

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
December 15, 2016
10:33 a.m.

BOARD MEMBERS:

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

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P R O C E E D I N G S

MR. JONES: It's 10:33, and the December Board meeting of the Texas State Affordable Housing Corporation is called to order. Okay. Try to get this quorum established.

William Dietz, Vice Chair.

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel, member.

MR. EVENWEL: Present.

MR. JONES: Alex Meade, member?

(No response.)

MR. JONES: Jerry Romero, member?

MR. ROMERO: Here.

MR. JONES: And I'm here, I assume. Okay. We have a quorum. Very orderly and systematic up here. Okay. Is there any public comment at this time?

(No response.)

MR. JONES: Anybody have some public comment?

(No response.)

MR. JONES: Okay. Hearing none, at this time, we call on the Board Vice Chair Bill Dietz with an Audit Committee report.

MR. DIETZ: We met this morning, had our Audit Committee meeting, reviewed the audit, and it was a clean audit. Nothing new from the last time that we had an

1 audit in terms of material covered. And at that time, we
2 recommended that the audit be approved for presentation to
3 the full Board.

4 MR. JONES: Okay. Any further discussion or
5 comments on the Audit Committee report?

6 (No response.)

7 MR. JONES: Okay. We don't have it further
8 down. This is just it. Correct?

9 MR. LONG: No, it's Tab Item 2.

10 MR. JONES: Number two. All right. Where we
11 go into detail. All right. Thank you, Mr. Dietz.

12 Any public comment on Mr. Dietz's comments?

13 (No response.)

14 MR. JONES: Okay. Hearing none, let's move on.
15 President's report. David Long.

16 MR. LONG: Mr. Chairman and members. As
17 always, program reports are in your Board packets, Tabs A
18 through C. No exceptional items to report.

19 As we just mentioned to note, that under Tab 2,
20 we will be having Maxwell, Locke and Ritter will be here
21 to present -- Dena with them, Maxwell, Locke and Ritter
22 will be here to present the audit along with Ms. Smith,
23 and that is for the fiscal year ended August 31, 2016.

24 Single-family rental program, we have a house
25 that we are purchasing today. The closing is this

1 afternoon. So the single-family program will have a total
2 of 18 single family or duplex condo units in its portfolio
3 as of the end of business today.

4 The Loan Committee met yesterday to review
5 existing portfolio loans under the Housing Impact Fund and
6 also review and consider a new loan to the Community
7 Development Corporation of Brownsville, which is going to
8 be presented to the Board under Tab Item 4.

9 Home ownership activity since the last Board
10 meeting, staff, Joniel and Sarah, conducted 5 lender
11 training webinars and one realtor/housing counselor
12 webinar.

13 Joniel and I had an opportunity to travel to El
14 Paso. Thank you, Mr. Romero, for hosting us at the Wells
15 Fargo LIFT event.

16 We participated in the Wells Fargo neighborhood
17 LIFT event, where we had the opportunity to talk most of
18 the day with home buyers there who were attending the
19 event, which is a collaboration, basically, between Wells
20 Fargo foundation, Neighborworks America and the whole --
21 correct me, if I am wrong, Mr. Romero.

22 But it is basically an opportunity for
23 borrowers to have access to additional down payment
24 assistance funds being provided by Wells Fargo and also
25 receive some financial education in regards to what they

1 are eligible for, as well as getting a chance to just see
2 the options that they might qualify for.

3 I would like to thank you again, Mr. Romero,
4 for allowing us to be there, and greatly appreciate the
5 opportunity. We got a lot of publicity by attending that.

6 We are one of the few programs out there that has a grant
7 program that allowed for the match to help the borrowers
8 qualify for the down payment that was available under the
9 LIFT program.

10 Joniel and I, while we were there, also had a
11 chance to visit three of our top lenders in the El Paso
12 area. Those went really well. And also, while we were
13 there, Joniel conducted a multi-person loan officer
14 training at one of those offices, so that went really
15 well.

16 TSHEP registration for our first round of Texas
17 Statewide Homebuyer Education Program, which we administer
18 for the Department of Housing and Community Affairs is
19 scheduled for February 6th through the 10th here in
20 Austin, and it is fully subscribed already.

21 So thank you, Sarah, for putting all of that
22 together and making sure that got done.

23 And also, just want to make a note that Sarah
24 Ellinor received a certificate of appreciation from the
25 FDIC for leadership in the Austin Affordable Housing Forum

1 that was held last October. So, congratulations, Sarah.

2 Upcoming events, or recent events that we have
3 participated in, I think I mentioned last month, but just
4 to confirm, Michael, David, and I attended the Housing and
5 Health Summit hosted by Neighborworks -- excuse me --
6 HousingWorks Austin and Fed Reserve Bank and the
7 Children's Optimal Health.

8 That was held in November, and I think that was
9 a really good presentation. It kind of brought together
10 all kinds of professions that talked about how housing and
11 health are interrelated and correlated to ensuring that we
12 have all those activities and the opportunity for families
13 to have resources available to them.

14 We had the Texas Community Capital, as you
15 know, we are still -- our Board splits the Texas Community
16 Capital Board with the Texas Association of CDCs. And
17 while I was not able to attend, Cindy Leon, our Board
18 representative, along with Mr. Romero and Katie Claflin,
19 attended that meeting. We continue to have discussions
20 regarding the availability and the opportunity for us to
21 have that organization become a CDFI.

22 Mr. Romero, do you have any comments on that at
23 all, or anything that came out of that, since I wasn't
24 there.

25 MR. ROMERO: It looks better and better. Our

1 chances look better and better.

2 MR. LONG: Yes.

3 MR. JONES: Sort of like a restructuring?

4 MR. LONG: No. Well --

5 MR. ROMERO: Because we have had so much
6 production on the Community Loan program, with all of the
7 participating nonprofits and districts within the State of
8 Texas, it's given us the vehicle to show that we are
9 actually producing loans

10 MR. JONES: Okay.

11 MR. ROMERO: And that is what the CDFI wants to
12 see, that there is actually a viable program going on.

13 MR. JONES: Understood.

14 MR. LONG: Michael and I attended the Housing
15 America's family forum in Dallas, which was really quite
16 the nice event. Sarah, Joniel and I also attended to
17 Coming Home event, which is the workshop sponsored by
18 Freddie Mac here in Austin. The Corporation was asked to
19 help sponsor that, which we did.

20 In addition to that, Joniel actually served on
21 a panel, which I thought went really well, and had an
22 opportunity for the audience to ask questions regarding
23 both the mortgage and the programs -- mortgage lenders and
24 programs.

25 And then, last but not least, I want to always

1 mention the chance that we had when we have opportunities
2 to meet with staff at the Capitol. And Michael and I had
3 the chance to meet with the new Chief of Staff for
4 Chairwoman Alvarado's office this week -- last week. Was
5 it this week or last week?

6 And had a good conversation with Mr. Hammond,
7 and I appreciate the chance that we had to meet with her
8 staff and get a chance to give them an update on where we
9 are heading.

10 With that, professionals in the audience,
11 obviously Dena Jansen is here with Maxwell, Locke and
12 Ritter. You will be talking to her in a few minutes.

13 Tim Nelson and Eric Pike are here with Hilltop
14 Securities. And lastly but not least is Katie Van Dyk
15 from Greenberg, Traurig, our General Counsel firm, that's
16 here in the audience. And Chris Spelbring with Raymond
17 James is here. He's in here with the underwriting and
18 financial support.

19 Are there any questions on my report at this
20 time?

21 (No response.)

22 MR. LONG: None?

23 MR. JONES: Any questions? Any public comments
24 regarding the President's report?

25 (No response.)

1 MR. JONES: Thanks, David. All right.

2 We're ready for Tab Item 1, which is
3 presentation, discussion and possible approval of the
4 minutes of the Board meeting held on November 10, 2016.
5 After review, if there are any corrections?

6 MR. EVENWEL: I move they be approved.

7 MR. ROMERO: Second.

8 MR. JONES: It has been moved and seconded to
9 be approved. Any other discussion regarding the minutes?

10 (No response.)

11 MR. JONES: Any public comment regarding our
12 minutes?

13 (No response.)

14 MR. JONES: Hearing none, all in favor of the
15 motion to approve, say aye.

16 (A chorus of ayes.)

17 MR. JONES: The motion is approved.

18 Presentation, discussion and possible approval of the
19 annual Independent Financial Audit for the fiscal year
20 ending August 31, 2016.

21 MS. SMITH: Good morning. My name is Melinda
22 Smith. I am the Chief Financial Officer. We just
23 completed our 2016 audit, and Dena Jansen with Maxwell,
24 Locke and Ritter, our auditing firm, is here to present
25 the report to you.

1 Before we begin, I wanted to take the
2 opportunity to thank Betsy Aldrich and Nick Lawrence for
3 all the work that they did on the audit. Betsy has a
4 yeoman's job of putting together all of the client-
5 prepared worksheets for our auditors to look at, detailing
6 all of the accounts.

7 And Nick really coordinated the entire audit
8 this year. All the questions went through him, and it was
9 just to -- it just went really well, so I wanted to thank
10 them and recognize them.

11 And so at this time, I want to introduce Dena
12 Jensen with Maxwell, Locke and Ritter.

13 MS. JANSEN: Thank you, Melinda. And it is a
14 pleasure to see you all again and to see the Committee an
15 hour later as well.

16 I would echo Melinda's comments of the audit
17 ran really smoothly this year. And we, as well, want to
18 provide our thanks and gratitude for Melinda and Nick and
19 Betsy being prepared and ready to go through an audit,
20 because we layer on a whole other job while we are here
21 for that period of time.

22 We did go over all of the draft documents that
23 are in tab -- starting on Tab 2. Am I correct on that, or
24 is it 3, actually?

25 MS. SMITH: It is Tab 2.

1 MS. JANSEN: Tab 2. At the Audit Committee
2 meeting. So I am still going to -- I am going to walk you
3 through those, but at a slightly higher level. The
4 highlights that I would let you know, is for the year
5 ended August 31, 2016, there weren't any significant
6 changes in operations for the Corporation, as you would
7 have known from being part of the Board.

8 So there weren't that many new things or
9 numbers that present themselves in the financial
10 statements that are large fluctuations. There also
11 weren't any significant changes on the accounting or
12 auditing side of the house. So it was a pretty quiet
13 year, if you will.

14 The only thing that was new, there was an
15 implementation of GASB 72, which relates to certain
16 securities in a disclosure. And it no way impacted the
17 numbers on the face of the financial statements, but
18 disclosures.

19 So what I am going to highlight for you all is,
20 again, when you jump in about three pages in, your
21 independent auditor's report, we are rendering an
22 unmodified opinion; that is, a clean opinion. I'm proud
23 to present that and wouldn't have expected otherwise.

24 Page 4, in the financial statements is
25 management's discussion and analysis. It is a one-stop

1 shop for a really nice overview of the operations for the
2 year. And as you look through that, it does give you some
3 comparative information for the prior fiscal year as well.

4 And what you would notice from that is that total assets
5 decreased about 34 million. Total liabilities, also about
6 34 million.

7 And again, it was really just standard bond
8 payoffs, which again, the related cash investments
9 decreased. So, again, not too many highlights as far as
10 operations go.

11 On page 11, these are the actual basic
12 financial statements, page 11. Again, you can get down to
13 your total assets, about 118 million. Again, down about
14 the 34 from the prior year. But related, and directly
15 correlated to the decrease on page 12, total liabilities
16 at August 31, 2016, right at the 89.9 or 90 million, down
17 about 34 million.

18 So again, with the scheduled payoffs and
19 reduction of those bonds and notes payable, that
20 correlates to the increase -- or the decrease on the
21 assets. And when you take -- this is a statement of net
22 position, so when you take your assets less your
23 liabilities and a minimal amount of deferred revenue,
24 total net position in the end of August 31st, the 28
25 million.

1 Page 13 is your statement of revenues, expenses
2 and change in net position. Again, this is your net
3 profit and loss statement. Total operating revenues,
4 about 8.7 million, up from the prior year, about 1
5 million -- and really, predominantly related to an
6 increase in the change and the fair value of your
7 investments, which fluctuate with the market. And we
8 don't have any control over those.

9 But it did impact the revenue when you compare
10 to the two years. Total operating expenses about 8.9 as
11 well. Consistently interest expense and your salary and
12 wages are your drivers of those.

13 But again, no significant fluctuations from the
14 prior year. So there was a minimal net loss of about
15 212,000. But again, total net position at the end of the
16 period of 28 million.

17 The cash flow statement on page 14, then 15,
18 the only thing I would really glean from that, when you
19 look in the net cash provided by operating activities, the
20 Corporation has continued to have cash being generated by
21 operations rather than being used by, which is really just
22 an indicator on performance.

23 So the notes to the financial statements then
24 start on page 16 and go to the end of the standard
25 statement. So I won't go over those, except to highlight

1 the only thing that is different -- and that is what I
2 mentioned a moment ago with the implementation of GASB 72.

3 On page 22 you can see the required disclosures related
4 to that standard.

5 And then about two pages back from that, page
6 24 then, and 25, you see the actual disclosure which are
7 new but, again, don't give us any pause or concern. They
8 are just new for the Corporation and will continue in
9 years forward.

10 So as far as the financial statements, again,
11 it was a pretty quiet year as far as new things to look
12 at. But outside of that, our other required disclosures
13 that we are required to give to the Board, outside of the
14 GASB 72, there weren't any other significant changes in
15 the accounting policies or practices used by the
16 Corporation.

17 Any estimates in the financial statements that
18 we looked at, we felt that they were reasonable. No
19 difficulties or disagreements with management that we need
20 to make you aware of. Again, I would have -- we
21 appreciate that.

22 And there were also no audit adjustments. We
23 did not identify any adjustments that we identified or
24 were required to post to the financial statements, which,
25 again, is just attributable to the team and their

1 preparedness throughout the year. And we -- the only
2 addition that we will have to the required communication
3 is a representation letter.

4 So we do get a letter from management letting
5 us know that everything that they provided was true and
6 accurate and complete information. This audit was
7 performed in accordance with Government Auditing
8 Standards.

9 So we are required to look at internal controls
10 and look for compliance -- material compliance with the
11 laws and regulations. We did not identify any reportable
12 issues or deficiencies in internal control, and we also
13 did not -- our tests did not disclose any issues of non-
14 compliance.

15 MR. JONES: What would you consider key aspects
16 of internal control?

17 MS. JANSEN: Well, internal control, we have --
18 the accounting profession uses the COSO model; basically,
19 the community and sponsoring organizations model, where we
20 look at entity level controls. And we also look at
21 process level controls within the financial accounting
22 structure.

23 So we look at everything -- at the entity level
24 control, you are looking at the tone at the top, you're
25 looking at lines of communication, you're looking at how

1 you train your people and your staff.

2 And when you get into the process level, within
3 the accounting function, mind you, that is what we are
4 looking for. We are looking for the same things: How are
5 people trained. What are the policies and procedures in
6 place, and are they being adhered to.

7 And then we are also required to obviously look
8 at the IT -- the information technology controls that
9 relate to the accounting system in particular. And
10 approvals and authorizations are a part of that.

11 MR. JONES: Have there ever been any questions
12 in audits regarding security of those things, since we are
13 a government entity -- does that ever -- a quasi
14 governmental -- does that ever come into play?

15 Not in an audit, but does it come in to play as
16 part of security, the way we handle it, the way we
17 communicate? Does that ever come up?

18 MS. SMITH: Well, it is certainly something we
19 take into consideration when we are -- you know, in all of
20 our policies and procedures and how we handle personal
21 information and employee information and that sort of
22 thing. And security, passwords, and that sort of thing.
23 Is that what you mean?

24 MR. JONES: Yes.

25 MS. SMITH: Yeah. In everything that we do,

1 across the Board, because so much of what we do involves
2 other people's information, whether it's in the loan
3 compliance or just our employees.

4 And then, as well, we are seller servicers for
5 Fannie Mae and Freddie Mac, approved seller servicers, and
6 they have a lot of requirements, that we maintain a
7 business continuity plan, and those sorts of things. And
8 we do all of that.

9 MR. JONES: So we stay in touch of IT, security
10 guys, cyber guys, things like that. Are they in the
11 contract, or what?

12 MS. SMITH: The IT company, yes. Yes. And
13 everything is -- Nick is the guru for the IT for the
14 company.

15 But everything is backed up, and should there
16 be a problem, we would be back up and running in a few
17 minutes. And everything is -- it is offsite -- right? --
18 in another state. So --

19 MR. JONES: Just wondered, with all of this
20 stuff going on.

21 MS. SMITH: I know, I know.

22 MR. JONES: Say our internal controls and
23 confidentiality and structure and information and --

24 MS. SMITH: Right.

25 MR. JONES: That's good. Okay.

1 MS. JANSEN: So those were all of our required
2 reports again. Again, a clean report and a quiet year.
3 And even looking forward, there aren't really any upcoming
4 standards that appear to have any significant impact on
5 the Corporation.

6 MS. SMITH: That's good to know.

7 MR. JONES: Any questions of our auditor?

8 (No response.)

9 MR. JONES: And you were satisfied, Mr. Dietz,
10 with everything?

11 MR. DIETZ: Yes.

12 MR. JONES: A couple of money guys sitting up
13 here, so we rely heavily on them.

14 Okay. Is there any public comment regarding
15 our audit report?

16 (No response.)

17 MR. JONES: If there is none, I will entertain
18 a motion from somebody.

19 MR. EVENWEL: So moved.

20 MR. JONES: It has been moved as presented.

21 MR. ROMERO: Second.

22 MR. JONES: And second. Any further
23 discussion?

24 (No response.)

25 MR. JONES: Any further public comment?

1 (No response.)

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

4 (A chorus of ayes.)

5 MR. JONES: Thank you so much.

6 MS. JANSEN: All right. Thank you so much.

7 MR. JONES: We see you again, next year.

8 Right?

9 MS. JANSEN: Yes, sir.

10 MS. SMITH: Thank you.

11 MR. JONES: Thank you, Melinda. You have
12 always done a great job here.

13 Tab 3, presentation, discussion and possible
14 approval of a resolution regarding the submission of a
15 2016 application for carryforward for private activity
16 bonds to the Texas Bond Review Board for Qualified
17 Mortgage Bonds and other matters incident and related
18 thereon -- thereto.

19 MR. LONG: Thank you. Thereto.

20 Thank you, Mr. Chairman. The Corporation has
21 access to an annual allocation every year that, over the
22 years, we have used for a variety of things when bonds'
23 activity is in play.

24 We have used it for issuing bonds for our
25 single-family program. Most recently, we have been

1 utilizing that allocation available for our mortgage
2 credit certificate program, along with taking down
3 additional volume cap.

4 It is not uncommon for us to -- in preparation
5 for anticipating additional use for bonding authority, to
6 request allocation. And that is what this request is.

7 At the end of the year, we have access to up to
8 \$50 million in carryforward bond allocation from the Texas
9 Bond Review Board. We are basically, in this resolution,
10 asking you to allow us to access \$50 million in support of
11 our activities regarding the single-family housing
12 program.

13 So this resolution before you was discussed
14 with the Bond Review Board. We actually had a meeting
15 with them earlier this week. I discussed some of this
16 activity with them.

17 We have also had the resolution in front of you
18 which was prepared by our bond counsel, Bob Dransfield
19 with Norton, Rose, Fulbright. So the request, Mr.
20 Chairman and members, is to ask the Board approval for us
21 to submit an application for a request of carryforward of
22 \$50 million relating to the single-family bond program.

23 MR. JONES: Okay.

24 MR. ROMERO: Move to approve the resolution.

25 MR. JONES: Is there a second?

1 MR. DIETZ: Second.

2 MR. JONES: Moved and seconded. Any public
3 comment?

4 (No response.)

5 MR. JONES: Moved and seconded for approval.
6 Correct? Any public comment?

7 (No response.)

8 MR. JONES: Hearing none, all in favor say aye.
9 (A chorus of ayes.)

10 MR. JONES: Okay. Thank you.

11 MR. LONG: Thank you, sir.

12 MR. JONES: All the heavy lifting has pretty
13 much been done, so we're moving right along.

14 I'm up to Item 4. Presentation, discussion and
15 possible approval of a loan pursuant to the policy and
16 guidelines for the Texas Housing Impact Fund in the amount
17 of \$1 million to Community Development Corporation of
18 Brownsville for construction and interim financing for at
19 least 30 single-family homes in Cameron County, Hidalgo
20 County, and Willacy County. I

21 IT problems?

22 MR. DANENFELZER: Yes. Good morning. David
23 Danenfelzer, Director of Development Finance. The project
24 before you is a \$1 million loan request from Community
25 Development Corporation of Brownsville.

1 It is for the construction and interim
2 financing of up to 30 properties or more -- I should say
3 at least 30 properties, what we're hoping to get. This is
4 a unique program that the CDC Brownsville has developed
5 over the last few years through a couple of similar
6 programs.

7 It combines a rapid and staged construction
8 process that they have termed Rapido, which is also an
9 award winning disaster relief response that the CDCB has
10 developed and been honored several times, both statewide
11 and nationally, for, that allows families to quickly
12 recover during disasters or after disasters.

13 But they are now using it to look at housing in
14 dilapidated areas, particularly in colonias in South
15 Texas, and allow families an easy and quick way to replace
16 dilapidated structures and then, over time, add on to
17 those structures efficiently, so that they can have
18 better, higher quality housing over time.

19 The mix of this project is also with a program
20 that was -- that has been called the CASA Loan program,
21 wherein they allow the staging of each stage to be
22 financed separately but under and rolled into one
23 contiguous mortgage product.

24 So with the Mi Casita program that is being
25 discussed here today, the Corporation's funds will come in

1 as construction financing, immediately after the initial
2 product is built and the household is able to move in.

3 And then our loan will convert over to
4 essentially a temporary mortgage. We'll have security
5 through that mortgage document. And once the family has
6 allowed and made payments for a particular amount of time,
7 usually a minimum of six months, then that loan product
8 can be sold off into the secondary market.

9 The secondary market resources currently for
10 the program that CDC Brownsville has developed include the
11 Federal Home Loan Bank of Dallas and their mortgage
12 purchase program, as well as the Rio Grande Valley
13 multibank, which is a corporation that the CDC Brownsville
14 is actually the managing partner of and is a collection of
15 about nine banks right now that have funded this over the
16 last 20 years or so and have done these types of products
17 over time.

18 And, you know, I don't know if I want to go
19 into too much more detail into the specifics. But I would
20 like to actually just allow you guys to ask questions
21 about the program before I jump into my -- the formal
22 recommendation.

23 MR. LONG: If I might add, Mr. Chairman, is
24 that this loan did go before the Loan Committee yesterday,
25 and it was recommended for approval to the Board for

1 discussion as an agenda item.

2 Obviously it exceeds the Loan Committee's limit
3 of \$500,000. At a million, we obviously needed the
4 Board's formal approval.

5 And I wanted you to at least be aware of the
6 fact that this was discussed in great detail and received
7 formal approval, and Mr. Romero does sit on the Loan
8 Committee for us.

9 MR. JONES: Did I hear you say after they are
10 constructed, the money goes into play?

11 MR. DANENFELZER: Right. And this is not --

12 MR. JONES: A construction loan after they are
13 constructed?

14 MR. DANENFELZER: Well, yeah. And it is
15 very -- a sort of very short-term construction loan. CDC
16 Brownsville typically -- well, they are very integrated --
17 a vertically integrated corporation. So they have both
18 third-party contractors, but also in-house contractors.

19 And so much of the construction will actually
20 happen on an in-house basis, although they will be able to
21 hire outside contractors as well. They typically fund
22 that construction through the permitting process, and then
23 they would place that with usually a government
24 receivable.

25 MR. JONES: Okay. I got it.

1 MR. DANENFELZER: We also follow this similar
2 path on a loan that we have right now, with Legacy CDC
3 down in the Port Arthur and Beaumont area, where they use
4 local HOME funds that are federal HOME funds through the
5 cities to actually construct, and then we repay the HOME
6 funds that have been borrowed until that --

7 MR. JONES: To be used again?

8 MR. DANENFELZER: To be reused on another home
9 until that home can be purchased by a qualified home
10 buyer.

11 MR. JONES: Right. Yeah. I understand the
12 HOME program.

13 MR. DANENFELZER: Yes. So we are sort of a
14 short-term construction into an interim on this, so it's a
15 little bit different than we have done before, but it is
16 similar to other products that we have provided.

17 MR. JONES: And is there any terms? Or that is
18 what you will get into later?

19 MR. DANENFELZER: Yes. The terms are in the
20 recommendations.

21 MR. JONES: I mean, for the title -- does it
22 continue revolving?

23 MR. DANENFELZER: Yes. So we will allow for
24 revolving of the loan through the term of the loan or the
25 length of it. And we are right now proposing a three-year

1 term with the option to extend two one-year periods, so it
2 could be a maximum of five years.

3 But we would like to see in an initial three-
4 year period how the program is working, how fast the loans
5 are turning from construction to mortgage and then to the
6 secondary market.

7 And the Loan Committee has over the last year
8 or so, you know, requested that staff talk with our
9 partners, our borrowers and find a little bit more
10 flexibility in the loan terms, but also more security for
11 the corporation, so that if things don't go as planned, if
12 we don't see the number of units being developed or turned
13 as fast as we anticipate originally, then we can go ahead
14 and kind of put the brakes on these early and not have to
15 have the funds committed for a full five-year period.

16 MR. JONES: A million is anticipated to produce
17 what?

18 MR. DANENFELZER: Right now what we look at is
19 about 30. Based on the previous Casa Loan program, which
20 this is a hybrid of, they were able -- the majority of the
21 homes that they did actually built up the entire structure
22 all of the different components in under a year, and then
23 they refinanced those within six months of that period.

24 So based on the three-year term, we had
25 initially looked at funding about 20 homes. And then

1 about 10 to 15 of those being refinanced in the secondary
2 market.

3 MR. JONES: Within the three-year period.

4 MR. DANENFELZER: Within the three-year period,
5 with an additional 10 to 15 being financed, but obviously,
6 we are going on this sort of historical trends for the
7 program. We're hoping that those stay sound. But that is
8 why we are also asking for just a --

9 MR. JONES: You also had Jerry on the Committee
10 that looked at it and evaluated the risk and everything
11 else. Am I correct, Mr. Romero?

12 MR. ROMERO: Absolutely, yes.

13 MR. JONES: And it sounds like they have been
14 doing this so long, that if there is anybody who could
15 take a risk for it, it has got to be somebody that has
16 been doing it that long.

17 MR. LONG: Yes. Let me just add to that I
18 would also -- as I said yesterday in loan committee, this
19 is an organization that has been around for about 40
20 years, and we have been working with them for many, many
21 years in other areas, including the Neighborhood
22 Stabilization Program.

23 We worked with them years ago on the Affordable
24 Home Ownership Program, which is a loan program we
25 created. They were the sole partner in that transaction.

1
2 So we've got a really strong solid relationship
3 with them. Their financial statements are extremely
4 strong. And we feel like continuing that relationship
5 through this program is not only a great opportunity for
6 us to make a sound effect on borrowers at 60 percent AMFI
7 and below, but also to assist one of our partners who is
8 looking to expand what they are doing.

9 MR. JONES: Understand.

10 Any other questions or comments?

11 MR. EVENWEL: But we're not building anything
12 or maintaining anything or --

13 MR. LONG: It is all being done through CDC
14 Brownsville. They are the facilitators of the
15 construction as well as the borrower intake and qualifying
16 the borrowers.

17 MR. ROMERO: I think it is also important to
18 note that a lot of the borrowers that we will be working
19 with actually already have equity into these programs,
20 because they own the land, so they are not coming into
21 this process with nothing invested.

22 MR. JONES: It is all about putting a house on
23 it.

24 MR. ROMERO: Right.

25 MR. LONG: That is correct.

1 MR. JONES: And getting it out to --

2 MR. LONG: A quality house, something that
3 meets federal and state guidelines and codes, energy
4 efficiencies. And the product that we are talking about
5 has already been certified for that.

6 MR. EVENWEL: So it's not replacing a house
7 that has been destroyed.

8 MR. LONG: It could be in some instances, Mr.
9 Evenwel. It could be that they have a dilapidated
10 structure that is probably not code.

11 MR. JONES: So demoing the place and --

12 MR. LONG: And this can replace it and give
13 them that. But as Mr. Romero said, they will already have
14 equity in the land, because they may own the dirt. And
15 this just gives us a chance to put a structure in there
16 that will be much more habitable and much more safe for
17 the borrower, for the owner.

18 MR. JONES: Well, you said that from the
19 replacement during emergencies and all, it has developed
20 into a direct housing program.

21 MR. LONG: Correct. Right. That's correct.

22 MR. JONES: With the primary goal of creating
23 more affordable housing. Right.

24 MR. LONG: And the Corporation is going to be
25 the first entity -- if the Board approves this loan

1 request, we will be the first entity of several that we
2 are looking at trying to partner with CDC Brownsville and
3 going out and assisting them in trying to leverage
4 additional dollars. We have a couple of the potential
5 funders who will help with the financing component to try
6 and grow the loan pool up to about \$6 million.

7 MR. JONES: That's good. Can you continue?

8 MR. DANENFELZER: Well, I was just going to
9 note that most of the terms and conditions that we will be
10 putting into the loan agreements are listed in the
11 recommendation that staff has provided the Board. A
12 couple of notes I would add is that the Loan Committee
13 yesterday did discuss adding a limitation or requirement
14 into the loan and mortgage documents with the individual
15 buyers that additions to their structures can only happen
16 through the Rapido housing program.

17 That way we will prohibit a home owner from
18 building, say, the core unit and then doing less-than-
19 standard construction onto that, and allowing them to do
20 that during our interest in the property.

21 MR. JONES: And you're not interested in doing
22 spec building.

23 MR. DANENFELZER: Right. We're --

24 MR. JONES: It's need for need.

25 MR. DANENFELZER: Right. Exactly. And we

1 wanted to make sure that we were secure in that there
2 wasn't something that met -- that would violate any
3 provisions of sort of our mortgage sale down the line, so
4 that a home owner didn't, you know, add on just a lean-to
5 or something that we obviously couldn't then allow the
6 mortgage to be sold in the secondary market. So during
7 that unique period, while we're interest in that mortgage,
8 there is going to be restrictions on what they can add and
9 how they can --

10 MR. JONES: Is that sort of like approving each
11 mortgage on each house as it comes online?

12 MR. DANENFELZER: You know, it would be --

13 MR. JONES: Overall.

14 MR. DANENFELZER: Overall that is going to be
15 something in every loan document and every agreement. But
16 we will likely -- well, we are going to require that we
17 have housing income certifications on all the home buyers,
18 that we have approval of the underwriting standards for
19 each of these loans to the home buyers.

20 And so those are certain things that we are
21 still going through a negotiation process with the
22 borrower. But all of that will be written into the loan
23 and security documents that we have for the Corporation.

24 MR. JONES: So we're really voting today to
25 move forward as the negotiations and all of that progress.

1 But you know that the money will be available there.

2 MR. DANENFELZER: Right. The money will be
3 available. And you are granting authority to the
4 Corporation's President and Executive Vice President to
5 move forward with the loan, to execute loan documents and
6 finalize all those minor details that we generally --

7 MR. JONES: A, B, C, D, E is in place.

8 MR. DANENFELZER: Exactly.

9 MR. LONG: And I would add that, as the Loan
10 Committee meets, as needed, this product will end up on
11 the list of loans that are outstanding. So if there is
12 any discussion or anything that Mr. Romero needs to bring
13 back to the Board, it would be on that list of reports.

14 So it is not going to just be made and kind of
15 set off to the sideline. We will include it and make sure
16 that the Loan Committee continues to review it on an
17 ongoing basis.

18 MR. JONES: Any other questions or comments for
19 the Board?

20 (No response.)

21 MR. JONES: Does that conclude your remarks?

22 MR. DANENFELZER: That concludes my
23 presentation.

24 MR. JONES: All right. Is there a motion?

25 MR. ROMERO: I will make a motion to approve

1 the loan request to Brownsville -- CDC Brownsville.

2 MR. EVENWEL: Second.

3 MR. JONES: Moved and seconded. Any public
4 comment regarding this item?

5 (No response.)

6 MR. JONES: Okay. All in favor of approval,
7 say aye.

8 (A chorus of ayes.)

9 MR. JONES: Thank you.

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

11 MR. JONES: Now we go to Item 5. Presentation,
12 discussion and possible approval of the guidelines,
13 scoring criteria and targeted housing needs for the
14 allocation of Qualified Residential Rental Project Tax
15 Exempt Bonds under the Multifamily Housing Private
16 Activity Bond Program Request for Proposals and the
17 501(c)(3) Bond Program policies for calendar year 2017.
18 And it means just what it says. Right?

19 MR. DANENFELZER: Yes, sir.

20 MR. JONES: I try to say it with kind of even
21 breaths, you know.

22 MR. DANENFELZER: It's not easy to get through.

23 MR. JONES: And lawyers don't have any affinity
24 against a run-on sentence; I'll tell you that.

25 MR. DANENFELZER: Again, David Danenfelzer with

1 Development Finance. As you know, each year we update and
2 we are required to update our policies and RFP for the
3 multifamily private activity bond program. In October,
4 the Board approved suggested changes to the 2017 program
5 rules and RFP.

6 We went out with public comment after that
7 Board meeting, and we have continued to open that -- have
8 an open public comment period. We received no comment,
9 though, during the period from the date we posted it until
10 today.

11 So at this time we are asking the Board to move
12 forward with all of the originally proposed changes and
13 accepting those changes. And, you know, all I can say is
14 that there has been no additional changes to the document.

15 What is presented in your Board book is the
16 document with all approved changes or accepted changes
17 that were originally done. Are there any questions?

18 MR. ROMERO: Move to approve that as presented.

19 MR. EVENWEL: Second.

20 MR. JONES: Moved and seconded for approval.

21 Any public comment?

22 MR. DANENFELZER: I --

23 MR. JONES: Yes, sir.

24 MR. DANENFELZER: I hate to interject on public
25 comment, but I do want to make a note of one small change

1 that I found this morning. And that's part of my
2 technical --

3 MR. JONES: So you are addending your previous
4 comment?

5 MR. DANENFELZER: Well, I am simply noting one
6 thing which, traditionally, we have determined to be a
7 minimal --

8 MR. JONES: What page?

9 MR. DANENFELZER: On every page. The approval
10 date at the bottom of all the pages --

11 MR. JONES: Okay.

12 MR. DANENFELZER: -- is the last approval date.
13 That will be updated to today's date if the Board votes
14 to approve the motion.

15 MR. JONES: Okay.

16 MR. DANENFELZER: So I just wanted to make
17 clear --

18 MR. JONES: I'm surprised, Mr. Evenwel, you
19 didn't catch that.

20 MR. EVENWEL: I knew it.

21 (General laughter.)

22 MR. JONES: A vote of confidence for you.

23 MR. DANENFELZER: Thank you for the vote of
24 confidence. I appreciate it.

25 MR. JONES: Okay. With that noted change,

1 there is a motion to approve. Is it amended with the
2 noted change?

3 MR. ROMERO: Yes.

4 MR. JONES: Okay. And the second stands?

5 MR. EVENWEL: Yes.

6 MR. JONES: All right. Any public comment with
7 this new information?

8 (No response.)

9 MR. JONES: Hearing none, all in favor of
10 approval, with the change, say aye.

11 (A chorus of ayes.)

12 MR. DANENFELZER: Thank you very much.

13 MR. JONES: Tab 6, presentation, discussion and
14 possible approval for publication and public comment of
15 the draft of the Texas State Affordable Housing
16 Corporation 2017 Annual Plan.

17 MR. WILT: Good morning, Chairman Jones, Vice
18 Chairman Dietz, and Board members. I am Michael Wilt,
19 manager of external relations for the Texas State
20 Affordable Housing Corporation. I'm here to present the
21 draft 2017 Annual Action Plan.

22 This plan is prepared in accordance with Texas
23 Government Code Section 2306.566, which requires the Texas
24 State Affordable Housing Corporation to develop a plan to
25 address the state's low income -- the state's housing

1 needs. According to Section 2306.0721(g), the
2 Corporation's annual Action Plan must be included each
3 year in the state low-income housing plan prepared by the
4 Texas Department of Housing and Community Affairs.

5 I want to thank each of the program managers
6 for providing data and information about the successes and
7 direction of their programs and for reviewing the final
8 draft. I also want to thank Janie Taylor and Liz Bayless
9 for their thorough review of the plan.

10 The plan before you has been reviewed by many
11 eyeballs, so I feel very confident in presenting it to you
12 this morning.

13 Briefly, regarding the process, we are asking
14 that you approve the draft and make it available for
15 public comment, beginning on Monday, December 19, and
16 concluding on Friday, January 27. That comment period
17 will include a public hearing that will be happening in
18 conjunction with TDHCA on Wednesday, January 4, at the
19 Stephen F. Austin building. We will then bring the plan
20 back to you for final approval in February.

21 Now, regarding the plan, you will find the
22 Corporation's stated objective included on page 3, which
23 is to continue to implement innovative approaches to
24 fulfill its mission while maintaining the success of its
25 current programs. The Corporation's mission is to serve

1 the housing needs of moderate, low, very low and extremely
2 low income Texans and other underserved populations who
3 cannot access comparable housing options through
4 conventional financial channels.

5 MR. JONES: I have a question.

6 MR. WILT: Sure.

7 MR. JONES: On page 3, where you have a list of
8 these programs, from the home buyer down, how long have we
9 had these programs, approximately?

10 MR. LONG: Five years or more on all of them.
11 Most of them, since inception.

12 MR. JONES: Agreed. And I know. So why do you
13 say we developed the following additional programs and
14 services to help meet the need for the affordable housing
15 of Texas? It sounds like they are new. Or am I just
16 reading that wrong?

17 MR. WILT: Where are you seeing the word
18 "additional"?

19 MR. JONES: If you read at the top of the page,
20 it says, Using its mission as guidance, the Corporation
21 has developed the following additional programs.
22 Shouldn't it just be the following programs and services
23 to help meet the need for affordable housing in Texas?

24 MR. WILT: Right. So the three prior to that,
25 I guess, were the original programs, and then these ones

1 were added along the way. The ones that are additional --

2 MR. JONES: It might be just semantics.

3 MR. LONG: It is probably more semantics, Mr.
4 Chairman. In other words, the Corporation's original
5 programs were the single-family programs that we started.

6 MR. JONES: The ones on page 2.

7 MR. LONG: On page 2. And in addition, it is
8 just --

9 MR. JONES: So it is in addition to that page.

10 MR. LONG: It is a carryforward from the prior
11 page of the programs which originally were our original
12 programs.

13 MR. JONES: All right. I was just wondering
14 why it was worded -- but I see now you are referring to
15 those original three, plus these additional through the
16 years.

17 MR. LONG: Correct.

18 MR. JONES: Okay.

19 MR. WILT: I could clean it up a little bit to
20 where it's clear.

21 MR. LONG: It's fine.

22 MR. JONES: It might be clear to everybody but
23 me, you know.

24 MR. WILT: I understand what you're saying, so
25 I can clarify that.

1 We accomplished that mission that was stated,
2 before your question, through our programs. And the draft
3 before you includes descriptions for each of our programs
4 and their corresponding 2017 implementation plans.

5 On page 4 of the plan, you will find our home
6 ownership programs. They include our Homes for Texas
7 Heroes program, Home Sweet Texas Home loan program, the
8 Mortgage Credit Certificate program, and Homebuyer and
9 Financial Education Programs.

10 Beginning on page 8, you will find a
11 description of our Texas Housing Impact Fund and its
12 corresponding implementation plan on page 10. Our
13 Affordable Communities of Texas and multifamily and
14 private activity bond programs are discussed, pages 10
15 through 13.

16 Page 13 also begins the overview of our Asset
17 Oversight and Compliance program, and that section
18 concludes on page 14. And finally, the single family and
19 multifamily rental programs are covered on pages 14 and
20 15.

21 On page 15, and concluding at the end of the
22 document, you will find a description of the changes we
23 made to the Texas Foundations Fund and our 2017
24 implementation plan for that program. With that, I will
25 take any other questions on the Corporation's Draft 2017

1 Annual Action Plan.

2 MR. ROMERO: Michael, besides the numbers, the
3 production numbers, is everything pretty much the same
4 from last year?

5 MR. WILT: It is mostly the same. I would
6 point out that under the home ownership programs, we are
7 making a stronger effort to reach out to realtors and to
8 market to them, and that's included in our implementation
9 plan for that.

10 Under the multifamily programs, we also in 2017
11 will be looking to how we can address rural housing needs.

12 And we have been collaborating with the Federal Reserve
13 of Dallas and also some people interested in farm worker
14 housing and rural housing, to accomplish that, so we're
15 making a stronger effort in that regard.

16 There were some modifications to single-family
17 rental programs as well. We originally for this year
18 didn't anticipate buying more homes for that.

19 And so that's something that -- as we are
20 closing on another house today and we'll probably close on
21 two more houses before August of next year -- those
22 changes were incorporated as well.

23 MR. ROMERO: I will move to approve the draft
24 of the 2017 Annual Action Plan.

25 MR. EVENWEL: Second.

1 MR. JONES: Moved and seconded for approval.
2 Any public comment?

3 (No response.)

4 MR. JONES: I have a question I want to ask
5 you. And I don't know if I can ask it. It doesn't have
6 to do directly with this. But with how people are
7 creating tax districts and moving people on in trailers
8 and then voting to approve it and then using it for
9 development -- but I think I will ask that afterwards --

10 MR. WILT: Okay.

11 MR. JONES: -- because that could be -- that's
12 called the weeds, called getting in the weeds.

13 MR. WILT: Might be.

14 MR. DIETZ: I have a question more directly
15 related to --

16 MR. WILT: Well, I do love talking about
17 special taxing districts, though.

18 MR. JONES: Yes.

19 MR. DIETZ: So I really enjoy seeing this,
20 because it is a great condensed statement on what we do.
21 So it's a great thing to look at.

22 The rental program that we have right now is
23 still exclusive to Austin. I think it would be a great
24 idea to -- if that is working as well as it seems like it
25 is working in Austin, to consider expanding that to

1 other -- maybe -- I know logistically it's difficult to
2 send people to other parts of the state to run a program
3 like that, but I wonder if there is a way to do that in
4 conjunction with local entities in other parts of the
5 state. Or have we investigated that, or is that a --

6 MR. LONG: We actually have, Mr. Dietz. We
7 continue to look at that, because I know this is something
8 you have mentioned before.

9 MR. DIETZ: Yeah.

10 MR. LONG: And in an effort to kind of make
11 sure that we are looking into all options, it is certainly
12 something we would consider. We actually talked with Mr.
13 Nash of Waco.

14 MR. DIETZ: Neighborworks?

15 MR. LONG: Neighborworks Waco. He gave me some
16 insight. It wasn't something -- you know, I was looking
17 to work with a local partner that we do business with and
18 seeing if they could property-manage for us.

19 The problem we run into is twofold. One, there
20 is a -- I can't explain it perfectly, because Mr. Nash can
21 get into great detail. But there was some nuances there
22 that they were uncomfortable with managing properties for
23 us if they didn't have ownership in them. And two, when
24 you start to pay someone, a third party outside of our
25 office, to manage properties, you start to have to look at

1 whether or not you can create enough revenue to cover the
2 expenses as related to management, oversight, upkeep, as
3 well as any types of returns you are trying to generate
4 and keep the affordability of the house down to where you
5 want to be able to keep it.

6 MR. DIETZ: Yes.

7 MR. LONG: And so we will continue to look at
8 it. The answer is we are looking at it and we continue to
9 look at it as properties become available. I mean, I know
10 we have talked with Mr. Romero even about El Paso as well.

11 There is a couple of -- there's the El Paso Collaborative
12 and the El Paso HFC out there that we have looked at and
13 talked with them about it and in fact most recently this
14 week on a couple of properties.

15 Again, I think it is going to be something we
16 continue to look at. And it will have to be community by
17 community and literally property by property, because
18 depending on how we acquire the property, if we are paying
19 market for a property, which in most cases, we are having
20 to do so right now, it is really hard to create an
21 affordability when you have to pay additional expenses to
22 manage that property.

23 And it is just unfortunate, the way it is, but
24 if we can find ways to get properties, either at a
25 discount, donated, or you know, through other programs

1 that we offer, then we can certainly consider looking at
2 that.

3 MR. DIETZ: Good. It seems like that is a good
4 program. It's making a difference in some people's lives.

5 MR. LONG: Well, I think James and Celina have
6 done a phenomenal job of making that work with Jesse, as,
7 you know, going out and making sure properties are
8 maintained. And they are doing a really good job of
9 finding properties. They are doing a really good job of
10 making sure that when we get these properties, we are
11 doing so within the parameters of what the Board is
12 expecting us to do so we can create affordability.

13 I think it's pretty phenomenal that we are
14 allowing -- most of the homes we own, as you know, are on
15 the MSA area of Austin. That those properties are very
16 good properties in high opportunity areas. And yet we are
17 offering them at rents well below the market for families
18 who normally wouldn't be able to live there, which was the
19 goal of the program.

20 MR. DIETZ: Right.

21 MR. LONG: And I think we have been successful
22 in that, so I agree with you. We have a strategy that is
23 working. If we can move that to another community or
24 other communities in the state, we certainly will consider
25 it and continue to look at it.

1 MR. JONES: Actually, that seems like it would
2 require almost a satellite office, of which Brownsville
3 would be key. But they probably don't need us like that
4 in Brownsville.

5 MR. LONG: Well, and I think --

6 MR. JONES: You have to have the management,
7 the maintenance staff, the whole thing. That is almost
8 like little satellites.

9 MR. LONG: Well, and if we could find a partner
10 who already does this type of work, like Neighborworks
11 Waco, and we could figure out how to work with them -- and
12 it may require that we go sit down with -- you know, that
13 as an example -- Neighborworks Waco and speak with Mr.
14 Nash and kind of maybe have a greater discussion to see
15 what we might be able to --

16 MR. JONES: Or would you have a person in an
17 area like that on our payroll that could work out of an
18 office there.

19 MR. LONG: Very well could be. Again, those
20 are things that we just have to start to look at and
21 consider.

22 MR. JONES: And if we could still keep it in
23 house, and then just like rent some space in an office for
24 them to operate out of.

25 MR. ROMERO: You have to build a critical mass

1 in order to do that.

2 MR. JONES: Correct.

3 MR. LONG: Yes. We would have to have enough
4 properties in one community --

5 MR. JONES: Well, all of it involves economics.

6 MR. LONG: Certainly. Very much so, Mr.
7 Chairman.

8 MR. ROMERO: The Collaborative does have a
9 single-family program similar to this. They already have
10 management of those properties there. So that is --

11 MR. LONG: That is why we were talking of them.

12 MR. ROMERO: If a partnership of some sort can
13 occur --

14 MR. LONG: Right. We just use our resources to
15 own the properties, but let them be the management of it,
16 because they already have the infrastructure in place in
17 their organization.

18 MR. JONES: Okay.

19 MR. LONG: Thank you, Mr. Dietz for the
20 comment, because we can look at it.

21 MR. DIETZ: Thanks. That is good.

22 MR. JONES: There is a motion and a second to
23 approve this item on the floor. Any further discussion?

24 (No response.)

25 MR. JONES: Any public comment?

1 (No response.)

2 MR. JONES: Hearing none, all in favor of the
3 motion to approve, say aye.

4 (A chorus of ayes.)

5 MR. JONES: Unanimous. It passes. Thank you,
6 sir.

7 Item 7, presentation and discussion of research
8 finding related to fund raising options for the Texas
9 Foundations Fund.

10 MS. CORCORAN: Good morning

11 MR. JONES: Did anybody here tell of Ms. Janie
12 even mentioning bringing anything that looks like a
13 lobster back?

14 (No response.)

15 MR. JONES: No, right?

16 MR. JONES: I just wanted to kid you.

17 MR. ROMERO: Is somebody up in Maine again?

18 MR. JONES: No mention of a lobster in any way
19 shape or form. Okay.

20 MS. CORCORAN: I thought you were making a
21 comment about my dress.

22 MR. JONES: Lobster red. Okay. Item 7.

23 MS. CORCORAN: Great. I will go ahead and
24 start. I'm Victoria Corcoran. I'm the President and
25 founder of Corcoran and Company.

1 I'll tell you a little bit about us. You have
2 got a PowerPoint presentation slide deck in front of you.

3 My firm, we're five women, currently. All women, happen
4 to be. One of our former staff was male, that did some
5 work for you guys a few years back.

6 Between the five of us, we have got almost 90
7 years of professional experience in fundraising. That is
8 what we do. We are based here in Austin, Texas. A few of
9 our clients -- I just did a quick snapshot, just so you
10 know that we work for organizations, very, very large and
11 very, very small, almost exclusively in Texas, but not
12 entirely.

13 And in similar projects, like the one I am
14 going to discuss with you today, we have done for
15 everything from the Special Olympics to the local library
16 to Texas Exes, which is the largest alumni group in the
17 United States.

18 So the Texas Foundations Fund I know you guys
19 are obviously familiar with. We were approached by Janie
20 and Katie with David's blessing to explore how we might
21 raise more money for this fund.

22 Since it was established in 2008, it's provided
23 over 2.3 million in grants to 57 projects, but there have
24 been an additional 6.3 million in eligible requests that
25 were not able to be funded. So the question was, how

1 could we raise more money for this fund?

2 So, we were hired to -- and I apologize for a
3 very unfortunate spelling error on that page. We were
4 hired to assess the possible -- it's just a little
5 humor -- fundraising routes for the Texas Foundations Fund
6 and then recommend how you would proceed to do that.

7 Our methodology is always first to look at your
8 fundraising history, see what you have tried, what has
9 worked well, what hasn't worked; and in both cases, why is
10 that?

11 We also like to speak with all of your
12 stakeholders. That's typically, for any organization,
13 board members, staff members, clients, funders, similar
14 organizations, just to see what -- find out what we don't
15 know that we don't know. And we always find out good
16 information that way.

17 And based on that, we research all viable
18 possibilities for fundraising and then make a
19 recommendation what might be appropriate for you to go
20 forward.

21 So, with that, I am going to ask you to keep a
22 name in mind. Some of you may know it. Probably not.
23 The same is Andrew Dellavedova. I had to write it down to
24 make sure I pronounced it correctly. And I will come back
25 to that at the end of my report. Andrew Dellavedova.

1 This next page, American Charitable Giving,
2 this is just a context setter. In the United States, I
3 think we all typically think that, you know, if you are
4 going to raise money, you want to go to big foundations.
5 And that's actually not the case.

6 This is a snapshot of 2014. It typically does
7 not change at all from year to year. But what you see
8 here is 72 percent of the money that is given away in the
9 United States is given by private individuals. Another 8
10 percent is given in bequests, which is dead individuals.
11 Fifteen percent comes from foundations, and only 5 percent
12 comes from corporations.

13 On the following page, I have taken another
14 look at this information. This is a national study that
15 comes out every year. This is now the 2015 contributions,
16 up about 4 percent.

17 And in blue, this is by decision maker.
18 Obviously, private individuals make their own decisions,
19 bequests. Those were private individuals making these
20 decisions. But even within foundations, fully two-thirds
21 of foundations, the decision makers of those foundations
22 are typically a few individuals; not staff members. But
23 it's a private family foundation, and they are actually
24 making those decisions.

25 It is also even true within the business

1 community. I am a private business owner. I would fall
2 into that corporate category. I make my own decisions. I
3 don't have a grants team that makes those decisions.

4 So I just wanted to illustrate here that fully
5 90 percent of the 373 billion that is given away
6 charitably in the United States, those decisions are being
7 made by one or two private individuals within whatever
8 structure it is that they are giving that money away.

9 The reason that is important -- and now go to
10 the next page -- as we look at your fundraising history,
11 you guys are about as opposite that as can be.

12 That's not a problem. You are a different kind
13 of organization from most nonprofits. You are not a
14 retail nonprofit like, for instance, Special Olympics.
15 You are directly serving local kids, you know, local
16 communities. You are a very different type of
17 organization.

18 So, again, those previous snapshots give you
19 one piece of context why the typical kind of fundraising
20 that most nonprofits think of just really isn't applicable
21 to you as an organization.

22 So that is just something to know; that the
23 vast majority of funding is just really probably not going
24 to be something that is suitable for this organization.
25 So when we look at the Texas Foundations Fund, there fully

1 \$327,000 had been raised in addition to its regular
2 allocations from this Board.

3 So when we look at that, we divide it up by the
4 source of those funds. And on average, that is about
5 \$40,000 a year, and that is not too shabby. That is --

6 MR. JONES: Our donation would fall under
7 foundations? What would our donations -- our donation --

8 MS. CORCORAN: This is strictly extra
9 fundraising.

10 MR. JONES: This is outside of our --

11 MS. CORCORAN: Just outside of your
12 allocations. Correct.

13 So over that eight-year period, 327- has been
14 raised outside of that. And I think that was the initial
15 idea of the fund, that you would set it up and you would
16 seek outside fund raising to help add to that pot of
17 money.

18 The following page, we did a little deeper
19 digging, and it turns out the Heron Foundation, which is a
20 nationally based foundation out of New York, they were the
21 largest contributor by a long shot.

22 However, after five years of funding this
23 project, they have decided that this type of initiative is
24 not something that is one of their funding priorities any
25 longer. And that is not untypical of foundations. A

1 really good local example in Texas is the Meadows
2 Foundation.

3 When the nation experienced a huge downturn,
4 the Meadows Foundation pretty much quit funding new
5 building projects, really cut back on arts and culture and
6 only looked at basic needs: housing, food and basic,
7 basic medical needs for Texans.

8 And then they're kind of back now, by the way.
9 Their funds are back, and they're funding a wide variety
10 of things.

11 So we look at this. And because it is not only
12 important where those funds come from, but what does it
13 tell you about what your future possibilities are.

14 So without the Heron Foundation, if we look --
15 because they are not even an option anymore -- then we see
16 that there is an average of less than \$10,000 a year
17 raised.

18 We took a different look then. And, again, of
19 the entire amount of money, over 300,000 of that money was
20 from existing relationships: with existing banks, with
21 existing businesses, foundations, advisory board members.

22 Those were all people that you already knew before the
23 fund was begun.

24 The new money came from two golf tournaments,
25 and there's an asterisk there, because those golf

1 tournaments were -- the funds from those golf tournaments
2 were secured by advisory Board members.

3 So the new money really -- even though the
4 donors to those golf tournaments probably didn't know you
5 guys before those golf tournaments were organized, of
6 other private individuals only \$932 was raised. It makes
7 sense to me as a professional, because you guys are just
8 not the kind of retail organization that people would give
9 to.

10 You are a very business to business type of
11 nonprofit, and you know, with slightly quasi-governmental
12 flair, it's just not the kind of thing that most private
13 individuals give money to. Almost half of the money given
14 overall is given to churches and education. That takes 47
15 percent of the entire pie that we were looking at earlier.

16 So concluding that, what we saw from that
17 history, which told us a lot, those gifts are not
18 sustainable. It was a lot of work to put those golf
19 tournaments on. They are probably not repeatable. Even
20 the foundations and businesses that did provide some
21 funding, those gifts were pretty much one-time gifts,
22 maybe two times. But they are not going to be regular
23 things.

24 And even at that, at \$5,000 a year, it is not
25 really adding a lot to the amount of money that you are

1 able to get. Private individuals tend to focus their
2 giving on local organizations. They don't really give to
3 big statewide organizations.

4 So that makes a real challenge to develop the
5 kinds of relationships you might want to with an
6 individual who could just decide to bequest a million
7 dollars to you or something. And then the large repeat
8 gifts, sustainable options, which are typically, in your
9 situation, corporations and foundations, really the only
10 ones statewide that fits your criteria is the Meadows
11 Foundation.

12 They are one of the few that actually does look
13 at statewide organizational programs. And you guys have
14 something else that you are doing with the Meadows
15 Foundation for larger amounts of money that impact
16 probably, I think arguably, a much larger group of people.

17 So that, we took away, is just -- this is an
18 annual fundraising campaign is not likely to be a good
19 avenue for you guys. We further interviewed a number of
20 stakeholders. These were advisory council members, some
21 foundations, other like-minded people.

22 And just briefly, takeaways from that, if the
23 advisory council is asked to be your new fundraisers, that
24 is not a sustainable model. These are all folks that have
25 other jobs. They are not professional fundraisers. They

1 have many other tasks. That is just not a sustainable
2 idea to go forward.

3 Going back to the annual fundraising campaign,
4 if you are depending on staff to do that kind of thing, we
5 don't see any avenues for that. Statewide programs, as I
6 have said, make for really challenging fundraising
7 efforts.

8 So then the question became, could we create an
9 endowment that would throw off about a million dollars a
10 year, which would get you to be able to fund about the
11 requests that are -- eligible requests that come to this
12 fund every year.

13 We figure, in our experience with endowments,
14 you think of a 4 to 5 percent return. You probably need
15 to raise about \$20 million. That's a lot of money.

16 Well, what we found out is in fact you have to
17 have a lot more than that. Because of your required very
18 conservative investment rules, the investment could earn 2
19 to 2-1/2 percent. That would be all you could really
20 expect. Therefore, you would have to have 40 million or a
21 little more in a fund, to be able to throw off a million
22 dollars.

23 My recommendation? It seems like an awful lot
24 of money to tie up to get a million dollars a year out of
25 it. You certainly can do it. But it seems like an awful

1 lot of money to tie up for that. So we looked at that.

2 Now, before we knew that that \$40 million
3 number was going to be what that number was, we did look
4 at a number of kind of hybrid options.

5 Could we create an endowment with some funds
6 that maybe came from assets that, as I say, TSAHC has?
7 Could you sell one of your real estate assets? Real
8 estate is doing really well in Texas.

9 So could you sell one of those assets and take
10 those proceeds and put it into endowment? And then maybe
11 we could find some foundations over time that might match
12 some of the money that you are putting in endowment. So
13 again, we are trying to build an endowment over time.

14 MR. JONES: And that would still be to try to
15 raise \$40 million?

16 MS. CORCORAN: Well, at the time we were doing
17 that, we are still thinking 20 million, which to me is
18 still an enormous number. But then when we later found
19 out it was 40, it was kind of like, Eh.

20 MR. JONES: 20 million to just sit there --

21 MS. CORCORAN: But we did look at these
22 options. Could you sell an asset, or could you designate
23 an asset and say, this particular asset's proceeds
24 designated to go to the Texas Foundations Fund.

25 We don't think that you probably -- again, it

1 is the same chicken and egg. Do you really want to set
2 aside that kind of money just to generate a million
3 dollars?

4 And again, essentially the way the fund is
5 built, as it is, you are already allocating funds just
6 from something specific. So we did look at those options.

7 Of course, that could reduce the impact of some of your
8 other programs, if you were dedicating one thing to only
9 one purpose.

10 So then we looked at another option, which is
11 partly inspired by LISC -- and help me if I don't get the
12 acronym right. It's Local Initiative Support
13 Coalitions -- Corporation.

14 And LISCs were started, I think about 40 years
15 ago. Long story short, the Ford Foundation funded this
16 initially as a project. And then it became a standalone
17 501(c)(3).

18 But what -- there are 30 different -- usually
19 city-based LISCs around the country. We have got two in
20 Texas. They end up being kind of a collaborative effort
21 for lots of businesses, foundations, and in some cases,
22 individuals working with a whole lot of nonprofits toward
23 affordable housing efforts.

24 It is exactly about what you guys do. But the
25 difference is they have some of their own money, because

1 it came from the Ford Foundation a long, long time ago.

2 So could we replicate a similar thing?

3 Could we find a foundation with really deep
4 pockets that would like to partner with you, so that you
5 are not having to raise a million dollars every year,
6 which we don't think is doable. Nor are you having to set
7 aside an endowment with \$40 million, which we don't think
8 is advisable.

9 Could we find a partner? And that is a
10 possibility. It is a remote possibility. It's like
11 looking for a unicorn. But we have -- my initial
12 research -- I have looked at about 200 foundations that
13 are in the affordable housing space in Texas. I have
14 eliminated all of those that just don't even have the kind
15 of assets that we need, to make this make sense. So far,
16 I found nothing that even looks like it is worth
17 exploring.

18 But I would say this. My only recommendation
19 going forward for this is keep an ear out for that,
20 because somebody, sometime, some private family foundation
21 is likely to want to divest its assets.

22 About ten years ago, the Swan Foundation did
23 that. I don't remember what their total corpus was. But
24 the kids didn't want to take the foundation further once
25 the parents passed away. So they just divested all their

1 assets.

2 If we keep an ear to the ground and find out
3 about a private foundation that is ready to just kind of
4 fold up camp, they might want to take their money and
5 invest it in a thing like this. If they have concerns --
6 their mission had been similar to what you guys were
7 doing, then that might be something for the future.

8 MR. JONES: Especially since most 501(c)(3)s
9 have to give to another 501(c)(3) if they are divesting
10 those kind of funds.

11 MS. CORCORAN: That is exactly correct. So you
12 guys would be sitting pretty for a thing like that. It is
13 just literally a matter of waiting for lightning to strike
14 in that situation. So I am going to come back to my
15 friend Andrew Dellavedova.

16 The Texas Foundations Fund is a really, really
17 good program. But it suffers from being Andrew
18 Dellavedova, who is the least known player in the
19 Cleveland Cavaliers.

20 When Kyrie Irving was injured two years ago, he
21 came in and sat in for Kyrie Irving. Had a great season,
22 great statistics. And then he sat on the bench all year
23 this year.

24 That is your Texas Foundations Fund. If it was
25 the only program you were doing, you guys would have a

1 great thing to fund. But because you have got Lebron
2 James, you've got Kyrie Irving, you have got all these
3 other great programs that you are doing, this program,
4 unfortunately, suffers from being the least known of a
5 great team.

6 And that's the research that we have done, and
7 that's where we are.

8 MS. TAYLOR: I'm going to add some words to
9 that. I -- Janie Taylor, what is my title? Senior
10 Director of Communications and Marketing and Development.

11 And what I will add to that, I want to thank
12 Victoria for all of her work. We have been working
13 together for, gosh, probably since May; I would say May or
14 June. And she has put a lot of time and effort into
15 research, talking to folks.

16 And I think what we are -- what we have
17 discussed internally is the -- you know, the program
18 continuing as it is at the moment and then also looking
19 for a potential partner, because we do believe that that
20 will be one of the best ways to make a bigger impact.

21 And we think that it is a wonderful program,
22 and we want to continue to do it. And it helps a great
23 number of people here in Texas. And a lot of the
24 organizations we work with really like the program and
25 like what -- how we have it structured and how simple we

1 make it for those other nonprofits to access the funding.

2 So, you know, we are definitely going to keep
3 going with it. And I think that our goal and what we are
4 going to work on this coming year is finding a partner
5 that has the same interests, whether that is a foundation
6 or whether that's a corporation or another organization
7 that is similar to us that wants to -- you know, wants to
8 increase their impact as well.

9 And so I think that is a -- I am actually very
10 hopeful that -- I do think that that organization exists.

11 And because TSAHC is a well known organization in our
12 industry and we have a good reputation as a good partner
13 in other programs that we have done, I actually am very
14 confident that I think we will be able to at least start
15 having conversations with other organizations.

16 MS. CORCORAN: Any questions I can answer?

17 MR. JONES: How come you left the H out of --
18 no. Any questions? Any comments? This is -- it's
19 sobering, to say the least.

20 How long can we continue with our current rate?

21 Do you think that that might even dwindle if we lose
22 partners over a period of time? No?

23 MS. TAYLOR: No, I don't.

24 MR. JONES: What is the status on that current
25 funding level? That is why the program can continue,

1 because of what we commit --

2 MS. TAYLOR: Yes. That is -- okay. I'm sorry.
3 I misunderstood your question.

4 You know, I think that is something that is
5 considered every year by David and Liz and Melinda, with
6 input from myself and Katie, who administers this program.

7 By the way, I need to thank Katie for all of
8 the work that she has done as well. Not just
9 administering the program, but Victoria needed a lot of
10 data, and Katie provided that.

11 But that is something that is considered every
12 year as the budget is being put together. And so, you
13 know, unless something changes drastically, I don't --

14 MR. JONES: And I think this is -- the reason
15 why we got into this is because of the Legislature and our
16 ability to raise funds and get donations and answering
17 that. And so where we are. So what we are finding out
18 is, it's going to be hard.

19 MS. TAYLOR: Well actually let me just add to
20 that, Bob, because I think what --

21 MR. JONES: We want to grow the program.

22 MS. TAYLOR: Again, I don't know if this is in
23 the last page or not. We do a really -- and first of
24 all -- we have done a really good job of fundraising for
25 a lot of the other programs. You know, the homebuyer

1 education program.

2 MR. JONES: Okay. Right.

3 MS. TAYLOR: We have even -- we have fundraised
4 a lot for the ACT, Affordable Community of Texas, program.

5 MR. JONES: And that all counts toward --

6 MS. TAYLOR: And the Impact fund, all of this,
7 right. This is a different type of program.

8 MR. JONES: And that is why, as she said, it's
9 the Dellavedova on the thing.

10 MS. TAYLOR: Yes. It is a little bit -- it's a
11 different thing. And so this has been a tougher thing to
12 fundraise for. We have done it.

13 And we had hoped that the advisory council
14 members would be a bigger part of that, and that didn't
15 turn out that way. There were a few of them that were
16 definitely dedicated to that role of fundraising. Some of
17 them were not.

18 And so it didn't -- that did not materialize
19 the way we had hoped, and so -- which is part of why we
20 sort of suspended, you know, the advisory council, the
21 group for the moment. We didn't do away with it.

22 We put it on hold, because they weren't going
23 to have to score applications and so -- and because some
24 of them are not fundraising, then what were they going to
25 do?

1 So this is just a tougher program to fundraise
2 for. And really we kind of knew that. But, you know, and
3 Victoria, in some ways, sort of confirmed what we
4 expected, what we thought, especially in her conversations
5 with other funders.

6 But we do a really good job of fundraising for
7 the other programs that I mentioned. And those that will
8 continue.

9 MS. CORCORAN: Again, and I just -- go ahead.

10 MR. JONES: In light of the fact that you
11 brought us a lot of positive stuff and then bring it all
12 into reality, ultimately having to be the bearer of bad
13 news, is her role over in terms of her task and what she
14 was to do? Or --

15 MS. TAYLOR: Well, this part of, yes, it is.
16 It is for the time being. Yes. You know, we sort of
17 needed somebody to --

18 MR. JONES: An analysis.

19 MS. TAYLOR: To do analysis and speak to other
20 folks and research other, you know, potential options.
21 And so, she did that. And so we are taking this and the
22 one option that we think is a really good one and exciting
23 potentially, and we are going to figure out how to move
24 forward with exploring that.

25 MR. JONES: So who is going to monitor that?

1 Who knows the circles, who knows to find out -- she said,
2 keep your ear to the ground.

3 MS. TAYLOR: Yes.

4 MR. JONES: I mean, there has got to be some
5 circle that we are not privy to that would know that --

6 MS. CORCORAN: I would argue that you guys are
7 probably among the most privy.

8 MR. JONES: Okay. Didn't really know that.

9
10 MS. CORCORAN: Because you are so intimately
11 involved in the affordable housing space, not just on the
12 charitable giving side, but with bankers and developers
13 and all kinds of other --

14 MR. JONES: Somebody would probably let us know
15 that scenarios are out there.

16 MS. CORCORAN: I think so. And especially, if
17 nothing else, your great relationship with the Meadows
18 Foundation, I think we'll let the Meadows Foundation know
19 that this is kind of what we are looking for.

20 MR. JONES: Okay.

21 MS. CORCORAN: And they certainly -- the
22 foundations generally all talk to each other. But again,
23 kind of the takeaway is the Meadows Foundation happens to
24 be kind of the poster child for this. They would fund
25 this program all day long if they weren't funding

1 something else for even more money that affects even more
2 people.

3 MR. JONES: Like you said. So that is also a
4 positive suggestion.

5 MS. CORCORAN: Yes.

6 MR. JONES: Notify them to keep their ear to
7 the ground for somebody. Okay. I understand.

8 MS. CORCORAN: Yes.

9 MS. TAYLOR: Yes.

10 MR. JONES: I want somebody to take over that.

11 MS. TAYLOR: And so there are -- there's things
12 that we are going to start doing. And it really is a
13 matter of fact of -- a matter of Katie and I just kind of
14 thinking of organizations that we should start talking to,
15 that we should reach out to and have this conversation
16 with them. And it is a matter of doing that and setting
17 up meetings and talking to them and seeing how receptive
18 they are, or whether they know of other organizations that
19 could be a good partner. So it really is kind of a
20 matter -- it is just starting to talk to people about
21 this, because we haven't outside of internal conversation.

22 We just wanted to -- this is something that she
23 has been working on. And we talked about it before. I
24 mentioned that we hired somebody to look into this. And
25 we just wanted her to come and tell you what her research

1 had shown.

2 MR. DIETZ: I think that is good information,
3 because it helps you know where to spend your time.

4
5 MS. TAYLOR: Absolutely.

6 MR. DIETZ: You can take all these things off
7 your plate that probably are not going to be beneficial
8 and laser-focus on just where --

9 MS. CORCORAN: And not feel bad that you are
10 not doing X.

11 MR. DIETZ: Right.

12 MS. CORCORAN: Because X is just never going to
13 be an option.

14 MR. DIETZ: Right.

15 MS. CORCORAN: And I think that is the name of
16 the game in fundraising is it is about raising net
17 dollars. So the more time and effort you have to spend to
18 raise a dollar makes it a more expensive proposition. And
19 you know, so knowing where not to spend your time is
20 really important.

21 MS. TAYLOR: And Bill, you hit it on the nail,
22 exactly. Knowing what exactly -- you know, maybe stop
23 spending time working, you know, so much on this, and look
24 at what could be a possibility.

25 MR. DIETZ: That is an elephant-hunting

1 project. Stop hunting all the deer and antelope and hunt
2 for the elephant.

3 MS. TAYLOR: Exactly. And so I actually
4 don't --

5 MR. JONES: How about the rabbits?

6 MR. DIETZ: Right.

7 MS. TAYLOR: I don't see it as a negative,
8 really.

9 MR. JONES: No. Focus.

10 MS. TAYLOR: Actually, it comes out in some
11 things, that you know, we had thought of. And then it
12 also gives us something that we -- it is a little bit
13 outside the box of potentially finding a partner.

14 But at the same time, you know, you look
15 across, and there are many organizations that are
16 partnering at all levels, you know, whether it's at the
17 nonprofit level, in the government level, you know, for
18 profit.

19 It's that there are many organizations that
20 decide, you know, finding another organization that is
21 doing similar work, so we can have a bigger impact might
22 actually work. So that is what we are going to set out to
23 do.

24 MR. JONES: Any other questions?

25 (No response.)

1 MR. JONES: Discussion?
2 (No response.)
3 MR. JONES: Okay. Any public input?
4 (No response.)
5 MR. JONES: Thank you so much. Appreciate it.
6 MS. CORCORAN: Thank you.
7 MR. JONES: Help to bring us focus and clarity.
8 MS. TAYLOR: Okay.
9 MR. JONES: It was a good report.
10 David, any final comments from you?
11 MR. LONG: No, sir. Just as always, I would
12 like to mention that the next scheduled Board meeting is
13 Thursday, January 12, unless the Board is --
14 MR. JONES: I thought we were moving it to the
15 third Thursday.
16 MR. LONG: I am more than happy to do that. We
17 just -- I don't think we actually confirmed that with --
18 MR. JONES: Well, what you said was, if I
19 remember correctly, is that TDHCA is meeting on the second
20 Thursdays and sometimes my staff and others are required
21 to be there, so we should probably move it, so that there
22 is no conflict.
23 MR. LONG: I am fine moving it. I am not --
24 MR. JONES: That is what we said. Right?
25 MR. EVENWEL: You know, it was discussed so --

1 MR. JONES: It don't need a vote. All we got
2 to do is --

3 MR. EVENWEL: I know, but it was discussed
4 along do we really need to have someone at the TDHCA board
5 meeting?

6 MR. LONG: Well, you don't necessarily have to.
7 But there is the comment that they do meet on the same
8 day when you do. So if there is anybody that is trying to
9 attend both of those meetings --

10 MR. JONES: Like other officials and all

11 MR. LONG: You know, whether it be, you know, a
12 developer or whatever. It's just a thought that we were
13 looking at. Now, I am not suggesting we change just
14 because of that.

15 MR. JONES: Well, yes. But --

16 MR. LONG: But the question is, to allow for
17 Board membership to attend, to facilitate all that we need
18 to do, sometimes the second Thursday of the month falls
19 pretty early in the month --

20 MR. JONES: Right.

21 MR. LONG: -- and it causes some stress on the
22 accounting numbers being brought to bear. So, the
23 question is, if the Board wants to change --

24 MR. JONES: Right.

25 MR. LONG: Staff is fine any way you want to

1 go.

2 MR. JONES: Well, David -- my position, Gerry,
3 is that we say a date, and then we make sure we can have a
4 quorum, so it moves, anyway. So I'm saying let's say the
5 third Thursday, and we will still move it to whenever we
6 get the quorum. I mean, that is what we do anyway, even
7 though we say second Thursday.

8 MR. LONG: Well, I think for most of the Board
9 members, it is important to know what they are going to
10 calendar for travel purposes, whether it is the second
11 Thursday --

12 MR. JONES: But that is what I am saying. I
13 would prefer it to say third. And then, if we have to
14 move it up or move it back, we have got a week before, or
15 a week after.

16 MR. LONG: Mr. Dietz?

17 MR. DIETZ: I actually prefer the second, just
18 because there is a conflict with the McClennan County
19 Republican Club meetings on third Thursdays.

20 MR. JONES: The what?

21 MR. DIETZ: The McClennan County Republican
22 Club meeting.

23 MR. JONES: The what?

24 MR. LONG: Just for the record, we don't always
25 have to have it on Thursday. You can have it on

1 Wednesday. You can do it on Tuesday. It's at the Board's
2 discretion. Thursday has just been kind of the day that
3 was late enough in the week, on the second Thursday, it
4 gave us enough time, should it fall early in the month,
5 for accounting to have an opportunity to get bank
6 statements and financial numbers pulled together.

7 If you want to move it to the third week, pick
8 a day within that, and we can work within that as well.
9 It is up to the Board's decision. We will work within
10 whatever needs --

11 MR. JONES: I just have to coordinate with two
12 entities, the radio and like this morning, I pre-recorded.

13 MR. LONG: Right.

14 MR. JONES: -- and had to be on since 6:00 this
15 morning, because of the back flow from the industrial
16 district into the City water supply.

17 MR. LONG: Right.

18 MR. JONES: So I was doing constant updates
19 around the clock as I was getting them in on my texts all
20 morning long.

21 MR. LONG: Well, we are happy to change the
22 Board meeting to whatever date you want. If you want to
23 try Wednesday, the third Wednesday of the month, if you
24 want to try the --

25 MR. DIETZ: We used to meet on Fridays, didn't

1 we?

2 MR. LONG: We used to meet on Fridays. That's
3 right.

4 MR. JONES: Yes. But the problem with Fridays,
5 I think, was staff and everybody else --

6 MR. LONG: The conflict there was sometimes
7 there are holidays, national and/or federal holidays that
8 fall onto the state holidays, that fall into a Friday or a
9 Monday. So the Board elected to stay away from the Monday
10 or Friday scenarios.

11 MR. JONES: Okay. So it is not good for Mr.
12 Dietz to sit that in the -- so we leave it at the second
13 Thursday, and then see where we go.

14 MR. ROMERO: It makes it easier for me. I have
15 a conflict on Thursdays, because I have the Central
16 Appraisal District board meeting.

17 MR. JONES: Me too. Okay.

18 MR. LONG: There you go. So we will count it
19 as the second Thursday of January.

20 MR. JONES: Unless we can get a quorum.

21 MR. LONG: And unless we need to, so we will
22 let you know. Okay. With that, I have no other comments,
23 Mr. Chairman.

24 MR. JONES: Okay. I would like to thank our
25 court reporter. I appreciate you, sir, as always. And

1 also the staff, for the fine job that you do.

2 Mr. Dietz, for carrying on last month, in an
3 admirable fashion. I just got the gavel back from him,
4 this morning.

5 MR. DIETZ: Reluctantly.

6 MR. JONES: Reluctant. And so until the next
7 meeting, for David, everybody in the staff, support, we
8 appreciate you all.

9 Have a very happy holiday season. And if we
10 don't see you before, have a great, grand, and blessed New
11 Year. It is now 11:53. Meeting adjourned.

12 (Whereupon, at 11:53 a.m., the meeting was
13 concluded.)

C E R T I F I C A T E

MEETING OF: TSAHC Board

LOCATION: Austin, Texas

DATE: December 15, 2016

I do hereby certify that the foregoing pages,
numbers 1 through 79, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Joseph M. Schafer before
the Texas State Affordable Housing Corporation.

12/24/2016

(Transcriber) (Date)

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