

Official Board Packet



Texas State Affordable Housing Corporation

Board Meeting
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701

Friday, December 9, 2005
11:30 a.m.

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
December 9, 2005 at 11:30 am

AGENDA

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

Jerry Romero
Chair

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

REPORTS

- | | |
|--|--------------------|
| ◆ President's Report | David Long |
| ◆ Executive Vice President's Report | Katherine Closmann |
| ◆ Single Family Lending Report | David Long |
| ◆ Multifamily Lending Report | Cari Garcia |
| ◆ Financial Report | Melinda Smith |
| ◆ Presentation of Financial Statements and Budget Report | |

ACTION ITEMS IN OPEN MEETING

- Tab 1** Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on November 4, 2005.
- Tab 2** Presentation, Discussion and Possible Approval of the Fiscal Year Ending August 31, 2005 Annual Financial Audit Report.
- Tab 3** Presentation, Discussion and Possible Approval of the Auditor's Report on Compliance with the Public Funds Investment Act.
- Tab 4** Presentation, Discussion, and Possible Approval of a Resolution Approving Amendments to the Trust Indenture Executed in Connection with the Corporation's Multifamily Housing Revenue Bonds (American Housing Foundation Portfolio) Series 2002; and Other Matters Related Thereto.

CLOSED MEETING

Consultation with legal counsel on legal matters – Texas Government Code § 551.071
Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072
Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073
Personnel Matters – Texas Government Code § 551.074
Implementation of security personnel or devices – Texas Government Code § 551.076
Other matters authorized under the Texas Government Code

OPEN MEETING

Action in Open Meeting on Items Discussed in Closed Meeting

ADJOURN

Individuals who require auxiliary aids or services for this meeting should contact Laura Smith, ADA Responsible Employee, at 512-477-3555, x 400 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

President's Report

Discussion

Executive Vice President's Report

Discussion

2004 Professional Educators and Homes 4 Heroes Programs
As of March 24, 2004 - December 5, 2005

TOTAL
2004B \$ 38,800,036
 Avg Loan
 Amount \$ **104,582**

Professional Educators
 Loans = **223**
 Total = **\$23,816,998**

Fire & Police
 Loans = **148**
 Total = **\$14,983,038**

GD Total **\$38,800,036**

Month	# of Loans	% of Total Loans	Total Originated	% of Total Origination
Mar-04	6	2%	\$ 604,041	2%
Apr-04	28	8%	\$ 2,906,180	7%
May-04	38	10%	\$ 4,119,410	11%
Jun-04	38	10%	\$ 3,913,298	10%
Jul-04	41	11%	\$ 4,086,592	11%
Aug-04	35	9%	\$ 3,533,646	9%
Sep-04	21	6%	\$ 2,178,636	6%
Oct-04	16	4%	\$ 1,691,747	4%
Nov-04	9	2%	\$ 990,538	3%
Dec-04	8	2%	\$ 847,876	2%
Jan-05	9	2%	\$ 1,086,202	3%
Feb-05	11	3%	\$ 1,032,383	3%
Mar-05	24	6%	\$ 2,832,813	7%
Apr-05	15	4%	\$ 1,654,088	4%
May-05	10	3%	\$ 963,273	2%
Jun-05	23	6%	\$ 2,408,964	6%
Jul-05	10	3%	\$ 1,105,583	3%
Aug-05	20	5%	\$ 1,986,548	5%
Sep-05	8	2%	\$ 743,218	2%
Oct-05	1	0%	\$ 115,000	0%
Totals	371	100%	\$ 38,800,036	100%

Originated	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Total	Total %	
American Home Mortgage	\$ 766,858	0	0	3	1	1	0	1	0	0	0	1	0	0	0	0	8	2%	
DHI Mortgage Company	\$ 778,679	0	1	0	0	1	0	0	0	1	0	1	0	0	0	1	6	2%	
Chase Manhattan Mortgage	\$ 373,262	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	3	1%	
Countrywide Home Lns	\$ 3,350,551	0	0	4	3	5	1	1	2	1	0	2	2	3	2	2	36	10%	
CTX Mortgage	\$ 2,974,260	0	2	1	3	3	0	1	2	0	2	1	4	1	3	0	26	7%	
First Nat'l dba 1st Com	\$ 838,568	0	1	1	2	3	0	0	0	0	0	0	0	0	1	0	10	3%	
Hammersmith Fin	\$ 390,104	0	0	1	0	0	0	0	0	0	0	1	1	0	0	0	3	1%	
Hibernia Nat'l Bank	\$ 65,484	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0%	
Home Loan Center	\$ 1,161,534	1	3	0	2	1	0	1	0	1	0	0	0	0	0	0	13	4%	
National City Mortgage	\$ 1,721,242	0	3	2	2	2	0	0	1	0	1	1	0	0	0	1	15	4%	
KB Homes Mortgage	\$ 573,494	0	0	1	0	1	2	0	0	0	0	0	0	0	0	0	5	1%	
McAfee Mortgage (Plains Cap)	\$ 2,529,611	0	3	1	4	2	0	2	2	0	1	3	2	1	1	1	28	8%	
Pulaski Mortgage	\$ 655,584	0	1	1	0	0	0	0	0	1	0	0	0	1	0	0	6	2%	
RBC Mortgage (Sterling)	\$ 2,795,758	1	3	8	3	1	0	0	1	1	0	1	0	0	2	0	25	7%	
New South Federal	\$ 193,788	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	2	1%	
Residential Home Lending	\$ 2,554,489	2	3	3	2	1	0	2	0	2	1	0	1	0	1	1	23	6%	
Rocky Mountain Mortgage	\$ 1,522,600	0	2	2	1	5	0	0	0	0	1	0	1	0	2	0	16	4%	
SFMC - Service First Mortgage	\$ 2,369,962	0	1	3	3	2	1	0	0	0	2	2	0	1	1	0	22	6%	
Southtrust Mortgage	\$ 1,010,053	1	2	3	0	1	0	0	0	0	1	0	0	0	0	0	10	3%	
Texas Capital	\$ 69,451	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0%	
Universal American Mortgage	\$ 1,458,269	0	0	0	3	1	0	0	0	2	1	2	1	1	0	0	13	4%	
Well Fargo Home Mortgage	\$ 958,569	0	0	0	0	0	1	0	0	0	3	0	0	0	1	1	9	2%	
WR Starkey Mortgage	\$ 2,268,631	0	0	3	3	3	0	0	0	1	0	2	0	2	1	1	20	5%	
Judith O Smith Mortgage	\$ 746,179	0	1	0	1	0	0	0	0	1	0	0	3	0	0	0	7	2%	
Market Street Mortgage	\$ 2,351,573	0	0	0	0	4	2	0	2	2	2	0	0	2	0	0	23	6%	
Summit Mortgage	\$ 178,509	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	2	1%	
Lending Edge (1st Guar.)	\$ 152,058	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0%	
Prime Lending, Inc.	\$ 669,573	0	0	1	0	0	1	0	0	0	1	0	0	0	1	0	6	2%	
Home Trust	\$ 236,326	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	3	1%	
Ft. Worth Mortgage	\$ 379,992	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	3	1%	
Valley Mortgage	\$ 913,299	0	0	0	0	0	0	0	0	0	1	0	0	1	2	3	9	2%	
Ryland Mortgage	\$ 421,070	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	3	1%	
Maverick Mortgage	\$ 225,514	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	2	1%	
Bankers Financial Mtg Group	\$ 87,087	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0%	
First Horizon Home Loan	\$ 235,798	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	2	1%	
Milestone Mtg.	\$ 64,894	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0%	
Prado Mtg	\$ 72,200	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0%	
Cornerstone Mortgage	\$ 115,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0%	
Realty Mortgage	\$ 570,165	0	0	0	1	2	1	0	0	0	0	0	0	0	0	0	5	1%	
Totals	\$ 38,800,036	6	28	38	38	41	9	8	9	11	24	15	10	23	10	20	9	371	100%

Texas State Affordable Housing Corporation's

2005A Professional Educators

As of July 18, 2005 thru December 5, 2005

Month	# of Loans	% of Total Loans	Total Originated	% of Total Origination
Jun-05	11	7%	\$ 1,303,437	8%
Jul-05	21	14%	\$ 2,211,792	13%
Aug-05	28	19%	\$ 3,127,246	19%
Sep-06	35	24%	\$ 4,128,732	25%
Oct-06	24	16%	\$ 2,971,645	18%
Nov-06	29	20%	\$ 2,986,371	18%
Dec-06	0	0%		0%
Jan-07	0	0%		0%
Feb-07	0	0%		0%
Mar-07	0	0%		0%
Apr-07	0	0%		0%
Totals	148	100%	\$ 16,729,223	100%

\$ - \$ -

	Originated	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Total	Total %
Ft. Worth Mortgage	\$ 291,750				2		1		3	2%
Valley Mortgage Corp	\$ 259,418		1		1		1		3	2%
CTX Mortgage Corp	\$ 575,277		1	1	2	1			5	3%
Countrywide Funding Corp	\$ 2,558,640		1	6	6	5	7		25	17%
Ryland Mortgage	\$ 385,373			1	1		1		3	2%
Wells Fargo Home Mtg	\$ 1,344,655		4	2	3	1	3		13	9%
Texas Capital	\$ 1,025,350		1		3	4			8	5%
1st Nat'l Bk dba 1st Comm	\$ 112,896			1					1	1%
SFMC - Service 1st Mtg	\$ 552,743	1		1	1		1		4	3%
First Continental Mortgage	\$ 118,873					1			1	1%
NTFN Inc./ Premier Nat'l	\$ 93,450						1		1	1%
Northstar Bank of TX	\$ 101,295		1						1	1%
New Century Mortgage	\$ 124,388					1			1	1%
Fairway Independent Mtg	\$ 76,500						1		1	1%
Home Loan Corp	\$ 639,115	1	1	2	1	1			6	4%
Market Street Mortgage	\$ 926,622	1		4	1		1		7	5%
Hammersmith Financial	\$ 536,543		1	2	1				4	3%
Rocky Mountain Mortgage	\$ 829,950		3	1	1	2	1		8	5%
RBC	\$ 203,421				1		1		2	1%
Judith O. Smith Mtg	\$ 1,045,524	5			2	1			8	5%
First Horizon Home Loan	\$ 502,382		1	1	1	1			4	3%
Cornerstone Mortgage Co.									0	0%
McAfee	\$ 210,459				1	1			2	1%
Chase Manhattan Mtg	\$ 194,425		1	1					2	1%
DHI Mortgage Co	\$ 380,309			1		1	1		3	2%
Milestone Mortgage	\$ 119,900					1			1	1%
Universal American Mtg	\$ 445,682	1	1		1		1		4	3%
Wachovia Mtg Corp	\$ 1,009,283		2		3		4		9	6%
WR Starkey	\$ 487,706				1	1	2		4	3%
Prime Lending Inc	\$ 702,282	1	1	3	1	1			7	5%
Residential Home Lending	\$ 875,011	1	1	1	1	1	2		7	5%
Total Committed	\$ 16,729,223	11	21	28	35	24	29	0	148	100%

Un-committed allocation

Non-Targeted Amount \$ 2,406,778

Texas State Affordable Housing Corporation's
2005B Homes for Heroes
As of October 25, 2005 thru **December 5, 2005**

Month	# of Loans	% of Total Loans	Total Originated	% of Total Origination
Oct-05	10	19%	\$ 1,439,264	32%
Nov-05	42	81%	\$ 3,083,534	68%
Dec-05	0	0%		0%
Jan-06	0	0%		0%
Feb-06	0	0%		0%
Mar-06	0	0%		0%
Apr-06	0	0%		0%
May-06	0	0%		0%
Jun-06	0	0%		0%
Jul-06	0	0%		0%
Aug-06	0	0%		0%
Totals	52	100%	\$ 4,522,798	100%

\$ 0

	Originated	Oct-05	Nov-05	Dec-05	Jan-06	Total	Total %
Ft. Worth Mortgage						0	0%
Valley Mortgage Corp	\$ 75,734	1				1	2%
CTX Mortgage Corp	\$ 374,874	2	2			4	8%
Countrywide Funding Corp	\$ 823,776	5	6			11	21%
Ryland Mortgage	\$ 151,691		1			1	2%
Wells Fargo Home Mtg	\$ 335,023	2	1			3	6%
Texas Captial						0	0%
1st Nat'l Bk dba 1st Comm						0	0%
SFMC - Service 1st Mtg	\$ 153,589		2			2	4%
NTFM Inc./ Premier Nat'l	\$ 119,161		1			1	2%
New Century Mortgage	\$ 98,201		1			1	2%
Home Loan Corp.	\$ 88,870		1			1	2%
Market Street Mortgage	\$ 117,619		1			1	2%
McAfee	\$ 1,272,887		16			16	31%
Milestone Mtg	\$ 176,204		2			2	4%
Universal American Mtg	\$ 110,350		1			1	2%
Wachovia Mtg Corp	\$ 126,500		1			1	2%
American Home Mortgage	\$ 133,333		2			2	4%
Residential Home Lending	\$ 364,986		4			4	8%
Total Committed	\$ 4,522,798	10	42	0	0	52	100%

PAB RFP Marketing

This report is submitted to the board for informative purposes regarding the marketing efforts made in promoting RFP's under the Private Activity Bond program.

- RFPs published on TSAHC website on 11-4-05
- Press Release drafted and sent via e-mail (along with RFPs) to the following groups:
 - TAAHP
 - RRHA
 - Developer List
 - TALHFA
 - USDA
- Published RFPs in the Texas Register on November 25th and December 2nd
- Met with various legislative aides and committee clerks
- Discussed individually with developers at two educational workshops

Financial Report

Discussion

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
November 4, 2005 at 10:30 am

Summary of Minutes

Call to Order, Roll Call
Certification of Quorum

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Jerry Romero, Chair, at 10:30 a.m., on November 4, 2005, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue – Suite B-10 Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.

Members Present

Jerry Romero, Chair
Thomas A. Leeper, Vice Chair
Charles G. Rencher, Member
Jo Van Hovel, Member

Staff Present

David Long, President
Melinda Smith, Chief Financial Officer
Katherine Closmann, Executive Vice President
Cari Garcia, Manager of Multifamily Finance
Cathleen Dean, Single Family Programs Manager
Laura Smith, Corporate Secretary

Public Comment

Special Guests

Veronica Chapa, Texas Department of Housing and Community Affairs
Kathryn Garner, Andrews Kurth LLP
Robin Miller, First Southwest Company
Scott Sims, Staff Member for the Speaker of the State House of Representatives
Kent Smith, Jackson Walker LLP

Reports

Audit Committee Report

Mr. Leeper began by informing the Board that the Audit Committee had met with the Corporation’s auditor, Mr. Mikeska, that very morning to discuss his progress to date and his

anticipated timeline for completion of the annual audit. Mr. Leeper noted that Mr. Mikeska had received the audit confirmations from all four Board members. Mr. Leeper stated that Mr. Mikeska was still waiting on confirmations from other entities, but believed there would be no problems. Mr. Leeper reported that Mr. Mikeska anticipated the end of the audit to be November 20, 2005, when he would submit a draft report to Ms. Smith. Mr. Leeper reported that a copy of the audit would be delivered with the December Board packets and would be presented at the December Board meeting. Mr. Long reported that Mr. Mikeska believed that the audit would proceed normally.

President's Report

Mr. Long turned the Board's attention to Tab 2, under which the closing of the 2005 Firefighter Program would be presented by Mr. Machak with RBC Dain Rauscher, and Mr. Miller with First Southwest Company.

Mr. Long then informed the Board that he, Ms. Closmann, Ms. Garcia and Ms. Smith had attended the Texas Association of Local Housing Finance Agencies (TALHFA) Conference in Corpus Christi the previous week. Mr. Long noted that he and Ms. Garcia spoke on different panels regarding the Corporation's programs. Mr. Long then informed the Board that he, Ms. Closmann, and Mr. Romero would be attending the National Association of Local Housing Finance Agencies (NALHFA) Conference in San Francisco in November.

Mr. Long turned the Board's attention to the next legislative session. Mr. Long stated that legislative interim studies had been issued for the upcoming year. Mr. Long noted that while the Corporation was not specifically named, the Private Activity Bond Program as well as the tax credit program was addressed under the Urban Affairs Committee. Mr. Long also stated that there was a note regarding quasi-governmental entities and identifying those relationships under the Government Reform Committee. Ms. Closmann stated that she and Mr. Long would be meeting with the Urban Affairs Committee clerk Christine Gibson next week.

Mr. Long then turned the Board's attention to the December Board meeting, stating that it was scheduled for December 9, 2005.

Mr. Long made the Board aware that by the next Board meeting, the Corporation would be issuing RFPs for professional services. Mr. Long stated that RFPs were issued every three years.

Executive Vice President's Report

Ms. Closmann began by referring the Board to the packet of information placed on the table in front of them. Ms. Closmann briefly went through the default notices contained in the first section of the packet.

Ms. Closmann then turned the Board's attention to a letter contained in the packet from BB & T regarding changes to the American Housing Foundation restructuring. Ms. Closmann refreshed the Board's memory of the Amendment to the Indenture, which the Board approved at a previous meeting. Ms. Closmann explained the changes to the transaction in detail. Ms. Closmann stated that the final transaction would be brought before the Board for approval at the December meeting.

Ms. Closmann then turned the Board's attention to the Corporation's Fundraising and Grant Program Action Plan. Ms. Closmann stated that Greenlights for Nonprofit Success had helped staff put the plan together. Ms. Closmann proceeded to go through the action plan in detail. Ms. Closmann made the Board aware that Ms. Marjorie Saul, a professional grant writer working with Greenlights, had already started prospecting for grants and appropriate funding. Ms. Closmann stated that she would speak with Ms. Saul every week and meet with her monthly to discuss her progress, at which time she would be providing a written report of the grants that the Corporation could apply for. Mr. Romero inquired whether Ms. Saul would be targeting only Texas foundations and organizations and Ms. Closmann responded that both state and national foundations and organizations would be targeted.

Single Family Lending Report

Ms. Dean turned the Board's attention to recent reports on the single family programs that were distributed to the members prior to the meeting. Ms. Dean explained the reports in detail.

Ms. Dean informed the Board that she had resigned her position at the Corporation. Ms. Dean stressed how important it was to meet with the borrowers, because then the borrower would be more informed when they go to the lender and it would therefore ensure that they get in our programs.

Ms. Dean stated that she had attended the Texas Realtor Convention in Corpus Christi, which was good PR for the Corporation's programs. Ms. Dean stated that once it was rescheduled, the Texas Mortgage Brokers Convention would be a good place to promote the programs. Mr. Rencher stated that the Mortgage Brokers Convention would not be rescheduled this year. Mr. Rencher expressed his hope that Ms. Dean would be available to help if it was needed. Ms. Dean stated that she hoped to come back to help her replacement get acclimated to the position and introduced to some of the association people. Ms. Dean stated that it was a pleasure to work with the Board and the staff.

Mr. Romero thanked her for the good job she did and the personal touch she brought to the programs, which helped them to be successful. Mr. Leeper and Ms. Van Hovel thanked Ms. Dean for her work.

Mr. Long presented a gift to Ms. Dean on behalf of the Corporation. Mr. Long stated that she would be missed, but that staff and Board wished Ms. Dean and her husband all the successes and blessings in the world for their move to Chicago.

Mr. Long stated that interviews for the position of Single Family Programs Manager had been set up for the following week.

Multifamily Lending Report

Ms. Garcia began by informing the Board that she had attended and was part of a panel at the TALHFA conference. Ms. Garcia stated that she was able to speak about the Private Activity Bond Program. Mr. Garcia then informed the Board that she would be making a presentation at a tax credit/finance workshop given by Joe Guggenheim on December 1, 2005. Ms. Garcia referred the Board's attention to the multifamily action items listed on the agenda. Ms. Garcia stated that staff would be having an application workshop in relation to the Private Activity Bond Program in early December.

Asset Oversight and Compliance Report

Ms. Closmann began by referring the Board's attention to the quarterly resident services report and the affordability requirements chart that were both included in the Board packet. Ms. Closmann specifically noted that American Opportunity for Housing was the only portfolio without resident services listed. Ms. Closmann stated that AOH had been sent lists of resident services that could be provided at no cost or very low cost to the properties. Ms. Closmann followed up by stating that all other portfolios had been reporting their resident services.

Financial Report

Ms. Smith began by referring the Board's attention to the budgeted to actual expenditures report for September that was included in the Board packets. Ms. Smith made the Board aware that there was a profit of \$58,000 in September, and then proceeded to go through and explain the expenditures report and the footnotes, which were also included in the packet. Ms. Smith informed the Board that after meeting with the Corporation's bankers, staff had come up with 3 ways to cut fees on the operating account so it was expected that the Corporation would be on budget during the year. Ms. Smith followed by stating that research into sweep accounts revealed that the interest rates were about the same as those for the Corporation's operating account.

Ms. Smith informed the Board that the Corporation's depository contract had been signed on October 25, 2001 and the Corporation's Investment Policy requires that it be bid every five years. Ms. Smith stated that Linda Patterson was putting together a draft RFP for Ms. Smith, Mr. Long and Ms. Closmann to review.

Mr. Romero inquired as to what yield the Corporation was getting on their investments, and Ms. Smith referred the Board to a handout listing the Corporations investments. Ms. Smith stated that this report would be included in the Board packets from now on. Ms. Smith explained that the amount maintained in the operating account had been reduced to \$90,000 with the remaining monies being invested to maximize the return.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on October 14, 2005.

Mr. Romero made a motion to approve the minutes of the Board Meeting held on October 14, 2005. Mr. Rencher seconded the motion. Ms. Van Hovel abstained from voting. Motion passed.

Tab 2 Presentation and Discussion of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Firefighter and Law Enforcement or Security Officer Home Loan Program) Series 2005B Transaction.

Mr. Long stated that Mr. Machak with RBC Dain Rausher, the Corporation's underwriter, and Mr. Miller with First Southwest Company, the Corporation's Financial Advisor, were here to present to the Board a review of the closing of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Firefighter and Law Enforcement or Security Officer Home Loan program) Series 2005B transaction. Mr. Long made the Board aware of the book provided to them regarding the closing. Mr. Machak proceeded to go through the book and

explain how the closing went. Ms. Van Hovel inquired what Mr. Machak felt the pricing for the future would be. Mr. Machak stated that he thought the rates may flatten in the short term, but would increase in the long term. Mr. Machak proceeded to go into further detail regarding the matter.

Tab 3 Presentation, Discussion and Possible Approval of the Texas State Affordable Housing Corporation 2006 Annual Action Plan.

Mr. Long refreshed the Board's memory that staff had attended 13 statewide public hearings to garner information and public comment on the Corporation's Annual Action Plan. Mr. Long stated that the Corporation was required to provide a draft of the Plan to the Board for approval. Mr. Long stated that it would then be submitted to the Texas Department of Housing and Community Affairs to be incorporated into the state's low income housing plan. Mr. Long explained that the draft before the Board for approval was the Corporation's final version of the Plan, and it reflected all comments received on the Corporation's programs.

Mr. Rencher made a motion to approve the Texas State Affordable Housing Corporation 2006 Annual Action Plan. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Tab 4 Presentation, Discussion and Possible Approval of Final Scoring Criteria Governing the Method by which the Corporation Scores and Ranks Applications for an Allocation Under the Corporation's 2006 Multifamily Private Activity Bond Program.

Ms. Garcia began by referring the Board to the scoring criteria contained behind Tab 4 in the Board book. Ms. Garcia explained that this was exactly what was presented at the last Board meeting. Ms. Garcia then turned the Board's attention to the blackline that was provided. Ms. Garcia explained that comment was received from the Corporation's professionals as well as from a developer after the Board books were sent out, and those comments were reflected in the blackline version. Ms. Garcia and Ms. Closmann proceeded to point out and explain all the changes made to the criteria. Discussion followed. Ms. Closmann asked for the Board's approval of the final scoring criteria with the understanding that staff could correct typos and make minor changes. Ms. Closmann stated that any major changes would be brought before the Board for approval.

Ms. Van Hovel made a motion to approve the final scoring criteria governing the method by which the Corporation scores and ranks applications for an allocation under the Corporation's 2006 Multifamily Private Activity Bond Program, along with giving staff the ability to go ahead and change any insignificant typos. Mr. Leeper seconded the motion. Motion passed unanimously.

Tab 5 Presentation, Discussion and Possible Approval of the Requests for Proposals for Housing Developments in Areas Targeted Under the Corporation's 2006 Multifamily Private Activity Bond Program.

Ms. Garcia referred the Board's attention to the 3 RFPs contained behind Tab 5 of the Board book. Ms. Garcia then turned the Board's attention to a black lined version of all three that reflected comments received after the Board books were mailed out. Ms. Garcia refreshed the Board's memory that the three target areas for the 2006 Multifamily Private Activity Bond Program were rehabilitation, senior housing, and rural housing. Ms. Closmann further stated that

the programs were statewide. Ms. Garcia proceeded to point out and explain all the changes made to the RFPs, noting that all three contained the same corrections.

Mr. Romero inquired about incorporating green space and green building into the RFPs. Ms. Garcia stated that after much research it was concluded that it would be too difficult to score on green building. Mr. Romero suggested that an option might be to give extra points to those who add amenities associated with green building. Mr. Romero also suggested that additional points be given regarding the property's vicinity to public transportation. Discussion followed regarding transportation and its inclusion in the RFPs. Ms. Garcia asked for the Board's approval of the RFPs and Ms. Closmann asked that the Board approve them with the understanding that some changes might need to be made in the future. Ms. Closmann stated that it was made very clear in each RFP that all the respondents were responsible for going to the website and checking for updates to the RFPs. Mr. Romero added that if it was a significant change, the RFPs should come back before the Board for approval.

Mr. Leeper made a motion to approve the requests for proposals for housing developments in the areas targeted under the Corporation's 2006 Multifamily Private Activity Bond Program, with the condition that there might be some slight changes in typographical errors and/or changes that would not modify the proposal significantly. Mr. Rencher seconded the motion. Motion passed unanimously.

Tab 6 Presentation, Discussion and Possible Approval of Amended Guidelines and Criteria Relating to the 2006 Multifamily Private Activity Bond Program.

Ms. Garcia explained that because changes were made to the RFPs and scoring criteria, the program guidelines needed to be amended to reflect those changes. Ms. Garcia pointed out the things that were changed.

Mr. Romero inquired as to when the guidelines were originally approved, and Ms. Garcia answered that they were approved at the October meeting. Ms. Closmann added that the guidelines had been approved after a period for public comment had occurred.

Mr. Romero made a motion to approve the amended guidelines for the 2006 Private Activity Bond Program, with the stipulation that any minor changes be made to the document if necessary. Mr. Rencher seconded the motion. Motion passed unanimously.

Open Meeting

After discussion, it was determined that the next Board meeting would be held on December 9, 2005 at 11:30 am.

Adjournment

Ms. Van Hovel made a motion to adjourn the meeting. Mr. Romero seconded the motion. Motion passed unanimously.

The Texas State Affordable Housing Corporation Board Meeting was officially adjourned at 11:47 a.m.

Respectfully submitted by _____
Laura Smith, Corporate Secretary

Tab 2

Presentation, Discussion and Possible Approval of the Fiscal Year Ending August 31, 2005 Annual Financial Audit Report.

Copies of the Audit will be provided at the meeting.

Tab 3

**Presentation, Discussion and Possible Approval of the Auditor's Report
on Compliance with the Public Funds Investment Act**

Discussion

Tab 4

Presentation, Discussion, and Possible Approval of a Resolution Approving Amendments to the Trust Indenture Executed in Connection with the Corporation's Multifamily Housing Revenue Bonds (American Housing Foundation Portfolio) Series 2002; and Other Matters Related Thereto.

This item has been pulled from the agenda.