

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,  
February 15, 2018  
10:45 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair  
WILLIAM H. DIETZ, JR., Vice Chair  
GERRY EVENWEL, Member  
JERRY ROMERO, Member

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P R O C E E D I N G S

MR. JONES: It's now 10:45, and the February meeting -- the board meeting of the Texas State Affordable Housing Corporation is now called into order.

William Dietz, vice chair.

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel, member.

MR. EVENWEL: Here.

MR. JONES: Jerry Romero, member.

MR. ROMERO: Here.

MR. JONES: And I'm here. We have a quorum.  
Okay.

Is there any public comment at this time?

(No response.)

MR. JONES: Okay. At this time, David Long, the president's report.

MR. LONG: Good morning, Mr. Chairman and members. As always, the program and financial reports are listed under tabs A through B of the Board book, which includes the Quarterly Compliance and Resident Services Reports under Tab C, that's your quarterly report. We don't always have that. And there are no exceptions reported in the financial reports that are listed under Tab D.

A couple of updates: The Texas loan -- TSAHC's

1 loan committee, which includes Mr. Romero as our board  
2 representative, had meetings both in January and February.

3 And while we really didn't have any new loans that were  
4 brought to the board for consideration under that, we do  
5 continue to have those meetings and take actions regarding  
6 a couple of pending items on existing loans.

7 And I do like to always recognize and thank Mr.  
8 Romero for his participation and leadership on the  
9 committee.

10 Mr. Romero, do you have any comments related to  
11 the meetings?

12 MR. ROMERO: Just that we continue to go over  
13 the processes that TSAHC has on their process to make  
14 loans, follow up on existing loans, any issues that we  
15 have with problem loans, and I think the process really  
16 helps us -- helps me, anyhow, because we identify  
17 additional steps that we can take to ensure that we're  
18 minimizing our risk when it comes to what we're doing out  
19 in the communities.

20 MR. LONG: And I'd like to thank Jo Keene and  
21 David Danenfelzer, because that's really their portfolio  
22 loans that we look at, and we've asked Jo to kind of step  
23 in and manage those meetings and kind of lead them as we  
24 go along.

25 So neither one of them are here today. They're

1 actually out at a property. So they're not here for me to  
2 recognize them.

3 Under the homeownership program -- a quick  
4 summary on 2017. I think the Board knows that we made a  
5 change in master servicers, and as a result of that, we  
6 had a phenomenal growth in our volume.

7 And I just thought it would be good for me to  
8 let the Board hear the numbers that we recognized in 2017  
9 so that you can acknowledge just how much the staff and  
10 everybody, including accounting and the homeownership team  
11 and everybody else that had to help out, did end up  
12 participating and make sure we got this all done.

13 In 2017, the notes that I have show that the  
14 corporation provided \$35 million in down payment  
15 assistance to homebuyers in the form of grants for a  
16 mortgage total of just over \$850 million in loans. What  
17 you might want to know is that in 2016, I think that total  
18 was in the 215 to 240 range -- 240 million, so almost four  
19 times the volume that we did.

20 And I think it's a phenomenal benefit for the  
21 corporation to be able to serve as many people as we did  
22 in Texas, as well as just to show just how capable this  
23 staff is to step up when the opportunity arose.

24 Also, this last month, we recognized our top  
25 lenders in that program. We recognized Stacy Lynn

1 Schriever of NTFN, really known as Premier Lending --  
2 excuse me -- Premier Nationwide Lending; also recognized  
3 Ginger Smith, NTFN as well, with Premier Nationwide  
4 Lending; and then Liz White, of PrimeLending.

5 We also recognized our three top mortgage  
6 companies. PrimeLending -- that's no surprise to you,  
7 that two of the top lenders were from that organization --  
8 Fairway Independent Mortgage Company, and Guild Mortgage  
9 Company were our two three companies as far as volume.

10 So we'd like to thank all of them, and there's  
11 additional information about our top participating loan  
12 officers, as well as mortgage companies, available on our  
13 website if you want to read up a little bit about any of  
14 those organizations or individuals.

15 MR. JONES: Excuse me. Is there anything that  
16 we have in writing that talks about that 850 million  
17 number?

18 MR. LONG: No. I can give you a summary of it.  
19 It would --

20 VOICE: Actually, I think it's in the --

21 MR. LONG: In the annual action plan?

22 VOICE: Only the column Buyers Assisted, not  
23 the total mortgage volume.

24 MR. LONG: I can give you that information, Mr.  
25 Jones.

1 MR. JONES: It's an interesting number about,  
2 you know, what -- it's an achievement.

3 MR. LONG: Yeah, it's huge. I mean, it was  
4 very -- and it -- took a lot of effort on staff's part to  
5 make sure that we were able to meet all the demand,  
6 including making sure we had the staff resources in order  
7 to -- financial resources and staff resources to make sure  
8 that we processed the down payment assistance --

9 MR. JONES: And that's in one year.

10 MR. LONG: Huh?

11 MR. JONES: That's one year.

12 MR. LONG: One year, 2017.

13 VOICE: It was less than one year, I think.

14 MR. LONG: Well, that's the combined number for  
15 one year. We had -- we actually brought in a new master  
16 servicers in February.

17 MR. JONES: Describe what was not --

18 MR. LONG: In April, in April --

19 MR. JONES: I'm just surprised it's not in any  
20 report that we look at.

21 MR. LONG: If you look at your -- actually,  
22 your -- if you were look at your individual mortgage  
23 reports on Tab A, it shows you those numbers on a monthly  
24 basis, and then through the years. So if you had looked  
25 at last year's, in December, the Board book in December,



1 it would have shown you those numbers.

2 Does that make sense? Because it would have  
3 the year-end totals.

4 MR. JONES: Right.

5 MR. LONG: Because this is a running total for  
6 the year that we will list here. So you would have had  
7 that. I just wanted to recognize the fact that the staff  
8 did such a good job.

9 MR. JONES: I think that's important.

10 MR. LONG: Janie, is that right?

11 MS. TAYLOR: Yes, we do have a couple of  
12 things. One is --

13 MR. LONG: Why don't you come up here and  
14 introduce yourself.

15 MS. TAYLOR: Janie Taylor, executive vice  
16 president. So we did do a press release to announce the  
17 top lenders and the top mortgage companies, and that  
18 information is on there, and we can send you link to it.  
19 It's on our website.

20 The other -- we did not have a meeting in  
21 January; however, Joniel still did a board report, just  
22 because the timing of when she did it and when the meeting  
23 was canceled, she already had done the report and that  
24 would show for the whole year. And --

25 MR. LONG: You can see that here --

1 MS. TAYLOR: -- I think we sent that to Mr.  
2 Romero. We did send that to you, because you requested  
3 that.

4 MR. ROMERO: Yeah, the year --

5 MS. TAYLOR: -- just --

6 MR. ROMERO: -- year-to-date totals?

7 MR. LONG: Yeah, yeah.

8 MS. TAYLOR: -- for -- so we can certainly send  
9 that to you as well. We'll send you those things to you  
10 so you have that information.

11 MR. JONES: You didn't ask for one for me?

12 MS. TAYLOR: Well, he had a particular question  
13 regarding his --

14 MR. JONES: No, I understand.

15 MS. TAYLOR: -- employer, Wells Fargo, and  
16 their participation and program. So we just happened to  
17 have the information, because Joniel had done the report.

18 MR. JONES: No, I'm just saying that it was --

19 MS. TAYLOR: Then we would --

20 MR. JONES: -- really impressive --

21 MS. TAYLOR: -- yes.

22 MR. JONES: -- to hear him say that --

23 MS. TAYLOR: It certainly is.

24 MR. JONES: -- and I don't think any of this  
25 had any indication -- anybody else -- maybe other than

1 Jerry.

2 MR. ROMERO: But you know what's more  
3 impressive than that, is that it wasn't the whole year  
4 production. Those numbers were actually generated  
5 probably within the last six months.

6 MR. LONG: Well, April -- we started in April  
7 with a new master servicer, but that does include the  
8 numbers before we brought in the master -- so January  
9 through April -- or up to April, we had our prior master  
10 servicer.

11 So we were generating volume; it's just that it  
12 accelerated --

13 MR. ROMERO: Right.

14 MR. LONG: -- significantly after April.

15 MS. TAYLOR: And I think what Jerry is trying  
16 to say is that, had we had maybe -- had we made the  
17 changes with the master servicer --

18 MR. LONG: In January --

19 MR. JONES: January.

20 MS. TAYLOR: -- since January, that number  
21 would have likely been --

22 MR. LONG: Larger.

23 MS. TAYLOR: -- higher than that.

24 MR. ROMERO: Probably in the low billions.

25 MS. TAYLOR: Yeah.

1 MR. JONES: Yeah, well, I remember when we said  
2 the whole idea was first broached to us about master  
3 servicer ability and capacity, and now it's come to  
4 fruition.

5 MR. LONG: Yes, sir.

6 MS. TAYLOR: So we'll get this to you.

7 MR. JONES: I think that's important now.

8 MR. LONG: We'll get the January report -- that  
9 would have been in the January report -- to all the  
10 members, so you can see those summaries, and it will also  
11 list all the --

12 MR. JONES: Off the top of your head, how long  
13 did it take, from the inception of the idea to where we  
14 are now?

15 MS. TAYLOR: We've been -- we worked on it  
16 for --

17 MR. LONG: Several months.

18 MS. TAYLOR: -- a couple -- well, we were  
19 looking for a new master servicer for quite a while, for  
20 more than a year.

21 MR. LONG: I would -- no, well, we started  
22 talking about it with a U.S. Bank for our master servicer,  
23 but I would say probably four to six months to go from  
24 starting the search to solidifying the relationship  
25 with -- and the Board approving the new master servicer

1 to -- then to the end of last year, December, having the  
2 volume that we showed. So the whole --

3 MR. JONES: Okay.

4 MR. LONG: Well --

5 MR. JONES: We can talk about it later. I  
6 understand. Thank you.

7 MS. TAYLOR: Uh-huh.

8 MR. LONG: In addition to all that related to  
9 the homeownership team -- the homeownership team, Joniel  
10 and Sarah and others -- they conducted seven Overcoming  
11 Down Payment Hurdle classes in January, and then they will  
12 also be attending the Laredo Homebuyer Fair in March.

13 The corporation received, in support of its  
14 housing connection training, which is our reiteration of  
15 the Texas Statewide Homebuyer Education Program -- you've  
16 kind of morphed that a little bit. We received a \$10,000  
17 grant from JPMorgan Chase in support of the June training  
18 that we're doing.

19 In addition, we received \$2,900 in individual  
20 donations from a variety of mortgage loan officers and  
21 realtors, also in support of the June 2018 housing  
22 connection training.

23 If you hadn't noticed -- we invite you to go  
24 look at our website. We did a new website launch on  
25 January 30. I'd like to thank Laura and Katie for all

1 their work, and everyone else who helped review and make  
2 sure that all the information and data on there and the  
3 links were proper.

4 We worked with a third-party firm, but really  
5 the burden of that fell on Laura and Katie to make sure  
6 that it all looked good. And so I encourage you to go  
7 look out our new website.

8 A lot went on in the last couple of months in  
9 terms of attendance, so I'm going to try and run through  
10 this pretty quickly.

11 Joniel, Tim and I attended the NCSHA, or the  
12 National Council of State Housing Agencies' HFA Institute  
13 in D.C. in January. I'd also like to note that Mr. Romero  
14 attended. He was there -- you were there the whole time,  
15 were you not?

16 MR. ROMERO: Yeah, for HFA?

17 MR. LONG: HFA, yeah. Yes, sir.

18 Michael and Dave represented the Corporation at  
19 the first session of the World Housing Preservation  
20 Academy held in San Antonio. This is an initiative by  
21 TSAHC in partnership with the Federal Reserve Bank of  
22 Dallas to help enterprise community partners and other  
23 organizations to preserve USDA affordable rental  
24 housing -- rental properties.

25 Session two of the Academy is in Temple at the

1 end of February, and there'll be a total of six sessions  
2 scheduled around the state.

3 Michael and I attended the quarterly meeting of  
4 the Texas Interagency Council on Homelessness in January  
5 here in Austin.

6 Cindy Leon and I attended the Texas Community  
7 Capital board of directors meeting and strategic planning  
8 meeting held here in TSAHC's offices. As you all may  
9 recall, Cindy Leon is the -- TSAHC's board representative  
10 to TCC.

11 And we'll be discussing TSAHC's role with TCC  
12 later in the board meeting under Tab Item 3. I think  
13 Mr. Romero has some comments at that point.

14 Michael hosted the -- at the Texas -- at our  
15 offices the Urban Land Institute's Strategic Affordable  
16 Housing Council kickoff meeting.

17 James and I attended the groundbreaking  
18 ceremony and dinner for the Glenn Heights Palladium  
19 Apartments. Earlier this month, Glenn Heights received a  
20 final approval from this Board for approval of about  
21 \$18.5 million in bonds to be issued in support of that  
22 project, and it is essentially the construction of a new  
23 270-unit multifamily housing community.

24 The National Academy of State Health Policy --  
25 Texas is one of five states that was selected to

1 participate in their Health and Housing Institute, and  
2 TSAHC was asked to be a partner with the Texas Health and  
3 Human Services Commission in that.

4 And so we'll -- Mike will be presenting in --  
5 excuse me -- will be representing TSAHC on that. James  
6 attended the NDC training in Minneapolis in January for  
7 financial underwriting of multifamily properties.

8 Dave Danenfelzer attended the IRS Advisory  
9 Committee on Tax-Exempt and Government Entities meeting in  
10 Washington, D.C.

11 Dave was selected a couple of years ago -- he's  
12 about to roll off, but he was selected a couple of years  
13 ago to serve on a subcommittee specifically related to  
14 tax-exempt bonds, and we were excited and proud of him  
15 that he had made that -- been asked to serve on that.

16 They will -- essentially, at the end of their  
17 term -- they're working on writing a report that will  
18 include recommended changes to the IRS's Voluntary  
19 Compliance Program for Issuers and Conduit Borrowers.

20 Dave, Michael and I, just last week, attended  
21 the Re-imagining the American Dream Housing and Economic  
22 Development Opportunities Summit here in Austin at the  
23 AT&T Conference Center.

24 The summit, which was put on by the Federal  
25 Reserve Bank of Dallas and HousingWorks Austin, focused on



1 the challenges and opportunities around creating equal  
2 access to affordable housing and economic opportunities  
3 for everyone.

4 I would like to take a minute to introduce  
5 our -- one of our newest employees. I'd like to introduce  
6 Lacy Brown. Lacy Brown will be taking over Laura's  
7 responsibilities as corporate secretary.

8 We also have two additional staff members,  
9 Donnetta McGrew and Ashley Holsinger. Both of them will  
10 be working in the Single Family Homeownership team.  
11 Unfortunately, they're not able to be here today, but  
12 we'll make sure that we embarrass them at the next Board  
13 meeting.

14 But again, Ashley and Donnetta will be working  
15 specifically -- one works with Delia and one works with  
16 Sarah, and they'll be working specifically -- and taking  
17 advantage of all the volume I mentioned to you.

18 Lacy is going to be at the next Board meeting.  
19 Hopefully, Mr. Chairman, we'll have her on the agenda to  
20 become the corporate secretary. As an officer, she'll  
21 have to be approved by the Board. But she will be  
22 assuming almost all, if not everything, that Laura's been  
23 doing for you for the last several years.

24 MR. JONES: Signing away her life.

25 MR. LONG: Yeah, that's right. With you, I

1 might add.

2 I would like to introduce our professionals in  
3 the audience, Karen Kennard with Greenberg Traurig, our  
4 general counsel, and I think Tim Nelson, and he's -- where  
5 did he go? There he is.

6 Tim Nelson is here with Hilltop Securities as  
7 our financial advisory firm. And with that, I'll  
8 conclude. The only thing I always like to mention is our  
9 next scheduled meeting is March 22, Thursday, the 22nd.  
10 So just make note of that on your calendar, and we'll keep  
11 the Board informed.

12 With that, I'll conclude my remarks, unless  
13 there are any questions.

14 MR. JONES: I have one question. Who, pray  
15 tell, went to Minnesota in January?

16 MR. LONG: James Matias. And he did not have a  
17 good trip. It was hard to get there.

18 MR. JONES: In January, Minnesota. Did he get  
19 hazardous duty pay, or --

20 MR. LONG: No. He got to spend the night and  
21 hang out some extra time in airports, is what he got to  
22 do. But I'll give him this: He showed up late, completed  
23 the class, and passed.

24 MS. TAYLOR: He's back there.

25 MR. JONES: Yeah.

1 MR. LONG: He's still -- he would sit further  
2 up, but he can't walk that far because he's still  
3 recovering.

4 MR. JONES: Who did you anger?

5 MR. ROMERO: I was going to say, what did you  
6 to do to get sent to Minnesota?

7 MR. JONES: In January.

8 MR. LONG: He asked. Come on now. He asked.

9 MR. JONES: Wasn't that in the middle of the  
10 ice storm? How cold was it?

11 MR. MATIAS: It was actually -- James Matias.  
12 What was your question?

13 MR. JONES: How cold was it?

14 MR. MATIAS: Highs in the -- 35, lows in the  
15 20s. It wasn't -- it was a mild week, actually.

16 MR. JONES: Okay. It was a good day in  
17 Minnesota.

18 MR. LONG: He tried to stay for the Super Bowl  
19 but couldn't get in.

20 Anyway, with that, Mr. Chairman, I'll conclude  
21 my remarks.

22 MR. JONES: Any questions or any comments  
23 regarding the president's report? Is there any public  
24 comment? Oh, we just had one. All the way from  
25 Minnesota, Lake Wobegon.

1                   At this time, we'll go with Tab 1,  
2                   Presentation, Discussion and Possible Approval of the  
3                   Minutes of the Board Meeting held on December 14, 2017,  
4                   our last board meeting.

5                   MR. ROMERO: I move to approve.

6                   MR. EVENWEL: Second.

7                   MR. JONES: It's been moved to approve and  
8                   seconded. Any other discussion or any comments?

9                   (No response.)

10                  MR. JONES: Any public comments regarding Item  
11                  1?

12                  (No response.)

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

15                  (A chorus of ayes.)

16                  MR. JONES: Okay, approved. Item 2,  
17                  Presentation, Discussion and Possible Approval of the  
18                  Texas State Affordable Housing Corporation's 2018 Annual  
19                  Action Plan.

20                  MR. WILT: Good morning, Mr. Chairman and Board  
21                  Members. I am Michael Wilt, manager of External  
22                  Relations. I'm here to present and discuss Tab Item 2,  
23                  the Corporation's 2018 Annual Action Plan.

24                  Per your action at the December Board meeting,  
25                  we posted a draft of the plan on our website, and we made

1 it available to public comment on December 15.

2 And the public comment period was scheduled to  
3 end on January 27, but we left it open until January 31.  
4 This is because the public hearing on the plan had to be  
5 postponed from January 16 until January 30 because of our  
6 Minnesota-like weather that we had for a couple of days.

7 During the public comment period, we did not  
8 receive any public comment. We did, however, make some  
9 updates to the plan between the December Board meeting and  
10 today's meeting.

11 The number of homebuyers we assisted in 2017  
12 has been updated to reflect all of our activity during the  
13 calendar year. It's on page 7.

14 You'll note that we assisted more than 5,700  
15 homebuyers. This is more than triple the number we served  
16 in 2016, and it reflects the comments Mr. Long just made  
17 about our robust activity for the year.

18 We also made corrections to the numbers we  
19 reported for our Texas Housing Impact Fund and our  
20 Affordable Communities of Texas programs.

21 Those were the only changes we made, and with  
22 that, I'll take any questions you have.

23 MR. EVENWEL: So some of the '17 figures are  
24 still happened in '18? I mean, we already used up all of  
25 the people that needed assistance?

1           MR. WILT: The action plan reflects our entire  
2 activity from January 1, 2017, to December 31, 2017. I  
3 don't know that we've used up anything, or just --

4           MR. LONG: Are you asking why we had to make  
5 changes to the numbers, Mr. Evenwel?

6           MR. EVENWEL: I'm sorry. Will -- do we still  
7 anticipate having that many -- those numbers -- this  
8 year -- will the production continue?

9           MR. LONG: Well, I think it all depends on the  
10 market, quite honestly. I mean the Single Family  
11 Homeownership Program is significantly tied to the  
12 viability of the housing market and the interest rates.  
13 So I would suggest to you affordability wanes a little bit  
14 as rates go up.

15           So we will do everything in our power to make  
16 sure we're offering a good a product as possible, to make  
17 sure homebuyers have access to financing that would allow  
18 them get into housing. We would hope that it would, but I  
19 can't tell you that it's going to stay that way unless  
20 rates continue to stabilize a little bit more.

21           MR. JONES: So they're say with the -- that the  
22 downside of a robust economy is that interest rates go up,  
23 potentially.

24           MR. LONG: Yes, sir.

25           MR. JONES: And because they were down to

1 almost zip, and I can see that -- how does that affect us?

2 Did it depend on how much they go up?

3 MR. LONG: That's correct. At some point in  
4 time, you know, people will decide that they can't afford,  
5 or that the rates push borrowers away from that, because  
6 they can't afford the mortgage payment. And so we and  
7 anybody else looking for housing has to make the decision,  
8 what can they afford.

9 And they'll decide that rental is a better  
10 option for a period of time.

11 MR. ROMERO: And I think you used the January  
12 number that was in that report that was mentioned earlier.

13 You're going to see it about 5,000 families that we will  
14 be able help, or about the same number, 820 million --

15 MR. WILT: If we continue month over month.  
16 That's right.

17 MR. ROMERO: On average, an average number,  
18 yeah --

19 MR. WILT: Yeah. That's what I was about to  
20 say.

21 MR. ROMERO: About 5,000, more or less.

22 MR. WILT: Yeah.

23 MR. ROMERO: Not taking into consideration any  
24 changes in the economy or anything else that might happen.

25 MR. LONG: That's correct.

1 MR. JONES: All right. Does that answer your  
2 question, Mr. Evenwel?

3 MR. EVENWEL: Yes.

4 MR. JONES: Okay. All right. Any other  
5 questions?

6 (No response.)

7 MR. JONES: Mr. Wilt, no? Okay. We'll  
8 entertain a motion.

9 MR. ROMERO: I move to approve.

10 MR. DIETZ: Second.

11 MR. JONES: Any public comment regarding the  
12 public comment regarding the motion to approve?

13 (No response.)

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

16 (A chorus of ayes.)

17 MR. LONG: Good job.

18 MR. JONES: The dynamics on this Board are very  
19 interesting from this side of the table.

20 Presentation and Discussion of and Possible  
21 Approval to Publish for Public Comment the Texas  
22 Foundations Fund Draft 2018 Guidelines.

23 MR. LONG: Mr. Chairman, I think you skipped  
24 Tab Item 3.

25 MR. JONES: Oh, did I miss -- I thought we had



1 did 3. Okay, no.

2 Presentation, Discussion and Possible Approval  
3 of an Action by the Corporation related to the Texas  
4 Community Capital.

5 Okay, this is the TCC that you referred to in  
6 your president's report.

7 MR. LONG: That is correct. Yes, sir.

8 MR. JONES: Okay.

9 MR. ROMERO: So if I could start on this? I  
10 think you all know that I have represented the Board on  
11 the TCC Capital board for a number of years, and this is  
12 actually my second stint at representing the --

13 MR. LONG: That's right.

14 MR. ROMERO: -- board. I had left once before.  
15 I think it originally started in -- what -- 20 --

16 MR. LONG: '10.

17 MR. ROMERO: -- 2010. The goal here was to  
18 partner up with TACDC, TSAHC, in getting TACDC to be an  
19 organization that could be utilized, not only for their  
20 intended purposes, but for housing purposes, to help us  
21 move our program forward, using the CDFI status once they  
22 received that.

23 We're already a 501(c)(3) and they were also a  
24 501(c)(3). The CDFI status was really the catalyst for us  
25 in order to generate some additional revenue that would

1 really expand our programs.

2 I think, originally, we had given them five  
3 years or six years, that they had to accomplish this  
4 process --

5 MR. LONG: Two years, I think.

6 MR. ROMERO: Two years -- well, was it two  
7 years?

8 MR. LONG: Uh-huh.

9 MR. ROMERO: Okay, two years. It didn't  
10 happen. We've still kind of worked with them over and  
11 over again. I got off of their board. I was asked to get  
12 back on, and I got on around 18 months later. And the  
13 reason that I resigned from the board, again, is that  
14 there has been no progress made to have that CDFI  
15 designation granted to TCC.

16 And that -- and as I explained to David, the  
17 whole purpose for us to do this was so we could identify  
18 affordable housing programs and issues that we could  
19 involved with. That hasn't happened.

20 And in that process, what has occurred is that  
21 we created a program through TCC known as the CLC program,  
22 which is the Community Loan program, which is a -- I don't  
23 know what you call it -- alternative payday lending  
24 program, designed to take people away from the traditional  
25 payday lenders and give them an opportunity to go out and

1 get some additional funding that they need at a much lower  
2 rate and not be usurious as payday lenders are.

3 MR. JONES: And pay it right out of the  
4 paycheck rather than --

5 MR. ROMERO: Right. And the -- there's no --  
6 it's a great social program. It's a great program in  
7 general, the way it's being utilized, with some of the  
8 nonprofits across the state, but it has nothing to do with  
9 affordable housing, which is our mission.

10 And I think it's important, with me stepping  
11 off the board, we still have representation on the board,  
12 by Cynthia Leon representing TSAHC. What I would like to  
13 recommend, so that we can do a separation from the  
14 organization and us properly, is maybe give us another  
15 180 days, six months, to go through the necessary steps in  
16 notifying them of what our intentions are, giving them  
17 180 days, six months, to either make that decision to  
18 create -- get the CDFI designation, or we end up severing  
19 the relationship at that point in time.

20 I, however, do not want to serve on the board  
21 any longer. I think I've done enough. I don't know, Mr.  
22 Chairman, if you'd like to ask any of the Board members to  
23 serve in that capacity. Another alternative would also be  
24 to allow David to appoint someone from staff to serve as  
25 that alternate board member.

1           MR. JONES: So what I gather -- sort of like a  
2     Brexit strategy -- right? -- because once you -- well,  
3     first of all, let me -- for the benefit of the Board --  
4     and David maybe can talk about this -- about -- the  
5     original components, the original groups and entities that  
6     eventually was involved to try to pull this together to  
7     have it.

8           Would you bring them up to speed on that?

9           MR. LONG: Certainly. The Texas Community  
10    Capital was an existing but dormant 501(c)(3) created  
11    initially by the Texas Association of CDCs or TACDC. In a  
12    conversation with the then-executive director of TACDC, I  
13    mentioned that it would be nice if we had access to the  
14    CDFI, which is the Community Development --

15          MR. DIETZ: Financial --

16          MR. LONG: -- Financial Institutions. It's a  
17    status that the Treasury affords certain nonprofit  
18    entities --

19          MR. JONES: U.S. Department of Treasury?

20          MR. LONG: Yes, U.S. Department of Treasury.

21          MR. JONES: I mean, I'm just trying to --

22          MR. LONG: And it affords you also access to a  
23    significant amount of potential funding sources that can  
24    give you leverage for other activities you perform.

25          That designation comes with an approval

1 process. The corporation, TSAHC, applied for that status,  
2 but we were informed we're not eligible.

3 MR. DIETZ: Because --

4 MR. LONG: The reason we're not eligible is  
5 we're a governmental entity. So we thought -- my idea was  
6 to come up with a way to have that access to funding but  
7 share the responsibility.

8 And so the idea was that we would reconstitute  
9 Texas Community Capital and reissue their articles and  
10 bylaws whereby the board makeup would be two members of  
11 TSAHC, two members of TACDC, and one member-at-large  
12 appointed by those four members.

13 And that's the way it stood for the last --  
14 since 2010, 2011. And Mr. Romero and Mr. -- Ms. Leon have  
15 served as the board member representatives for TSAHC on  
16 behalf of TCC. And -- I mean, for TCC on behalf of TSAHC.

17 And as a result of that, the whole goal was for us to  
18 have access to the CDIF status they would gain.

19 And then we as the Board members could help to  
20 utilize the resources they could get their hands on from  
21 the CDFI fund, and using our resources, we can merge and  
22 leverage those dollars together and expand our program by  
23 having more funds available for them.

24 That has been an uphill climb. We did apply  
25 initially. TSAHC and TACDC put together an application on

1       behalf of TCC. We submitted it and it was -- we didn't  
2       get the status. There was --

3               MR. JONES: Is that in any part -- because it's  
4       still a governmental agency --

5               MR. LONG: No, it had to do with the fact that  
6       we just weren't probably a strong enough entity to get the  
7       status at the time.

8               MR. JONES: Strong enough in what way?

9               MR. LONG: Financially.

10              MR. JONES: Okay.

11              MR. LONG: Since then, TCC has garnered -- the  
12       CLC program has become the catalyst for its strength, if  
13       you will, financially.

14              MR. DIETZ: The CLC is the payday --

15              MR. LONG: Community Loan -- yeah, they call it  
16       Community Loan Center, Mr. Dietz, but essentially, it is  
17       an alternative to payday lending. It was derived --

18              MR. JONES: To predatory payday lending.

19              MR. LONG: Exactly. It was intended to be a  
20       way for borrowers to have access to lower-cost funds and  
21       hopefully draw them away from utilizing payday loans.  
22       That was what was created. The Corporation, TSAHC, had  
23       nothing to do with the creation of it.

24              We didn't have anything to do with the  
25       development of it or the containing -- we don't even

1 manage it. We don't even deal with it, other than that  
2 two of our Board members sit on the board of TCC. And as  
3 Mr. Romero stated, it's not related to housing in any way,  
4 fashion, or form.

5 And so what I think Mr. Romero is proposing  
6 would allow us to either work towards that CDFI  
7 application -- and for the record, TSAHC and TACDC kind of  
8 support TCC both staff-wise and financially, and in order  
9 for us to move forward, I asked a consultant to give us a  
10 bid on what it would take for us to maybe get a  
11 perspective on whether or not TCC was capable of becoming  
12 a CDFI.

13 So we paid to have that done, \$1,500, to have  
14 that done, and the end result was rather positive. There  
15 are some things that have to be done and some things we  
16 need to work on before we can submit a CDFI application.

17 In the process of doing that, I believe -- and  
18 I've talked with Mr. Romero about this -- there is some  
19 merit for us giving ourselves a little bit more time to  
20 see if we get to the point where we can submit an  
21 application.

22 And thus I think -- Mr. Romero, correct me if  
23 I'm wrong -- the 30 -- the 180 days or six months is what  
24 you're proposing as the time line to do that.

25 MR. ROMERO: Uh-huh.

1                   MR. LONG: And I think that's a fair  
2                   assessment. If at the end of that six months we don't  
3                   have either an application submitted -- I would say we can  
4                   use it as a time for them to get the application  
5                   submitted.

6                   I can't tell you how long it will take to get a  
7                   response from the CDFI fund about our approval, if we --  
8                   or the status of the application. That might take several  
9                   months. So I'd hate to include that in the six months,  
10                  Mr. Romero, because it could be that we can get the  
11                  application turned in, and it might be a great  
12                  application, but if we remove ourselves within that six  
13                  months for the sake of the time frame only, and then we  
14                  get approval, we may have, you know, kind of stubbed our  
15                  own toe in the process. So --

16                 MR. ROMERO: Well, again, I think the six  
17                  months is a time frame that's going to allow them to move  
18                  forward, if that's what they're going to do.

19                 MR. LONG: Right, exactly.

20                 MR. ROMERO: And if they do happen to submit a  
21                  quality application for CDFI designation, if it's within  
22                  those six months, I think that's an item that could be  
23                  revisited by this Board to see if we want to continue with  
24                  that relationship.

25                 MR. LONG: Okay.



1           MR. JONES: But I think, beyond that, you can't  
2 just unwind our involvement, because there were documents  
3 and agreements and -- what -- didn't it involve something  
4 with some documents --

5           MR. LONG: Well, we had -- I mean, obviously we  
6 had to file articles and bylaws with the Secretary of  
7 State, and so those would have to be amended, and I would  
8 argue that there probably needs to also be a meeting of  
9 Texas Community Capital's board of directors subsequent to  
10 our Board meeting and saying we're ready to remove  
11 ourselves if they don't comply with Mr. Romero's request.

12           MR. JONES: But this process of unwinding --

13           MR. LONG: And then we would have the process  
14 of unwinding, but I think, at that point in time, the  
15 Board would be able to say TSAHC is hereby authorizing me  
16 to start to withdraw from the TCC process, if that's what  
17 the Board would like to do, or saying, okay, now that they  
18 have submitted their application, we want to give them  
19 another 30 or 90 days to see how quickly they can get a  
20 response from this fund.

21           MR. ROMERO: The -- if I could just add, the  
22 documents that were originally signed off on by both  
23 parties provided us with a two-year time frame that said  
24 that this would dissolve at the end of two years if we  
25 didn't achieve a CDFI designation.

1                   That was five years ago. So --

2                   MR. DIETZ: Seven years, wasn't it?

3                   MR. ROMERO: -- or seven years. I -- see, I  
4                   don't remember the time frame. We discussed it. It's  
5                   been a while.

6                   MR. JONES: So it could be immediately  
7                   dissolved?

8                   MR. ROMERO: Well, I mean, we -- I personally  
9                   don't feel that we took the proper steps to notify the  
10                  other party that we're going to move away from this. I  
11                  think the six months is just a time period that can be  
12                  used to utilize what we need to separate ourselves --

13                  MR. JONES: For us, as far as we're  
14                  concerned --

15                  MR. LONG: Or achieve the --

16                  MR. ROMERO: -- or achieve the CDFI, but to  
17                  David's point, if they submit something within those six  
18                  months, then it's something that we can revisit.

19                  If they haven't submitted at the end of the six  
20                  months, I think it's time for us to separate ourselves  
21                  from them, because it's just going to be the same thing  
22                  over and over and over again, which is what we've been  
23                  doing for the past seven years.

24                  MR. JONES: Which brings another question up.  
25                  You being involved hands-on for almost this entire time,

1     you say, no progress, but yet, the consultant, from what I  
2     just heard, says, we're close. I mean, which one is it?

3             MR. ROMERO: Well, what --

4             MR. JONES: My point --

5             MR. LONG: Well, I think that you're looking at  
6     two different things --

7             MR. ROMERO: Right.

8             MR. LONG: -- Mr. Chairman, if I might add.  
9     What Mr. Romero's looking at is the whole time frame from  
10    start -- I mean, from start to end --

11            MR. JONES: I understand that.

12            MR. LONG: -- but we asked in the last 90 days  
13    for a consultant to give us a kind of a snapshot. Well --

14            MR. ROMERO: Right.

15            MR. LONG: -- in that 90 days, he's seen a  
16    significant change in the financial status of the  
17    corporation TCC.

18            MR. JONES: Well, but my question is, what is  
19    your viewpoint and opinion of this consultant's report?

20            MR. ROMERO: Oh, I didn't see the report --

21            MR. JONES: Okay.

22            MR. ROMERO: -- but what he's basing his report  
23    on is what they've done with the CLC program; again, which  
24    has nothing to do with housing. All of the financial  
25    information that he's reviewing is based on that community

1 loan program.

2 MR. JONES: Because that's the main source of  
3 finance within --

4 MR. ROMERO: Correct.

5 MR. JONES: Right.

6 MR. ROMERO: And then just to put a minor point  
7 on that, we actually gave grant dollars from the agency  
8 that oversees the payday lending program, and we  
9 jeopardize funding by being part of this process if we get  
10 involved in the administrative part of it?

11 MR. LONG: I'm not allowed to be part of the  
12 management team as a result of that award, and so we've  
13 stepped away from that. We have a board membership but I  
14 can't be in the day-to-day management --

15 MR. ROMERO: Right.

16 MR. LONG: -- of the organization. That's  
17 correct.

18 MR. JONES: Okay. I see what you're saying --

19 MR. LONG: But we're still able to apply as  
20 long as I remove myself --

21 MR. ROMERO: Sure, yeah.

22 MR. LONG: -- from the management of the day-  
23 to-day --

24 MR. ROMERO: Don't get me wrong --

25 MR. JONES: The consultant is looking at it

1 from an overall financial standpoint, but that financial  
2 standpoint has nothing to do with housing.

3 MR. ROMERO: It's all based on that alternative  
4 payday lending program.

5 MR. JONES: Because the key to payday lending  
6 is they can automatically pay out of their paycheck --

7 MR. LONG: Well, the way that the CLC program  
8 is that it is an employer-based program --

9 MR. JONES: Right.

10 MR. LONG: -- where employers sign up to  
11 participate, and then their employees can communicate and  
12 work with the CLC to have automatic withdrawals to pay  
13 their loan payments and work through that process.

14 So it is a little bit different than just going  
15 in and signing up on your own. But it is an employer-  
16 based, with payroll deductions.

17 MR. JONES: So the best-case/worst-case  
18 scenario is this six-month window of notification -- if  
19 you don't have an application ready to go or have already  
20 filed an application, then is that going to be a drop-  
21 dead, we're out of this, and we're going to begin to  
22 unwind it, if it takes --

23 MR. ROMERO: That would be my recommendation.  
24 I mean, we should be ready to unwind this at the end of  
25 the six-month period if nothing has happened with that

1 application.

2 MR. LONG: And we can certainly work with  
3 counsel to make sure that we are prepared to cover the  
4 Texas State Affordable Housing Corporation's position on  
5 that so that we're not doing anything that would violate  
6 any --

7 MR. JONES: Because my whole point is that  
8 TSAHC faces certain risks by being intricately involved in  
9 something that's --

10 MR. ROMERO: Well, it doesn't benefit us. One  
11 way or another, it doesn't benefit us at this point in  
12 time. And let me reiterate. The CDFI process -- if they  
13 can get it approved and it's -- includes housing and  
14 includes other aspects of whatever the community might  
15 need, that's great.

16 MR. JONES: And tied in with our mission.

17 MR. ROMERO: Sure, that's great, because we  
18 can work on the housing programs. The way CDFI works is  
19 that if TSAHC goes out and receives a \$500,000 grant and  
20 awards that to TCC for a housing project, then we'll get  
21 matched \$500,000 from Treasury.

22 So anything that we get either by loans or by  
23 grants, they will match it equally.

24 MR. JONES: Treasury, okay.

25 MR. ROMERO: So I mean, it's a good program.

1 I'm -- CDFI is a good program. It's just a matter of how  
2 do we get there to ensure that we're dealing with housing.  
3 Let them deal with the other program.

4 MR. JONES: And we -- and the application has  
5 been denied twice so far.

6 MR. ROMERO: Once.

7 MR. JONES: Once?

8 MR. ROMERO: Once. For TCC, once.

9 MR. JONES: And did the rules change, that we  
10 couldn't have come up and done something different and  
11 reapplied? I mean, I don't understand.

12 MR. LONG: Well, Texas Community --

13 MR. JONES: What's the --

14 MR. LONG: -- Capital applied and was denied  
15 because of its financial capacity, in my opinion.

16 MR. JONES: Which they needed what?

17 MR. ROMERO: They didn't have anything to --

18 MR. LONG: They didn't have any -- they didn't  
19 have a lot of strength. In other words, they want to  
20 show -- they want you to show that you're actively engaged  
21 in an industry that you are asking to become a CDFI to  
22 support.

23 MR. JONES: Right.

24 MR. LONG: Since that time, the CLC or the  
25 Community Loan Center program has become very established.

1       They've funded over \$25 million worth of loans to  
2       borrowers in need under --

3               MR. JONES: We couldn't --

4               MR. LONG: -- what they call consumer loans.

5               MR. JONES: We couldn't use our housing because  
6       we're a government entity. They had to have done  
7       something as an individual entity applying, and they  
8       aren't doing anything.

9               MR. ROMERO: Right. TCC had -- TCC needed to  
10       have a success story.

11              MR. JONES: So what would change their  
12       application this time, because they still don't?

13              MR. LONG: Well, they still have -- they --  
14       no -- we're not worried about whether or not they have a  
15       housing program right now or not have a housing program.  
16       There's financial strength in the fact that they've been  
17       making loans for a period time now that gives them that  
18       viability as a CDFI applicant.

19              MR. ROMERO: Yeah, it's very specific. When  
20       you submit an application to get a CDFI designation, you  
21       have to be very specific in what you're going to be doing.

22       And if the CLC program is successful and they get  
23       approved to continue that program, that excludes any other  
24       housing or anything -- any other component of what you  
25       might want, unless it's approved by a CDFI.



1                   MR. JONES: And they earn money through the --  
2 this -- the loan program --

3                   MR. ROMERO: So --

4                   MR. JONES: -- so they're getting stronger  
5 financially --

6                   MR. ROMERO: Right.

7                   MR. JONES: -- and they're going to dedicate  
8 some of that revenue into the housing effort?

9                   MR. ROMERO: Not unless it -- the initial  
10 application --

11                   MR. JONES: Unless -- if the application is  
12 approved --

13                   MR. ROMERO: Right.

14                   MR. JONES: Okay. All right.

15                   MR. LONG: And in addition, I might add, you  
16 can ask to have your scope of business, your scope of  
17 outreach to be expanded and amend your business model that  
18 you've submitted for originally.

19                   MR. JONES: All right. And you figure that  
20 that six months -- both of you agree that's the window?

21                   MR. ROMERO: Yeah, I don't think to dissolve a  
22 partnership will take six months, but I think that it's  
23 more than enough time to give them an opportunity to make  
24 a decision if they're going to actually pursue this and  
25 move forward.

1           MR. JONES: Okay, well, off the top of my head,  
2 I' thinking that a staff member should fill that vacancy,  
3 as opposed to a Board member trying to run in and out and  
4 running around.

5           But what do you think? I'll take comments from  
6 you two gentlemen.

7           Mr. Evenwel?

8           MR. EVENWEL: Well, I'm still thinking about --  
9 what were you approving back in December? We approved  
10 your resignation from this.

11          MR. LONG: Was it December?

12          MR. EVENWEL: Well, that's the last meeting we  
13 had.

14          MR. JONES: It was --

15          MR. LONG: I think you resigned -- you actually  
16 submitted your paperwork in January.

17          MR. ROMERO: I resigned from the board -- MR.  
18 EVENWEL: Well, that's I mean. I thought you came to us  
19 in December and said, I'm thinking about it or I'm going  
20 to do it, and we said, okay.

21          MR. ROMERO: I don't recall.

22          MR. LONG: I don't think that -- he might have  
23 mentioned --

24          MR. EVENWEL: I don't actually know this. We  
25 got something in the email --

1 MR. ROMERO: Yeah.

2 MR. LONG: We -- I don't think the Board took  
3 action at all --

4 MR. JONES: No.

5 MR. LONG: -- regarding Mr. Romero at that  
6 Board meeting.

7 MR. JONES: It was an email notification, and  
8 we were going to deal with it in January, but we didn't  
9 have the meeting.

10 MR. LONG: Right. So I -- let me, if I may,  
11 suggest that I think there's two things in front of the  
12 Board. One is to, if you will, put a time frame in front  
13 of us so that staff can work towards that with the other  
14 staff members of TCC and TACDC, and, two, depending on  
15 where the Board wants to go, is to define whether the  
16 other additional representative in addition to Ms. Leon  
17 would be a staff member of TSAHC or one of the Board  
18 members to serve as that other membership.

19 MR. JONES: And we would have to -- you would  
20 have to recommend one, because what -- because this motion  
21 had the approval -- possible approval of action by the  
22 Corporation related to Texas Community fund --

23 MR. LONG: And I asked Ms. Kennard about this  
24 before the meeting, and she feels that we can take action  
25 on both these items --

1 MR. JONES: Okay, so whatever --

2 MR. LONG: -- unless --

3 MR. JONES: -- we decide to do, and one is --

4 MR. LONG: Time frame.

5 MR. JONES: -- time frame, and the second one  
6 is who would fill the vacancy.

7 MR. LONG: That's correct.

8 MR. DIETZ: Well, Ms. Leon is not a Board  
9 member or a staff member --

10 MR. LONG: That's correct --

11 MR. DIETZ: -- so --

12 MR. LONG: -- but she's appointed by the Board.

13 MR. DIETZ: -- she was appointed --

14 MR. LONG: You guys -- the Board of TSAHC  
15 appointed her and voted on her.

16 MR. DIETZ: So ostensibly we could select  
17 anybody. It doesn't have to be a Board member or a staff  
18 member.

19 MR. LONG: Right. Doesn't have to be. That's  
20 correct.

21 MR. JONES: Right. And Ms. Leon was a Board  
22 member --

23 MR. DIETZ: Right.

24 MR. JONES: -- before the governor made her  
25 head of DPS --

1 MR. DIETZ: She's experienced in the industry.

2 MR. LONG: I -- let me just, if I may,  
3 Mr. Dietz, comment.

4 MR. DIETZ: Yes.

5 MR. LONG: I might suggest a staff member for a  
6 couple of reasons. One, the staff here are engaged in  
7 working with this. Mr. Romero, before he left, headed up  
8 the loan credit committee for the TCC, while we were  
9 working to draft guidelines and documents related to that  
10 so that we could better analyze and discuss loan awards  
11 that they were making.

12 David Danenfelzer, which is who I recommend  
13 serve in the place of Mr. Romero --

14 MR. JONES: I was thinking of him as well.

15 MR. LONG: -- was on that loan committee with  
16 Mr. Romero. He's -- it's similar to the program he and --  
17 he oversees for his -- in his division as our development  
18 finance officer.

19 So I would recommend David Danenfelzer as a  
20 staff member, because he can have intimate knowledge about  
21 what they're doing and he can relate to what we do here to  
22 help them get further down the road in a timely manner.

23 MR. JONES: You would be comfortable with him  
24 because he doesn't have to start at square one.

25 MR. ROMERO: Yeah, I agree. I mean, David's

1       been at the meetings. He understands this process. He  
2       understands what we're trying to accomplish, and he's --  
3       that's the housing piece we're missing.

4               MR. JONES: All right. Well, then, if this is  
5       appropriate, I make the motion to approve the action of  
6       the Corporation related to Texas Community Capital in that  
7       we give a six-month window to -- how would I say this -- a  
8       six-month window to decide to move forward --

9               MR. LONG: Could we get a specific date like  
10       September 30 or something, so six months -- because it  
11       would be six months from today or whatever?

12              MR. JONES: Well --

13              MR. LONG: I'd like give and end of period, a  
14       specific date.

15              MR. JONES: Well, if you'll dot the i's and  
16       cross the t's, but the six-month period --

17              MR. DIETZ: To file the application.

18              MS. KENNARD: To file the application.

19              MR. JONES: -- to have an application --

20              MR. LONG: Filed with the CDFI fund.

21              MR. JONES: And they can't say, well, we're  
22       going to file it --

23              MR. LONG: Right.

24              MR. JONES: -- two weeks after the six-month  
25       period. It's got to be filed within the six months or by

1 the end date, or we will -- the end date, or we will begin  
2 to extricate ourselves.

3 MR. LONG: Okay.

4 MR. JONES: And, two, that David Danenfelzer be  
5 appointed to fill the vacancy created by the resignation  
6 of Mr. Romero.

7 MR. LONG: Sounds good to me.

8 MS. KENNARD: That's what --

9 MR. LONG: Would that work?

10 MS. KENNARD: Yes, sir.

11 MR. EVENWEL: Okay. You said we're going to  
12 start the exit --

13 MR. LONG: Yes.

14 MR. EVENWEL: Are we going to say,  
15 September whatever, that's our exit date if you don't have  
16 this done --

17 MR. LONG: Well, it's not our exit date once we  
18 begin, because getting out of it could take a month or two  
19 months.

20 MR. ROMERO: No. But couldn't we be prepared  
21 for, let's say, October 31?

22 MS. KENNARD: Yes, we can set a date.

23 MR. ROMERO: Yes.

24 MS. KENNARD: Yes.

25 MR. JONES: Yeah, whatever the date's going to

1 be in six months --

2 MR. ROMERO: That's six months.

3 MR. JONES: Well, we're saying -- are we saying  
4 that we're going to exit if they don't do something by  
5 then? I think that's the whole point --

6 MR. LONG: September 30.

7 MR. JONES: -- to send them a date that they  
8 have to do it or we're going to start the process.

9 MR. ROMERO: Start the process.

10 MR. JONES: Right. Start the process of  
11 removing ourselves from the TCC. Correct?

12 MS. KENNARD: Correct.

13 MR. JONES: So she can determine the exact  
14 wording, but that is the motion that I'm putting on the  
15 floor.

16 MR. ROMERO: I'll second it.

17 MR. JONES: Okay. Is there any other  
18 discussion?

19 MR. LONG: Only discussion that I have is, what  
20 was the date?

21 MR. ROMERO: August 31 is six months -- more  
22 than six months, actually.

23 MR. LONG: Okay. August 31.

24 MR. JONES: August 31.

25 MR. LONG: Okay. And Mr. Danenfelzer is the



1 replacement -- would be the Board members' nomination and  
2 appointment to the TCC board.

3 MR. JONES: Supposing there's not 31 days in  
4 August?

5 MR. ROMERO: There is.

6 MR. LONG: There is.

7 MR. JONES: I know.

8 MR. LONG: Okay. So August 31.

9 MR. EVENWEL: Accept Jerry's resignation? Do  
10 we have to?

11 MS. KENNARD: I thought that was already --  
12 he -- I think we --

13 MR. EVENWEL: That's what I thought. I thought  
14 we did that in December.

15 MS. KENNARD: -- had taken that action, but  
16 we're just saying that David is being appointed and -- to  
17 fill that --

18 MR. JONES: Right and --

19 MS. KENNARD: -- position that he previously  
20 vacated.

21 MR. JONES: Because he resigned.

22 MR. ROMERO: I didn't re-resign --

23 MR. JONES: It took -- it takes Board approval  
24 to appoint, but not to resign --

25 MR. ROMERO: Right, not to resign.

1 MR. JONES: -- at will.

2 MR. LONG: Okay.

3 MS. KENNARD: He's already vacated.

4 MR. LONG: I'm not an indentured --

5 MR. JONES: He's already sent that in, and  
6 we've been notified by an email that he resigned, so --

7 MR. LONG: Okay.

8 MR. JONES: -- suppose we say, no, we don't  
9 accept that resignation. What are you going to do? I  
10 already know what you're going to do. He's still not  
11 going to show up.

12 MR. ROMERO: I think indentured servitude isn't  
13 legal any longer.

14 MS. KENNARD: No, you can resign.

15 MR. JONES: Yeah. Okay, so -- are we good on  
16 the motion? Mr. Evenwel?

17 MR. EVENWEL: Si.

18 MR. JONES: A wordsmith now --

19 MR. EVENWEL: Yes.

20 MR. JONES: Okay. Any public comment regarding  
21 the motion made regarding Item 3?

22 (No response.)

23 MR. JONES: Hearing none, all in favor of the  
24 proposed motion, say aye.

25 (A chorus of ayes.)

1 MR. JONES: It's unanimous.

2 MR. LONG: Thank you, members.

3 MR. JONES: Okay. Item 4, Presentation,  
4 Discussion of and Possible Approval to Publish to Public  
5 Comment -- to Publish for Public Comment the Texas  
6 Foundations Fund Draft 2018 Guidelines.

7 MR. WILT: Good morning, again. I'm Michael  
8 Wilt, manager of External Relations. I'm here to present  
9 Tab Item 4, as you said. It's an action item asking the  
10 Board to approve TSAHC publishing the 2018 Texas  
11 Foundations Fund Draft Guidelines for public comments.

12 With your approval, public comment period will  
13 open starting tomorrow, February 16, and close on Monday,  
14 March 19. We will review any public comment we receive  
15 and bring the final guidelines back to your approval in  
16 April.

17 The Draft Guidelines in front of you today  
18 reflect a matching-grant structure we are now using for  
19 the Texas Foundations Fund. Under this structure, we  
20 select partners every two years, and all selected partners  
21 are eligible for matching grants to supplement public and  
22 private funds that they raise to support their programs.

23 The programs for eligible matching funds remain  
24 the same as in prior guidelines and include critical  
25 repairs of single-family homes or supportive housing

1 services that help families and individuals avoid  
2 homelessness and unnecessary institutionalization.

3 We have threshold criteria for how we select  
4 eligible partners, and those can be found on the bottom of  
5 page 1 and the top of page 2. And you'll see at the very  
6 end of the guidelines that I'm now the contact person for  
7 Texas Foundations Fund.

8 I gladly inherited this program when Ms.  
9 Claflin was promoted, and I look forward to administering  
10 it. With that, I'll take any questions.

11 MR. ROMERO: So this is the same as last  
12 year's?

13 MR. WILT: Two years ago.

14 MR. ROMERO: No language changes?

15 MR. LONG: Two-year window, but yes.

16 MR. WILT: We updated the dates and changed my  
17 name as contact. We didn't make any substantive changes.

18 MR. ROMERO: Okay.

19 MR. JONES: Anybody else have any comment or  
20 questions for Mr. Wilt?

21 (No response.)

22 MR. JONES: All right. The floor is open for a  
23 motion.

24 MR. ROMERO: I will move to approve for  
25 presentation for public comment for the Texas Foundations

1 Fund Draft Guidelines.

2 MR. Evenwel: Second.

3 MR. JONES: Moved and seconded. Any further  
4 discussion among the Board?

5 (No response.)

6 MR. JONES: Hearing none, any public comment on  
7 this item?

8 (No response.)

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

11 (A chorus of ayes.)

12 MR. JONES: It's been approved.

13 Okay. Where are we now? We're down to Item 5,  
14 Presentation, Discussion and Possible Approval of a  
15 \$100,000 commitment from the Corporation as part of a  
16 grant application to the Rebuild Texas Fund to support a  
17 special disaster recovery round of the Texas Foundations  
18 Fund.

19 MS. CLAFLIN: Yes, good morning. My name is  
20 Katie Claflin, director of Communications and Development,  
21 and I am here to present Tab Item 5, which is an action  
22 item, asking the Board to approve a \$100,000 commitment  
23 from TSAHC as part of our application to the Rebuild Texas  
24 Fund.

25 I have included a little bit of information

1 about the Rebuild Texas Fund, as well as our partner in  
2 the application, Enterprise Community Partners, in my  
3 Board write-up. So I'd encourage you to take a look at  
4 that, if you haven't an opportunity to do already.

5 So as a little bit of background, TSAHC has  
6 teamed up with Enterprise Community Partners to submit a  
7 joint application to the Rebuild Texas Fund to support a  
8 special disaster recovery grants program.

9 The program would provide grants of up to  
10 \$50,000 to nonprofits that are providing critical home  
11 repairs and other housing services to households affected  
12 by Hurricane Harvey.

13 We decided to submit a joint application  
14 because both TSAHC and Enterprise have similar missions  
15 and current operate grants programs to support local  
16 housing nonprofits. So rather than duplicate efforts, we  
17 decided to partner together to launch a joint grants  
18 program, specifically focusing on recovery efforts  
19 relating to the hurricane.

20 So after several discussions with Enterprise,  
21 we also decided not to brand the program as a special  
22 funding round of the Texas Foundations Fund or as  
23 Enterprise's grants program, but instead to give its own  
24 name and identity and then promote it as a partnership  
25 between TSAHC and Enterprise.

1           In addition to providing grants of up to  
2     \$50,000, the grants program would also provide technical  
3     assistance to help grantees expand their capacity, and the  
4     technical assistance piece is really what sets this grants  
5     program apart from other grants programs.

6           We don't want to duplicate efforts of the  
7     Rebuild Texas Fund or other grant-making organizations.  
8     Instead what we want to do is to complement their efforts  
9     by focusing on smaller organizations and smaller grant  
10    amounts to help them build their capacity and then  
11    potentially move on and apply for a larger funding amounts  
12    through Rebuild Texas or other grant-making organizations.

13          But under this application to the Rebuild Texas  
14    Fund, TSAHC and Enterprise will each receive \$500,000 to  
15    administer its grants, so a \$1 million total. TSAHC would  
16    administer our \$500,000 specifically to support critical  
17    home repairs; Enterprise's funding would support other  
18    housing assistance programs, such as housing financial  
19    counseling, green building initiatives or direct financial  
20    assistance to homeowners.

21          Although the funding would be administered  
22    separately, nonprofits would apply under one application  
23    system and just designate the grant type that they are  
24    applying for as part of their application.

25          But our application to Rebuild Texas is

1 contingent upon \$100,000 commitment from TSAHC to match  
2 the grant provided by the Rebuild Texas Fund. Combined  
3 with the \$500,000 from Rebuild Texas, TSAHC would then  
4 have a total of \$600,000 to administer for critical home  
5 repairs.

6 We've had several conversations with Rebuild  
7 Texas already to discuss our proposed grant program, and  
8 we hope to know in the next couple of weeks whether or not  
9 our application is approved.

10 If we are awarded funding, we will create  
11 specific guidelines for administering the critical repair  
12 funding, and then plan to bring the guidelines to the  
13 Board for approval in March.

14 So I guess that concludes my formal  
15 presentation, but I'm happy to answer any questions you  
16 have about the application or the requested commitment  
17 from TSAHC.

18 MR. JONES: So the idea is to get the money in  
19 place and then develop a process for expending the money?

20 MS. CLAFLIN: So we have already partnered with  
21 Enterprise and discussed with them over the past several  
22 months or so how exactly the application would be and the  
23 funding would be administered.

24 So we have a general idea of how we would be  
25 administering that funding. We have a few details that we



1 need to work out.

2 MR. JONES: And you said you've already got --  
3 what -- the 500,000 comes in from --

4 MS. CLAFLIN: From Rebuild Texas, the Rebuild  
5 Texas Fund.

6 MR. JONES: So they -- that's 500,000, and the  
7 people we're partnering with, how much do they put in?

8 MS. CLAFLIN: So they're --

9 MR. JONES: They don't put anything in.  
10 They're the ones who do it, do the work.

11 MS. CLAFLIN: So we'll both be doing the work  
12 in terms of actually administering the grants. One of the  
13 reasons that we actually would administer each funding pot  
14 separately is to sort of divide the administrative work  
15 between the two organizations so it doesn't become a  
16 burden to one organization over the other.

17 MR. JONES: Does that involve contractors and  
18 all?

19 MS. CLAFLIN: So it may involve contractors for  
20 the technical assistance piece, and actually, that's  
21 really a benefit for us, partnering with Enterprise  
22 Community Partners, because one of the things that they do  
23 is technical assistance to nonprofits.

24 And so they will really be able to take a  
25 strong role in providing technical assistance to those

1 grantees.

2 MR. JONES: So the full extent of -- the  
3 \$100,000 is the full extent of TSAHC's financial  
4 contribution.

5 MS. CLAFLIN: Yes. So TSAHC -- we're asking  
6 the Board to commit \$100,000, 100 percent of which would  
7 be used for critical repair grants. And then TSAHC would  
8 be providing some in-kind contributions of staff time for  
9 both the administration of the grant and the technical  
10 assistance.

11 MR. JONES: So is it appropriate to say in the  
12 event that it's all approved.

13 MS. CLAFLIN: Correct, yes.

14 MR. JONES: If it's not, the money doesn't go  
15 anywhere.

16 MS. CLAFLIN: Exactly.

17 MR. ROMERO: So if you don't get the 500,000,  
18 we're not going to use our 100,000.

19 MS. CLAFLIN: Correct.

20 MR. LONG: Yeah, the Board has already  
21 allocated for the annual Foundations Fund a specific  
22 amount of money. This was an ask above and beyond that  
23 for a specific request --

24 MR. JONES: That's what I was saying; what did  
25 we commit before?

1 MR. LONG: Pardon?

2 MR. JONES: Have we committed anything before?

3 MS. CLAFLIN: So the Board committed \$318,000  
4 for the grants that were administered in the fall. Under  
5 the current annual funding round that we're about to open  
6 the public comment period for --

7 MR. JONES: And that's been spent. That's been  
8 leveraged and spent.

9 MS. CLAFLIN: Yeah. That's been leveraged and  
10 spent. Under the current funding round that we're going  
11 to open this spring, those grants will not actually be  
12 administered until September. And so we'll be asking the  
13 Board as part of the budget request to allocate that  
14 funding for the annual funding round.

15 MR. LONG: This figure starts September 1.

16 MR. DIETZ: But this 100,000 is separate and  
17 apart and above and beyond.

18 MS. CLAFLIN: Yes.

19 MR. LONG: Exactly.

20 MS. CLAFLIN: Yes.

21 MR. ROMERO: So again, my question to you is,  
22 could you have in here the application is contingent upon  
23 \$100,000 remittance from TSAHC to match the grant, but it  
24 doesn't say anything if we don't receive the grant. So  
25 the money will not be utilized if we don't receive that

1       \$500,000 grant from Rebuild Texas?

2               MS. CLAFLIN: Correct, yeah. We would not go  
3 out with an application with only \$100,000.

4               MR. JONES: Meanwhile the recovery is  
5 exactly -- it's going to be that long and longer. So wait  
6 until September to get something done, but for some  
7 people, that will be good.

8               MS. CLAFLIN: And so if we were to receive the  
9 funding from Rebuild Texas, we would launch this  
10 application likely in April. So we would want to launch  
11 that application as soon as possible.

12              MR. JONES: Any other questions? Mr. Dietz,  
13 any other comments?

14                     (No response.)

15              MR. JONES: Okay, I'll entertain a motion to  
16 either approve or disapprove.

17              MR. ROMERO: I'll move to approve the  
18 additional \$100,000 commitment.

19              MR. EVENWEL: Second.

20              MR. JONES: Now, you worded it additional  
21 100,000. You talking about from the first round --

22              MR. ROMERO: You mentioned Texas Foundations  
23 Fund. We've already authorized 318,000.

24              MR. JONES: Is that wording okay? If he says  
25 additional, as opposed to just \$100,000?

1 MS. CLAFLIN: I think that's fine. Yes.

2 MR. JONES: Okay. Is there a second?

3 MR. EVENWEL: Second.

4 MR. JONES: It's been moved and seconded. Any  
5 other discussion or comments? Any public comment on this  
6 item?

7 (No response.)

8 MR. JONES: Hearing none, all who approve --  
9 for approval, signify by saying aye.

10 (A chorus of ayes.)

11 MR. JONES: Okay.

12 MS. CLAFLIN: Thank you very much.

13 MR. JONES: Thank you. Review, Discussion and  
14 Possible Approval of the 2017 Annual Performance Review of  
15 the President of the Corporation and Related Actions. Are  
16 6 and 7 are combined or no?

17 MR. LONG: One is for the closed session, to  
18 show that you're talking about it in closed session. One  
19 is an open action item when you come back out of closed  
20 session.

21 MR. JONES: Okay. So what we're going to do  
22 is -- I've never seen a closed session as a tab item, have  
23 I?

24 MR. ROMERO: Mr. Chairman, if I could make a  
25 recommendation to go into executive session to discuss Tab

1 Item 6?

2 MR. JONES: You're making a motion?

3 MR. ROMERO: Uh-huh.

4 MR. EVENWEL: Second.

5 MR. JONES: Moved and seconded. Any other  
6 discussion? Any public comment?

7 (No response.)

8 MR. JONES: Okay, it's approved. We're going  
9 into closed session, Item 7. And we'll return and talk  
10 about Tab Item 6.

11 Now, I'm supposed to say something here. Y'all  
12 are leaving before I say what I'm going to say. Wait a  
13 minute; I'm supposed to say something.

14 MR. LONG: Here you go.

15 MR. JONES: Oh, okay. Did I leave it in your  
16 office?

17 MR. LONG: No, that's my copy.

18 MR. JONES: The Board will go into closed  
19 session to take up one item, pursuant to section 551.074  
20 of the Texas Government Code, and we will go into closed  
21 session to discuss Tab Item 6, which is Review, Discussion  
22 and Possible Approval of the 2017 Annual Performance  
23 Review of the President of the Corporation.

24 Since there's no objection -- is there any  
25 objection to going into an executive closed session on the

1 item announced?

2 (No response.)

3 MR. JONES: Hearing none, we will now go into  
4 closed session. It is 11:41.

5 (Whereupon, the Board went into closed  
6 executive session at 11:41.)

7 MR. JONES: We are back in open session. It is  
8 now one o'clock. After conducting our executive session,  
9 in closed session, we took up and considered one item,  
10 under Tab 6, related to the Annual Performance Review of  
11 the Corporation's President. No action was taken in  
12 closed session. It -- I'll give the time; it's now one  
13 o'clock.

14 We'll now take up Item 6. I'd like to make a  
15 motion, if I can, to approve the compensation and benefits  
16 for the president of the Corporation as discussed in  
17 executive session.

18 Is there a second?

19 MR. EVENWEL: Second.

20 MR. JONES: It's been moved and seconded. Is  
21 there any further discussion of the Board?

22 (No response.)

23 MR. JONES: None.

24 Is there any public comment about -- concerning  
25 Item 6?

1 (No response.)

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

4 (A chorus of ayes.)

5 MR. JONES: There's no opposition. It's  
6 unanimous.

7 MR. LONG: Thank you, Mr. Chairman.

8 MR. JONES: Any final comments?

9 MR. LONG: No. Again, we'll let the Board know  
10 about our March 22 Board meeting and keep you informed on  
11 that. And I appreciate your time and everything you've  
12 done and the opportunity to talk with you today.

13 MR. JONES: Okay. It is 1:02, and this meeting  
14 is adjourned.

15 (Whereupon, at 1:02 p.m. the Board meeting was  
16 concluded.)



C E R T I F I C A T E

MEETING OF: Texas State Affordable Housing Corporation

LOCATION: Austin, Texas

DATE: February 15, 2018

I do hereby certify that the foregoing pages,  
numbers 1 through 6565, 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.

02/21/2018  
\_\_\_\_\_  
(Transcriber) (Date)

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