 34 families at a time in two agency-owned apartment complexes in South Austin. A matching grant from the Texas Foundations Fund will support regular case management, counseling, employment services, life skills workshops and other services for residents with disabilities.

Program Type: Supportive Housing Services

Counties Served: Travis, Williamson

Priority Served: Persons with a Disability

24. Waco Habitat for Humanity

Waco Habitat and its volunteers have built 169 new homes and repaired 385 owner-occupied homes in McLennan County since 1986. Home repairs include plumbing, electrical, roof and structural repairs. Waco Habitat will utilize its matching grant to provide repairs specifically for homeowners with disabilities.

Program Type: Critical Repair

County Served: McLennan

Priority Served: Persons with a Disability

25. Youth and Family Alliance dba LifeWorks

LifeWorks has been providing services to runaway, homeless and street youth for more than 40 years. In January 2014 LifeWorks established its Permanent Supportive Housing program, which provides housing and support to chronically homeless youth with disabilities, many of whom have aged out of foster care. A matching grant from the Texas Foundations Fund will help LifeWorks provide case management and other supportive services to its residents to help them build successful lives.

Program Type: Supportive Housing Services

County Served: Travis

Priority Served: Persons with a Disability

Tab 6

Tab 6

Presentation and Discussion of Updates to the Texas State Affordable Housing Corporation's 2014-2017 Strategic Plan.

Discussion