

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
June 8, 2017
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, Vice Chair
GERRY EVENWEL, Member
JERRY ROMERO, Member

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MR. DIETZ: Okay. It is 10:32 a.m. on June 8.
And the Texas State Affordable Housing Corporation Board meeting for June is called to order. Our roll call, Bob Jones is absent. Bill Dietz, I am present.

Gerry Evenwel?

MR. EVENWEL: Here.

MR. DIETZ: Alex Meade?

(No response.)

MR. DIETZ: Is absent. Jerry Romero.

MR. ROMERO: Here.

MR. DIETZ: Okay. So we do have a quorum.
Is there any public comment before we get started?

(No response.)

MR. DIETZ: Okay. Hearing none, I will turn it over to David Long for the President's report.

MR. LONG: Thank you, Mr. Chairman, members.
As always, your first tab items in your Board book are your program and financial reports that are listed under Tab Items A through E, including quarterly reports for compliance and fundraising. There are no exceptional items to report regarding the financial reports.

A couple of updates for you: As you all know, the 85th Legislative Session ended May 29. The Governor's

1 Office has until June 18, 20 days after the end of the
2 final session or sine die, to review bills and legislature
3 passed, and then those get sent to the Governor's desk for
4 his signature or veto.

5 As you know, he has also called a special
6 session. So we will keep you up to date as to how things
7 move forward and what we feel, or address those items in
8 programs that we work with.

9 The Loan Committee, as you know, Mr. Romero
10 serves as our Board member for that, and our Board
11 Committee met actually twice, since we didn't have a Board
12 meeting in May. We met twice on May 18 and then
13 yesterday, June 7.

14 At the 18th meeting, while we didn't have any
15 loan requests or renewals to discuss, we did go over all
16 the monthly reports, and I don't believe there are any
17 exceptions in those reports that we discussed.

18 On June 7, the Committee did meet to consider
19 monthly reports and to take action on two existing loans.

20 Neither of those loans required Board action, and just
21 were able to be dealt with at the committee level. And we
22 did approve both an extension as well as some other
23 actions on that second loan that we had the
24 reconsideration on.

25 Under fundraising activity, as I mentioned

1 before, under Tab Item D, the quarterly fundraising report
2 is included. I would like to make a couple of quick notes
3 to that.

4 Wells Fargo Housing Foundation provided us, in
5 the last 30 days, a \$7,500 grant in support of the Texas
6 Statewide Homebuyer Education Program. In addition, as of
7 just this week, Frost Bank also provided us a grant for
8 \$2,500, in support of the same program, the Texas
9 Statewide Homebuyer Education Program.

10 I would like to thank both of those
11 organizations. They continue to be very big supporters of
12 our programs, and it is really a nice way for us to
13 continue to provide homebuyer education, training to the
14 counselors that we rely on to make sure our borrowers are
15 as educated as possible when they access our programs.

16 For the record, Mr. Romero probably doesn't
17 want me to state it, but I just think it is important that
18 we recognize the support that we have had from Wells Fargo
19 over the years. And we ran a report, just to kind of
20 double-check on some things, and so I don't have this for
21 everybody.

22 Mr. Romero, I would like to note that to date,
23 the Corporation has received in excess of \$300,000 in
24 grants from the Wells Fargo Housing Foundation and Wells
25 Fargo. And that is in addition, Mr. Chairman, as you

1 know, from the EQ2 that we received from them several
2 years ago, for a million dollars.

3 So we are very thankful for the support, Mr.
4 Romero. And we appreciate the continued activities that
5 we have in support of the programs.

6 Under the homeownership programs, as you know,
7 we have been transitioning since April 1 to our new master
8 servicer, which is Lakeview Loan Servicing. I am happy to
9 report that that transition has gone smoothly with limited
10 incident. We have been able to resolve any and all issues
11 there.

12 We made that transition starting April 3, and
13 we are very pleased with the positive response we have had
14 from both our lenders and our borrowers, and the
15 activities. And while it has only been two months since
16 we transitioned, we anticipate demand for the program will
17 continue to grow through the summer months, as those
18 typically are our highest levels of home buying activity.

19
20 Other activities, the Homeownership Team
21 continues to provide trainings via our online trainings,
22 which we offer for Module I, Module II, which is our
23 introduction to reservations and clients review trainings.

24 They had -- since our last Board meeting in April and
25 May, they have completed -- we had lender staff, loan

1 officers, loan writers and whatnot, over 1,300 people took
2 part and participated in those trainings online, so we are
3 very happy with that activity.

4 The Homeownership Team continues to do the down
5 payment hurdle classes and webinars. And since our last
6 meeting, they provided training to 340 realtors.

7 So again, you can see the activity and the
8 interest in our programs. And we are very thankful that
9 Joniel and Sarah continue to provide that training and
10 make access to these programs available.

11 Upcoming events, Sara and Delia will be
12 attending the Affordable Homes of South Texas or ASI
13 Homebuyer Fair in McAllen, Texas, later this month.
14 Currently we are accepting reservations for the upcoming
15 Texas Statewide Homebuyer Education Program, which is
16 scheduled for July 24th through the 28th.

17 I would like to again thank our major partner
18 in that, which is the Federal Reserve Bank of Dallas, for
19 hosting that training. They do that at no cost to us and
20 are very, very gracious in the space that they offer and
21 the amenities they provide during that training. And we
22 just want to continue to thank them for that.

23 And as I mentioned earlier, we have Wells Fargo
24 and, most recently, Frost Bank contributing to those
25 trainings and the TSHEP program. And I just want to thank

1 all of our sponsors in that. And to date, for this year,
2 we received \$47,500 in support of that program.

3 Other activities, the Texas Community Capital
4 Board met on May 25. Again, thanking Mr. Romero, Cindy
5 Leon, who are our two Board member representatives for
6 that. Texas Community Capital is the small nonprofit that
7 we participate in with the Texas Association of CDCs, as a
8 third-party entity for providing economic development and
9 housing development across the state. Ms. Leon and Mr.
10 Romero both were present for attending that meeting.

11 The only update that I can provide you on that
12 is that there was a Board members change at the TACDC, is
13 actually losing one of their Board members. Mr. Gerald
14 Carlton, who has been on the Board since we constituted
15 that organization, he is leaving to do other things.

16 And they've reappointed a new Board member.
17 His name is Victor Elmore, and he is with the Texas
18 Mezzanine Fund. And so we look forward to working with
19 him, going forward.

20 I am going to make a quick announcement of some
21 things that we did internally here.

22 Last month, we had a staff recognition. We
23 hadn't done this in a while, and I thought it was very
24 appropriate. And Ms. Taylor and Ms. Bayless and I got
25 together, and we had some discussions.

1 And after talking with Melinda Smith, we
2 decided it was time to recognize some of the really
3 positive impact our staff has around here. And what you
4 may not know, is we have a lot of staff that have been
5 here a long time, and I am very proud of that, that we
6 have had very strong support from our staff, and they
7 continue to be here for the right reasons. And I think it
8 is important that we recognize them. And last month, we
9 recognized quite a few staff. But I just will read you
10 the names of the people in line.

11 We have six members of our staff that have been
12 here five years or longer. And they include Betsy
13 Aldrich, Katie Claflin, Liz Bayless, Jo Keene, James
14 Matias and Tim Almquist all here five years or longer.

15 We have four members that have been here ten
16 years or longer: Nick Lawrence, Laura Ross and Janie
17 Taylor and David Danenfelzer. Two members of the staff
18 have been here 15 years or longer, and that would be
19 myself and Ms. Smith. We came on board right about the
20 exact same time.

21 And then we actually have one member who has
22 been here 20 years. Why she has been able to stick
23 around, I don't know. She just likes us that much, I
24 guess. And that is Cynthia Gonzales.

25 And I just want the Board to recognize the

1 continuity, the consistency and the willingness of the
2 staff to be here. And I am very proud to have them here.

3 So I wanted to make the Board aware of that.

4 I also like to recognize our professionals that
5 are in attendance. Ms. Karen Kennard is here with
6 Greenberg, Traurig our General Counsel. Robert Dransfield
7 was going to be here, but he got pulled away to jury duty,
8 so he won't be here.

9 But I do have several people that are from
10 Hilltop Securities, our financial advisor firm. Tim
11 Nelson is here. Eric Pike is here. Their newest
12 employee, Claire Merritt is here. And then they have an
13 intern, Emma Wilkins is here as well. Thank you for
14 sitting right over here in a row, taking up one whole row.

15 I am going to embarrass Eric Pike because
16 Claire is going to be taking his place. Eric is leaving
17 Hilltop Securities, and so this will probably be the last
18 meeting we will have Eric in attendance with Hilltop. So
19 Eric, thank you for your time and service.

20 And with that, Mr. Chairman, I will conclude my
21 remarks. And if there is any questions or anything, we
22 want to have myself or staff come up and help and answer
23 any questions.

24 MR. DIETZ: Great. Thank you very much.
25 Congratulations for all of our model tenured employees.

1 MR. EVENWEL: I would assume there is no
2 problem with the budget even though there is minus 326
3 percent?

4 MR. DIETZ: That is not going to be a problem.

5 MR. LONG: No. It is timing. A lot of that is
6 timing.

7 MR. EVENWEL: That is what I thought. Yes.

8 MR. LONG: As you know, as the example, we had
9 activities that we collect fees up front, or we are having
10 to lay down a year.

11 We also had a single family program, where we
12 had a lot of cash outlays that come back over time. And
13 so I would tell you I am not worried about it at all.

14 MR. EVENWEL: And you have cash in the bank?

15 MR. LONG: Yes, sir. That is correct. I mean,
16 obviously, we would provide you a cash budget. And we do
17 some activities related to that, but we also have an
18 accrual analysis that we do. And I am not worried at all.

19 But I appreciate your bringing it up, because I
20 mean, Melinda and I actually had a conversation about
21 this, and we thought there might be a question on it. But
22 if you --

23 MR. EVENWEL: I looked at it and said, I have
24 never seen that negative by that much.

25 MR. LONG: Yes. If you have a question on it,

1 we are more than happy to answer your questions.

2 MR. EVENWEL: I understand the timing on it.

3 MR. LONG: Yes. But I think --

4 MR. EVENWEL: My wife doesn't. But I --

5 MR. LONG: But we did try to provide some
6 footnotes, Mr. Evenwel, on the back page there, to kind of
7 give you the idea of the timing and all of that.

8 MR. EVENWEL: Yes.

9 MR. LONG: But if -- I would hope that it would
10 become obvious that number starts to transition around
11 real heavily. So that would be my answer to you.

12 MR. EVENWEL: Great.

13 MR. LONG: It may not be what you wanted to
14 hear, but that is where we are at.

15 MR. EVENWEL: No. I was concerned.

16 MR. LONG: Yes. And you're right, we do have
17 cash reserves, so we're not real concerned about it at
18 all.

19 Any other questions, members?

20 (No response.)

21 MR. EVENWEL: I like that D report you do on
22 everything that you're collecting, all your income stuff.

23 MR. LONG: That is Melinda, Nick and Betsy.

24 MR. EVENWEL: Okay. That is good to have.

25 MR. LONG: Thank you. We will continue to

1 provide it.

2 MR. DIETZ: Great. Any other questions or
3 comments? About anything pertaining to the President's
4 report?

5 (No response.)

6 MR. DIETZ: Okay. Hearing none, we will move
7 on to our action items for our meeting today. Tab 1
8 involves the presentation, discussion and possible
9 approval of the minutes of the Board meeting, held on
10 April 11, 2017. Have you all had a chance to review the
11 minutes?

12 MR. ROMERO: I will make a motion to approve
13 the minutes as presented.

14 MR. EVENWEL: I always have a little question.
15 On page 2, on the very last paragraph, first sentence. I
16 just feel there is an action verb missing in that
17 sentence. Correction is then needed something in the
18 minutes from March. Is there something missing there? I
19 mean, I just -- when I read it, I said, it doesn't flow.

20 MR. LONG: I was probably cutting and pasting
21 and trying to make action and left off a word. I am
22 willing to make that correction.

23 MR. EVENWEL: That is it.

24 MR. LONG: Would you like to add? Do you have
25 any suggestion?

1 MR. EVENWEL: No. I was just looking at and
2 saying, I am not sure even how to fix it.

3 MS. BAYLESS: Can you say that word?

4 MR. LONG: That what?

5 MR. EVENWEL: The wording.

6 MR. LONG: Okay. I will add that. We will
7 make that change.

8 MR. DIETZ: Great good catch. Good eye.

9 MR. EVENWEL: Second.

10 MR. DIETZ: Okay. The approval of the minutes
11 from the April 17 meeting has been motioned and seconded
12 with the one correction at the bottom of page 2. Is there
13 any public comment?

14 (No response.)

15 MR. DIETZ: Hearing none, all in favor?

16 (A chorus of ayes.)

17 MR. DIETZ: All opposed?

18 (No response.)

19 MR. DIETZ: Okay. Tab 1, the approval of the
20 minutes from April passes.

21 Tab 2 is presentation, discussion and possible
22 approval of a Resolution authorizing the issuance of Texas
23 State Affordable Housing Corporation Multifamily
24 Tax-Exempt Mortgage-backed Securities Series 2017, an
25 Indenture of Trust, a Financing Agreement, a Securities

1 Purchase Agreement, an Asset Oversight, Compliance and
2 Security Agreement, a Regulatory Agreement, a Preliminary
3 Disclosure Statement and a final Disclosure Statement;
4 authorizing the execution of documents and instruments
5 necessary or convenient to carry out the issuance of the
6 Certificates; and other provisions in connection
7 therewith.

8 MR. EVENWEL: Good job.

9 VOICE: Meeting's over.

10 (General laughter.)

11 MR. DANENFELZER: Thank you very much. David
12 Danenfelzer, Senior Director of Development Finance. Yes,
13 we are bringing back Brooks Manor Apartments project
14 today. We are ready to move forward with your final
15 approval from our Board. For -- to let you understand, we
16 did review this project early on last fall.

17 We induced it, and we are continuing to work
18 with the developer and all the financial partners to move
19 forward with all the necessary bond documents. I have
20 here today actually all the signature pages, as well as
21 some of the documents that we need to sign. And it is a
22 good starter.

23 Liz Bayless or David Long, based on the
24 approval, if that is granted today, of the resolution,
25 will have authority to sign the rest of the documents at

1 closing once we are ready.

2 The transaction has moved forward really quite
3 smoothly. It is a fairly standard transaction with bonds
4 being issued. There is a Fannie Mae mortgage-backed
5 security that is issued on the back side, as part of the
6 collateral and the guaranty. And so we feel very
7 comfortable with what has been put together by both the
8 underwriters, Fannie Mae and all the banks and financing
9 partners put together.

10 A couple of small things that we may have
11 changed since we last looked at this. I do know in
12 looking at this writeup versus the original, there is a
13 little bit more money that was brought to the table
14 through both equity partners and others, to make sure that
15 additional rehab could be done.

16 Our original transaction, when we looked at
17 this last fall, we had hoped to get a very quick
18 transaction done under the 2016 rules for Housing Tax
19 Credits. But because we didn't get that and we weren't
20 able to complete it at that time, then we are subject to
21 some new requirements for some additional rehab.

22 And so the rehab budget is going from around
23 \$27,000 actual construction costs for a property up to
24 \$30,000 for -- I should say per unit, not per property.
25 So there is about \$3,000 in additional expenditures that

1 need to be done.

2 And some of those are just minor things like
3 energy efficiency items. Some of them also are just cost
4 adjustments, based on the fact that the construction
5 budgets that they originally had kind of floated over a
6 couple of months and there was some cost change.

7 But we still feel that this is a great deal.
8 It is a 50-unit affordable senior project in West
9 Columbia. I have gone to visit the property. The tenants
10 actually keep things up very nicely, but it is old, and it
11 does need rehab.

12 So staff was very excited to kind of move
13 forward and get approvals. I will note that, you know,
14 staff and directors will not close on this transaction
15 until all of the other parties are in one place, and we
16 are waiting on that Housing Tax Credit approval, which is
17 anticipated June 29.

18 And then we will, on or before June 29, also
19 submit to the Bond Review Board for their final approval.

20 But we have already begun discussions with them,
21 educating them about the transaction and making sure that
22 we can get a quick turnaround on that.

23 The anticipated closing date is the second, but
24 possibly the third week of July. That's when we are
25 looking in those times frames for a closing on the

1 transaction.

2 MR. EVENWEL: I think I've slept since the last
3 meeting. When was this built?

4 MR. DANENFELZER: So this -- the property was
5 built in 1981.

6 MR. EVENWEL: Right.

7 MR. DANENFELZER: Yes. And we did discuss that
8 in the original writeup back in October when we --

9 MR. ROMERO: It was 30, 35, almost 40 years
10 old.

11 MR. DANENFELZER: Yes. And frankly, it looks
12 in great condition. There is roofing concerns, though,
13 that need to be taken care of.

14 You know, West Columbia itself is close to the
15 coast. And it did not get a direct hit from Hurricane Ike
16 in 2008, but there was some wind damage at that time, and
17 insurance paid for most of the recovery.

18 But it is still an older building. It is all
19 one-story apartments. And it is quite spread out. But
20 the sidewalks are also quite outdated. There needs to be
21 some accessibility upgrades and energy efficiency upgrades
22 to make this a new property.

23 The HUD, in regard to their Section 8 project-
24 based contract, has already verbally approved that and
25 actually in email has approved the extension for a new 20-

1 year contract, but we do not have the official HUD
2 signatures and signoffs.

3 But we generally don't see that until a week
4 after closing, when HUD releases their final approval of
5 the commitment and the contract.

6 MR. ROMERO: So you mentioned 3,000 additional
7 per unit --

8 MR. DANENFELZER: Yes.

9 MR. ROMERO: -- that wasn't in the original
10 proposal. That doesn't impact the total amount we
11 approve. Is that correct?

12 MR. DANENFELZER: Well, the total amount we are
13 approving is a little bit higher than what we originally
14 did, but we typically provide a cushion in our
15 resolutions. We did the original resolution at 5 million.
16 And so the budget has gone up by around 300,000 total.

17 They found some savings elsewhere and put that
18 more into the construction costs. So the overall bond
19 originally was about 3-1/2 million when we looked at this
20 in October, but it is up to 4.23 million now.

21 And that is -- again, that is just a factor of
22 kind of shifting some of the monies around and needing
23 some additional funds. But we still feel it is very
24 feasible.

25 And HUD in particular had a big shift in the

1 Houston market for their contract rents. They went up
2 about \$250 apiece, so that made a huge difference in the
3 ability to carry some additional debt and get all of that
4 additional rehab done.

5 MR. ROMERO: My question is, even though the
6 budget changed, it's not exceeding what we approved
7 originally?

8 MR. DANENFELZER: Correct. It's not exceeding
9 what we approved originally. Correct.

10 MR. DIETZ: Any other questions?

11 (No response.)

12 MR. DIETZ: Comments?

13 (No response.)

14 MR. ROMERO: I will make a motion to approve
15 the item as presented.

16 MR. EVENWEL: Second.

17 MR. DIETZ: Okay. It has been moved and
18 seconded to approve Tab Item 2. Is there any public
19 comment?

20 (No response.)

21 MR. DIETZ: Hearing none, all in favor of Tab
22 Item 2, as presented?

23 (A chorus of ayes.)

24 MR. DIETZ: Any opposed?

25 (No response.)

1 MR. DIETZ: Okay. It passes as presented.

2 MR. DANENFELZER: Thank you very much.

3 MR. DIETZ: Thank you.

4 MR. EVENWEL: Aren't you going to show us all
5 the signatures?

6 MR. DANENFELZER: Later.

7 MR. EVENWEL: Okay.

8 MR. DIETZ: Okay. Tab Item 3, the
9 presentation, discussion and possible approval of the
10 Texas State Affordable Housing Corporation fiscal year
11 2018 investment policy.

12 MS. SMITH: Thank you, and good morning. My
13 name is Melinda Smith. I am Chief Financial Officer. As
14 Mr. Dietz just pointed out, we are here requesting that
15 the investment policy be approved.

16 We are required to bring it to the Board
17 annually per the Public Funds Investment Act. Any changes
18 that are required because of the law or something else
19 that we deemed necessary this year, we do have -- there
20 were some changes that the Legislature made that we have
21 incorporated into the policy.

22 And if you will begin on page 2 of the
23 investment policy, I will just briefly go over what those
24 changes were.

25 House Bill 1701 changed the requirement that we

1 ask banks to certify the investment policy. We used to
2 have to send the investment policy out to everybody, and
3 they would have to certify that they had read it and
4 understood it and send that certification back to us.

5 Some organizations are still required to do
6 that, but most of them are no longer required to do that.
7 So we removed the certification as an exhibit to the
8 investment policy. And the Attachment A in the Table of
9 Contents is removed on page 2.

10 If you go to page 4, in the middle of the page,
11 we've just made some changes to clean up the language
12 there and use the appropriate names for the Government
13 National Mortgage Association, the Federal National
14 Mortgage Association, et cetera.

15 On page 6, we kind of come back to this issue
16 of the requirement that we have, the brokers and dealers
17 signed certification. So the changes that you see on
18 these -- on this page reflect the change for House Bill
19 1701.

20 On page 7, at the top of the page, we have just
21 added some emphasis, that the Corporation will only use a
22 nondiscretionary investment advisor, as opposed to a
23 discretionary investment advisor.

24 The difference is just simply that if we had a
25 discretionary investment advisor, they would be doing

1 everything for us. They would be analyzing our cash flow,
2 making our investments, doing everything. And of course,
3 we do not allow anyone to do that. We monitor our own
4 cash flow and investments, with the assistance of our
5 investment advisor.

6 Right under that, we have just removed the
7 reference to the certification in the back, again. And
8 then the two changes below that are also relating to the
9 removal of that requirement.

10 At the bottom of the page 7, we just cleaned up
11 some language. Linda wanted to -- Linda Patterson, our
12 investment advisor, wanted to add the National Credit
13 Union Insurance Fund or its successor, so that this was
14 consistent with the law.

15 On page 8, we have just removed a reference to
16 Section 8 of the policy, because it was incorrect.

17 MR. ROMERO: I'm sorry. Go back to 7, you
18 said.

19 MS. SMITH: Yes.

20 MR. ROMERO: NCUA was added, or is it just a
21 credit union designation?

22 MS. SMITH: I'm sorry?

23 MR. ROMERO: You said something about NCUA, the
24 National Credit Union --

25 MS. SMITH: We have added it. It was not there

1 previously.

2 MR. ROMERO: Okay.

3 MR. EVENWEL: And, Melinda, this is just minor,
4 in that shouldn't there be a comma right after "or its
5 successor," the Oxford comma issue?

6 MS. SMITH: I see. Yes. We'll make that
7 change. Thanks.

8 Again, page 8, we talked about that; just
9 removing the Section 8 reference, which was just an error.

10 On page 9, Linda has added a -- under Item
11 7(b), referring to local Government pools, creating a
12 credit rating of B-1. And I actually looked this up. It
13 has to do with market volatility, I believe, but it
14 escapes my memory right now exactly what that means. But
15 it is a requirement, and I would be happy to look it up
16 and send you the definition.

17 Let's see here. And I believe -- okay. On
18 page 11, we have added a sentence just to emphasize that
19 for collateral purposes, we don't -- will not accept a
20 letter of credit that is not authorized under the Public
21 Funds Investment Act.

22 MR. ROMERO: Where is that, Melinda? I think
23 your pages are one off of ours.

24 MS. SMITH: You know, that always seems to
25 happen to me. I apologize. Is that on page 12?

1 MR. LONG: Mr. Romero, it is under Section
2 14(b).

3 MR. ROMERO: Yeah, I've got it.

4 MR. LONG: Okay.

5 MS. SMITH: Okay.

6 MR. EVENWEL: The paper copy of it is correct.

7 MR. LONG: Good.

8 MS. SMITH: Okay. Thank goodness.

9 MR. EVENWEL: The computer.

10 MS. SMITH: Okay. And then I believe there are
11 no other changes until the very end of the policy, where
12 we just simply removed the attachment, which is the
13 certification.

14 So we are requesting that the Board approve the
15 amended investment policy for fiscal year 2018.

16 MR. DIETZ: Thank you very much.

17 MS. SMITH: Thank you.

18 MR. DIETZ: Questions?

19 (No response.)

20 MR. DIETZ: Comments?

21 (No response.)

22 MR. DIETZ: I would entertain a motion.

23 MR. EVENWEL: Move we approve.

24 MR. ROMERO: I second.

25 MR. DIETZ: Okay. It has been moved and

1 seconded that we approve the 2018 investment policy as
2 presented with the modifications that were made. Is there
3 any public comment?

4 (No response.)

5 MR. DIETZ: All right. Hearing none, all in
6 favor?

7 (A chorus of ayes.)

8 MR. DIETZ: Any opposed?

9 (No response.)

10 MR. DIETZ: Great. The investment policy for
11 2018 is approved as presented with the changes noted.

12 Unless there is any objection by the other
13 Board members, I would like to skip to Tab 5, and we will
14 take Tab 4 at the end because we have some additional
15 discussion about that for us.

16 So all right. Great, hearing no objection, we
17 will skip to Tab 5. We will come back to Tab 4 in a
18 minute.

19 Tab 5 is the presentation, discussion and
20 possible approval of a resolution to restate, ratify and
21 affirm the officers of the Corporation and to designate
22 officers with signature authority for the Corporation.

23 MS. SMITH: The bylaws of the Corporation
24 require that the officers are approved annually. Section
25 3.2 of the bylaws requires that the board of directors of

1 the Corporation appoint or ratify the officers of the
2 Corporation each year.

3 So that is what we are doing here, is just
4 bringing that to the Board the resolution identifying the
5 officers of the Corporation, which are Mr. Long as
6 President, Ms. Bayless as Executive Vice President, myself
7 as CFO, Laura Ross as Secretary, and Cynthia Gonzales as
8 Assistant Secretary.

9 So we are asking the Board to approve the
10 resolution to authorize the officers and our signature
11 authority.

12 MR. ROMERO: I move to approve.

13 MR. EVENWEL: Second. Plus a question.

14 MS. SMITH: Sure.

15 MR. EVENWEL: What I read through here and the
16 things that you all have to do, one of the things, it said
17 that you have to -- before we read this motion, you have
18 to say, yes, I want this job. And I was thinking about
19 that, you know, Yes to the Dress.

20 So yes. Has anybody asked you if you want the
21 job that we are electing you to? And is your answer yes?

22 MS. SMITH: Yes.

23 MR. EVENWEL: Of the five people we are doing
24 this with.

25 MR. LONG: My answer is yes.

1 MR. EVENWEL: Okay. I mean, are you answering
2 to us or the Chairman or to you, as the President, or who
3 would accept that yes?

4 MR. LONG: I don't know the answer to that
5 question.

6 MR. EVENWEL: I am just -- a question.

7 MR. LONG: I would assume that we would be
8 responsible.

9 MR. EVENWEL: I mean someone has to sit down
10 and say, you have to -- you all have to say yes, I want
11 this. I mean, yes, we are going to elect you. But yes, I
12 also want this job. And you are supposed to say that
13 before we make this motion.

14 MS. SMITH: I guess that is --

15 MR. EVENWEL: Help me out, maybe.

16 MS. SMITH: Is that in the -- where are you
17 reading that?

18 MR. EVENWEL: I forget where I read it. I
19 thought I had underlined it. But somewhere in this three
20 or four pages, it said that. But anyhow, if that is not
21 true, then never mind.

22 MR. ROMERO: I would think it would be suitable
23 for the President to accept that yes answer from
24 everybody --

25 MR. EVENWEL: Okay. But my question was, has

1 he accepted that, before we make this motion?

2 MR. ROMERO: It says right here, under the
3 resolution will be introduced and considered for adoption
4 at the meeting, and each said officer and or members
5 consent in advance to the holding of the meeting for said
6 purpose.

7 MR. EVENWEL: There you go. So have they all
8 assented to that?

9 MR. LONG: Yes.

10 MS. SMITH: Yes.

11 MR. EVENWEL: Okay. Do I hear it from all
12 four?

13 MR. LONG: Well, Cynthia is not here.

14 MR. EVENWEL: Has she done that? Anyhow, and
15 now we can vote.

16 MR. DIETZ: Okay. I think for the record we
17 can rely on everybody has assented to that, via David
18 Long, the President. And Mr. Long has assented to that to
19 us, on the record, to the Board.

20 MR. LONG: Correct.

21 MR. EVENWEL: Sorry. Sorry to be that --
22 troubling stuff like that.

23 MR. DIETZ: No, that is a good catch.

24 MR. LONG: No problem. We appreciate your
25 consideration.

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

2 MR. EVENWEL: Second.

3 MR. DIETZ: Okay. It has been moved and
4 seconded that the ratification and affirmation of the
5 officers of the Corporation as presented be approved. Is
6 there any public comment?

7 (No response.)

8 MR. DIETZ: Okay. Hearing none, all in favor?

9 (A chorus of ayes.)

10 MR. DIETZ: Any opposed?

11 (No response.)

12 MR. DIETZ: Okay. That motion passes. And the
13 officers as listed are duly noted with their signature
14 authority.

15 Before we move on to Tab Item 4, the Board will
16 go into closed session to take up one item. This is in
17 pursuance with Section 551.071 of the Government Code.
18 The Board will discuss Tab Item 4 and some legal issues
19 related to the 2018 brokers listing.

20 In the Executive Session will be the Board, Mr.
21 Long, Ms. Bayless, and our attorney. Is there any
22 objection to going into Executive Session on the item
23 announced?

24 (No response.)

25 MR. DIETZ: Okay. Hearing none, the Board will

1 now go into Executive Session.

2 (Whereupon, the Board recessed into Executive
3 Session at 11:00.)

4 MR. DIETZ: It is 11:38 on June 8. We are out
5 of closed session. In closed session, we took up a
6 discussion, one item of legal matters related to Tab 4 of
7 the 2018 broker listing. Of course, no action was taken
8 there in closed session.

9 So now, let's move back into our meeting and
10 take up Tab item 4, which was postponed. Tab item 4 is
11 the presentation, discussion and possible approval of the
12 Texas State Affordable Housing Corporation's fiscal year
13 2018 broker listing.

14 MS. SMITH: Thank you. My name is Melinda
15 Smith, and I am the Chief Financial Officer. Just like
16 our investment policy, we are required by the Public Funds
17 Investment Act to bring the broker listing to the Board
18 annually, to have it approved.

19 This is our list. We have made some additional
20 changes to the document you see before you because of the
21 certification that we are going to do by House Bill 1701.

22 That is why we removed the language at the top dealing
23 with the certification in writing to the policy and the
24 broker listing.

25 The other changes -- it is for the same thing.

1 And then on the list of brokers, the second and third
2 entities listed, there was just a name change on those
3 financial institutions. First Tennessee is now FTN
4 Financial, and GX Corp is International FCStone.

5 And then we had a misspelled word under number
6 10, we had an e in Stifel Nicholas, and so we removed the
7 E. And we are requesting that the Board authorize the
8 broker/dealer list with the changes reflected.

9 (Pause.)

10 MR. DIETZ: Any comments?

11 (No response.)

12 MR. DIETZ: Questions?

13 MR. EVENWEL: The only -- Stifel -- I believe
14 Stifel was spelled S-T-I-F-E-L.

15 MS. SMITH: It is spelled with an E?

16 MR. EVENWEL: I don't think there is an E at
17 all.

18 MR. LONG: She took it out.

19 MS. SMITH: Yes. I took it out.

20 MR. ROMERO: It is showing us that you removed
21 it.

22 MR. LONG: That's one of the corrections, Mr.
23 Evenwel.

24 MR. EVENWEL: Okay. I understand.

25 MR. DIETZ: Great. Is there any motion?

1 MR. ROMERO: I will make the motion to approve
2 the broker list with recommended changes.

3 MR. EVENWEL: Second.

4 MR. DIETZ: Okay. It has been moved and
5 seconded that we approve the 2018 broker listing with the
6 noted changes. Is there any public comment?

7 (No response.)

8 MR. DIETZ: Okay. Hearing none, all in favor?

9 (A chorus of ayes.)

10 MR. DIETZ: Any opposed?

11 (No response.)

12 MR. DIETZ: Okay. Let the record show that we
13 had two ayes, and no opposed, and I abstained.

14 MS. SMITH: Thank you so much.

15 MR. DIETZ: And I guess that means it passes.

16 MS. SMITH: Uh-huh.

17 MR. DIETZ: Okay. Great. Thank you very much,
18 Melinda.

19 Great. Any other items to be discussed during
20 the meeting today?

21 MR. LONG: Mr. Chairman, no, there are not. I
22 will be looking at the Board, talking about our next
23 scheduled Board meeting. It may need to happen sooner
24 than the regularly scheduled time of July 13, but I will
25 be checking with each of the Board members, accordingly.

1 MR. DIETZ: Great. Any other comment?

2 (No response.)

3 MR. DIETZ: Any public comment?

4 (No response.)

5 MR. DIETZ: Nothing? Okay. Well, with that,
6 it is 11:42 on June 8, and we are adjourned.

7 (Whereupon, 11:42 a.m., the meeting was
8 concluded.)

