

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,
December 14, 2011
10:12 a.m.

BOARD MEMBERS:

ROBERT "BOB" JONES, Chair
JO VAN HOVEL, Vice Chair
JERAN AKERS
WILLIAM H. DIETZ, JR.
JERRY ROMERO

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PROCEEDINGS

MR. JONES: The Board meeting of the Texas State Affordable Housing Corporation is now called to order.

Roll call. Jo Van Hovel, Vice Chair?

MS. VAN HOVEL: Here.

MR. JONES: Jeran Akers, Member?

(No response.)

MR. JONES: William Dietz, Member?

MR. DIETZ: Here.

MR. JONES: Jerry Romero, Member?

MR. ROMERO: Here.

MR. JONES: And myself, I'm here. I'll just hold off on Jeran since he said he'd be here late and just not mark this yet.

MS. VAN HOVEL: He's on his way.

MR. JONES: Okay, good. We certify that we have a quorum.

Is there any public comment?

MR. LONG: Actually, there is, Mr. Chairman. If you don't mind, I would like to make a few introductions before we start.

MR. JONES: Yes, sir.

MR. LONG: And Mr. Romero would like to make a presentation under the public comment section.

You have had a chance to meet, but Rebecca Martinez with the Governor's Office is here, and I just wanted to make sure that you had a chance to see here. We're very pleased to have Rebecca here. I know

she's got to leave rather quickly.

Other individuals that are here visiting with us today, our professionals: Robin Miller with First Southwest; Pam Stein, general counsel representative for Greenberg Traurig; Joe Tate with Morgan Keegan -- Chris Spelbring is working on another project so Joe is here in his stead; and then Greg Hasty with Wilmington Trust; and then we also have with Mr. Don Mikeska with Mikeska Monaham & Peckham will be speaking during the agenda item for the audit committee report.

And with that, Mr. Chairman, I'd like to defer to Mr. Romero for a presentation that he has to make.

MR. ROMERO: I'll play a dual role today. I'm Jerry Romero with Wells Fargo Bank, and I want to go ahead and make a presentation to the board, and I'd like to have Janie come up as well because it was actually with Janie and the rest of the staff who put together this grant proposal to Wells Fargo Bank.

And we're going to present to the corporation a \$50,000 grant that is to be used for down payment assistance that really focuses on the El Paso County area because it was a designated market for Wells Fargo Bank, so I want to make sure that everybody is aware of that.

The corporation out of Austin is representing a program that's covered El Paso County, and again, it's due to the due diligence of Janie's group and Katie putting together a really good application for these funds.

I think every one of our major Texas cities received a grant from our different community development officers from across the state, but I

wanted to make sure that I presented this to the board and have you all accept it on behalf of the corporation.

(Pause for presentation of check and photos, applause.)

MR. JONES: On behalf of the board, we thank you very much.

MS. VAN HOVEL: Thank you, Jerry.

MR. JONES: And Janie, as always, we thank you.

MS. TAYLOR: And the rest of the staff.

MR. JONES: That's correct.

MR. LONG: Mr. Chairman, I don't know if there's any additional public comment that may be needed now or later on.

MR. JONES: Okay. Then we will move to the audit committee report. Vice Chair Jo Van Hovel.

MS. VAN HOVEL: Okay. Thank you. The audit committee did meet this morning at nine o'clock, and I'm going to refer now to Melinda Smith.

MS. SMITH: My name is Melinda Smith and I'm the CFO. The audit committee did meet this morning. There were three agenda items: the first was the approval of the minutes and the minutes were approved; second, our annual financial audit was presented to the audit committee and the audit committee approved recommending the audit to the full board; and then last, the audit committee guidelines were reviewed and those were also recommended to the full board for approval.

And that's the summation of the audit committee meeting this morning.

MS. VAN HOVEL: Thank you, Melinda.

MR. JONES: Jo, was there anything in the audit that caused you or anyone else to have to ask any specific questions, or was it clean?

MS. VAN HOVEL: It was clean. Don did that for us. Did you get that? We're clean.

MR. JONES: And we'll deal with that later on in the agenda.

MR. LONG: Yes. The full board will hear from Mr. Mikeska during his presentation as a followup to that, and you'll have an opportunity to ask any additional questions that you may have at that time.

MR. JONES: That will work for me.

MS. VAN HOVEL: Is that what you meant?

MR. JONES: Yes.

MS. VAN HOVEL: Thank you.

MR. JONES: Okay, David.

MR. LONG: Thank you, Mr. Chairman. Quick update. I mentioned the guests we have with us today, and as I mentioned, Mr. Mikeska will be making a presentation under the tab item for audit. We attended some conferences this past month. Mr. Danenfelzer and I attended the housing partnership network conference held here in Austin, and Paige also attended the MS conference that was here in Austin. We completed our check presentations under the Foundations Fund.

We had two additional presentations that were attended by staff, one in Rio Grande Valley and myself and Liz attended that, and then in Houston for New Hope Housing and we had several of the staff members

attend that, along with Liz.

MR. JONES: Who did they go to?

MR. LONG: New Hope Housing was in Houston, and the one in Rio Grande City was MET.

MR. JONES: And what did they do?

MR. LONG: I'd have to defer to staff.

MR. JONES: I was looking at Paige.

MS. MCGILLOWAY: Paige McGilloway, single family programs manager. MET is Motivation, Education and Training, and they primarily focus on migrant farm worker housing in the Valley.

MR. JONES: Good. That's one of the things we were trying to do, more rural. Thank you.

MR. LONG: In addition to that, some additional public hearings -- as you're aware, Mindy Green and I have been participating in the Texas Interagency Council to End Homelessness for the State of Texas. That interagency council has been working on developing a ten-year plan for the State of Texas.

The plan is in draft form and has been out for public comment and Mindy and I attended some of the ten public hearings that were across the state. Mindy attended the one yesterday in Austin and there were a couple of others that we attended in the Dallas-Fort Worth area. There's another hearing still to be completed, but they're taking public comment at that time.

The formal draft will be then reviewed and considered by the

council itself and taking into consideration any public comment that was received.

Just as a quick note, our offices will be closed in celebration of the holidays and New Year's, the 26th which is a Monday and the 2nd which is a Monday following both of those holidays. And then I'll defer on my last item, Mr. Chairman, which is the next board meeting.

MR. JONES: Are there any questions regarding tab A, B, C or D of the president's report?

(No response.)

MR. JONES: Okay. Thanks, David.

Let's go to item 1: Presentation, discussion and possible approval of minutes of the board held on November 10.

MR. ROMERO: I'll move to approve as presented.

MR. JONES: His motion is approve as presented.

MR. DIETZ: Second.

MR. JONES: Second. Any public comment?

(No response.)

MR. JONES: Okay. Are there any objections to the approval of the minutes?

(No response.)

MR. JONES: Hearing none, they pass.

Tab item 2: Presentation, discussion and possible approval of the annual independent financial audit for the fiscal year ending August 31, 2011.

MS. SMITH: Good morning. Again, my name is Melinda Smith.

As you know, the corporation is required by law to have an annual financial audit. Don Mikeska is here, with Mikeska Monahan & Peckham, he is our independent auditor, and he is going to briefly go over the financial statements or the audit report that was presented to the audit committee this morning.

MR. MIKESKA: Thank you, Melinda. My name is Don Mikeska. I'm with Mikeska Monahan & Peckham, and we have concluded the field work of the independent audit of the Texas State Affordable Housing Corporation. I just wanted to briefly give you an idea of what the audit report encompasses without going into great detail.

There are three levels of auditing that were included in this engagement. The first level would be just what is called a GAAS, Generally Accepted Auditing Standards. What that simply means is the auditor is responsible for auditing the financial statements and detecting material fraud; that is what's called a basic GAAS audit.

The second level of audit that was part of our engagement is called a Governmental Audit or an audit in accordance with Government Auditing Standards. The Government Auditing Standards are bound in a yellow book so it's commonly referred to as the Yellow Book audit.

Under the terms of a Yellow Book audit, the auditor is responsible for detecting any material weaknesses or reportable deficiencies in internal control. The auditor is also responsible for detecting any material

non-compliance with provisions of laws, regulations, contracts, grant agreements that non-compliance could have a direct and material effect on your financial statement.

The third type of audit is called the single audit. Because the corporation expended more than \$500,000 worth of federal awards during its fiscal year, the corporation is required to have a single audit.

Under the single audit the auditor is responsible for detecting any material weaknesses in internal control over the actual compliance with the regulations and laws of the grants that non-compliance, again, would have a direct and material effect on your financial statement. And also, the auditor is responsible for detecting and reporting on any deficiencies in internal control over compliance.

So with respect to the types of audit reports, and there are three opinions found in the reporting package, the report on the basic financial statements is an unqualified opinion, meaning it is a clean opinion.

We state in there that the financial statements fairly reflect, in all material respects, the financial condition of the corporation. That includes the disclosures in the financial statements called footnotes, so to have a good clean opinion, you have to have the financial statements to be materially correct, be free of any material misstatement, whether it be due to fraud or irregularities, and then have full disclosure such that the reader of the financial statements has a clear picture of what is being presented.

The Yellow Book audit is also a clean opinion, meaning we did not detect any findings where there were deficiencies or material weaknesses

in internal control of financial report. We also had no findings of non-compliance with any laws, regulations or contracts where non-compliance would have a direct and material effect on the financial statements.

And also under the Yellow Book, the auditor is responsible for reporting on any abuse. That would be just be abuse, an expenditure that was unrealistic and did not pass the prudent person test. So the Yellow Book opinion is a clean opinion.

Then finally, the single audit is also a clean opinion. We are stating there are no findings of questioned costs, there are no findings of non-compliance with those requirements. And the program that was selected for audit this year was the NSP program. We had to actually go in and do compliance testing of the specific expenditures that were made under that grant to make sure that the expenditures qualified under the terms of the grant agreement.

I don't particularly want to go into any great detail, but I certainly will entertain any questions from the board.

MR. JONES: On page 2 you have a comment: The statement of net assets and the statement of revenues, expenses and change in net assets, report the corporation's net assets and changes in them. Net assets are the difference between assets and liabilities which is one way to measure the corporation's financial health. So you're really referring to the financial health of the corporation or financial position.

MR. MIKESKA: That is correct.

MR. JONES: And then this line: Over time, increases or

decreases in the corporation's net assets are one indicator of whether its financial health is improving or deteriorating. Does that apply to cash and cash equivalents, and does the decrease here of 37.34 percent, or \$29.5 million, does that indicate deterioration?

MR. MIKESKA: Not so much as deterioration because if you look at the net assets, there was actually a net increase of almost 30 percent in total net assets. There's always a mix of where your assets are invested. Cash and cash equivalents and assets that are owned, primarily let's call them your investments, both short-term and long-term investments, are quite healthy.

If we can, rather than the dissertation, let me draw your attention to page 8 and 9 that would be the statement of assets, and the following page is the statement of liabilities and net assets. You can see that cash and cash equivalents are approximately \$2.8 million, investments current portion is almost \$2 million, non-current portion of investments, which are those investments that are scheduled to mature after one year, is again a million dollars, and then you have numerous notes and loans receivable.

So drawing your attention now to page 9 to the total assets, you'll see that unrestricted net assets is \$7.8 million. So even though cash may fluctuate from year to year, it doesn't necessarily mean a deterioration.

What did occur during the year was at the beginning of the year, prior year we had the 2009 series short-term bonds that were sold in 2010. That \$70 million was sitting with the bond trustee. In the current year some of those were sold, \$55 million of that was sold and converted to

long-term bonds. Well, \$33 million of the bonds from the 2009 series were paid off, so yes, you're going to have a reduction in cash but that's cash held with the bond trustee.

I would encourage you to concentrate more on cash that's not restricted, that is available for corporation purposes of issuing debt.

MR. JONES: I understand. It was just that the statement was in juxtaposition to the first condensed statement of net assets and it showed that huge percentage of decrease. I wanted to make sure that the statement that a decrease in the corporation's net assets are an indicator of financial health, whether it's improving or deteriorating. I just wanted that publicly stated.

MR. MIKESKA: Very good.

MR. JONES: Okay. Thank you.

Jerry, do you have anything? Jo, Mr. Dietz?

MS. VAN HOVEL: No.

MR. JONES: I always look for Mr. Dietz to say something. You know, if he doesn't say nothing, that means it's pretty good. Silence is good for Mr. Dietz in terms of our finances.

Hearing no further comments or no other questions, we'll open the floor for possible approval of the annual independent financial audit for the fiscal year ending August 31, 2011.

MR. ROMERO: Based on the recommendation of the audit committee, I'll move to approve the annual audit as presented.

MR. JONES: Is there a second?

MS. VAN HOVEL: I'll second, Mr. Chair.

MR. JONES: Moved and seconded. Any public comment regarding the audit?

(No response.)

MR. JONES: Hearing none, all those in favor of approval signify by saying aye.

(A chorus of ayes.)

MR. JONES: Any opposition?

(No response.)

MR. JONES: It's unanimous.

MR. MIKESKA: Thank you very much.

MR. JONES: Thank you, sir.

Tab item 3: Presentation, discussion and possible approval of the audit committee guidelines.

MS. SMITH: The audit committee guidelines, the board is required to approve those annually. Those were presented to the audit committee this morning and they were recommended to the full board.

We did not have any changes to the audit committee guidelines this year. As you may recall, there were a number of changes last year regarding the composition of the audit committee and alternate members and what constituted a quorum, but this year we did not have any changes. So we're asking the board to approve the guidelines as they are.

MR. JONES: Great. There's no changes. Any questions, comments?

(No response.)

MR. JONES: The floor is open for a motion.

MR. ROMERO: Again, based on the recommendation of the audit committee, I'll move to approve the audit committee guidelines as presented.

MR. JONES: Second?

MS. VAN HOVEL: I'll second, Mr. Chair.

MR. JONES: Moved and seconded. Any further discussion?

Any public comment?

(No response.)

MR. JONES: Hearing none, all in favor?

(A chorus of ayes.)

MR. JONES: Any opposition, same sign.

(No response.)

MR. JONES: It's unanimous, it carries. Thank you, Melinda.

Item 4: Presentation, discussion and possible approval of the guidelines, scoring criteria, target housing needs for the allocation of qualified residential rental project bond funds under the Multifamily Private Activity Bond program request for proposal and the 501(c)(3) Bond program policies for calendar year 2012. Mr. Danenfelzer.

MR. DANENFELZER: David Danenfelzer, manager of development finance. Today I'm bringing back to you the proposed changes that we had posted since our October board meeting for our multifamily PAB program as well as the 501(c)(3) Bond program.

Staff received no formal comments on these over the last two months. We did talk with a couple of developers and some advocates about the program over the phone but did not have any written comments or specific questions.

In fact, most of the questions were more about when were we going to have the application up and ready. So we do see that the bond market itself is turning around and we're hopeful that we'll have a couple of applications this year, but the changes remain the same as they were posted in October. I'm not sure if there's any other details I can provide you, unless you have any questions.

MR. JONES: It's funny, as sort of an aside, they had breaking news late yesterday that they undercounted by maybe 20 percent or more the number of houses that actually sold over the last five years and will have to revise that number down 20 percent, which means instead of selling houses at a 6 million a year clip, it's down to like 3 and they have to adjust it, all those focuses and housing and whatnot.

I know it's off the top of your head -- you might not have heard that, but at some point I'd like to know how that will affect what we do. It might increase demand.

MR. DANENFELZER: Yes, especially with the number of home sales. In particular, I know there were some reports that came out yesterday about interest in investors in the bond markets, and in particular, interest in multifamily bonds have increased significantly in the last quarter, particularly because while home sales are down and home ownership rates

are falling, vacancy rates in apartment complexes are also falling and so occupancies are very high.

Rents are also increasing because production for the last several years has been off, and essentially, the market is getting to a point where we need to produce additional units to keep pricing at a relatively flat level where we're going to continue to see some very sharp increases in rental costs which is unfortunate, and until we can get the housing mortgage system back online, people have no place to go but rental.

MR. JONES: Well, this is a bomb because if they were counting housing sales twice for every house that was sold, they counted twice, that's going to be another big lever.

Does any other board member have any comments or questions for Mr. Danenfelzer?

MS. VAN HOVEL: Mr. Chair, I've just got a question to go back to tab C.

MR. JONES: Tab C, asset oversight and compliance.

MS. VAN HOVEL: Yes, sir. David, did you bring that report?

MR. DANENFELZER: No. The asset oversight and compliance report is produced by Mindy Green.

MS. VAN HOVEL: She's not here, is she?

MR. DANENFELZER: I believe she is.

MR. JONES: She's here.

MS. VAN HOVEL: I just have one question.

MR. JONES: Okay. I need to know can we do that. If we're

on this board item, can we go back to another item here?

MS. VAN HOVEL: I'm not going to ask for a vote or anything.

MR. JONES: I understand.

MR. LONG: Do you want to finish this item and then go back to Ms. Van Hovel's question?

MR. JONES: I want to know, Jo, does that reflect on what we're talking about now?

MS. VAN HOVEL: I thought it did but it doesn't.

MR. JONES: Okay. I'll give you space to bring that back up if you don't forget it. They won't forget it. Right?

MR. DANENFELZER: We'll do it right after the vote.

MS. VAN HOVEL: I won't forget it.

MR. JONES: Let's continue with tab item 4. Any other comments or questions? And we've covered this a million times to get it put out, the only thing we waited for was any public comment.

MR. DANENFELZER: Right.

MR. JONES: And over the past two months there was none.

MR. DANENFELZER: No comments.

MR. JONES: So we want to move forward as it is presented, approval of the guidelines, scoring criteria, et al in tab item 4.

MR. ROMERO: Move to approve.

MR. DIETZ: Second.

MR. JONES: Moved, and seconded by Mr. Dietz. Any public comment?

(No response.)

MR. JONES: Hearing none, all in favor?

(A chorus of ayes.)

MR. JONES: Okay, it passes.

MR. DANENFELZER: Thank you very much.

MR. JONES: Thank you.

Can we bring it in here? Referring back to tab item C of the president's report, go ahead, Jo.

MS. VAN HOVEL: You want me to ask the question?

MR. JONES: Yes.

MS. VAN HOVEL: On page 1, I just want to know what this means, down properties, units 606 and other units are down. What does that mean?

MS. GREEN: They're not being made available for the general public.

MS. VAN HOVEL: But it's a lot of them.

MS. GREEN: It is. The thing about this portfolio is that it was recently purchased, so this is the bond deal we did this year, so they're still in transition of rehabbing and getting all the units back online that were previously offline. So these units, per our manual, are considered down, but their intention is by the end of this year to have all of these units back online, back available for rental.

MS. VAN HOVEL: But this isn't good.

MS. GREEN: Of course not, but that's in progress and that's

why we're tracking it. They still have to meet their set-aside requirements, so we're taking care of it and their goal is they have to have this stuff back online and then they will always have to have their 75 percent set-aside met.

MR. LONG: I might add, Ms. Van Hovel, since this is one of the projects that we financed as a rehabilitation, having these units down doesn't necessarily mean it's bad, it just means that they're completing the renovation so that those units can be improved so that they can rent them out which is what our financing is for.

So it's just when she goes out and does a visit -- it's a snapshot in time, and when Mindy makes that report she's got to identify those units that are "down" of record, but they are in the rehabilitation phase of being brought back online as per the transaction when the board authorized the funding to do the rehabilitation.

So it's not good to have them offline, but the reason they're offline is the reason we funded the transaction in the first place.

MR. JONES: You mean to build a new unit or you're renovating an existing unit.

MR. LONG: That's correct.

MS. GREEN: And per the bond documents they have two years to get all of the units back online, so right now they're just working through that. There's a lot of work to be done, and so this is just, as David said, our way of tracking what's happening and if I see it, I have to report it.

MS. VAN HOVEL: Yes. I just was amazed to see so many down.

MR. JONES: But I think what they're saying, my understanding is, is that's why we're doing what we're doing with this unit because they had so many down and there's a shortfall there for the units, so what we're doing is helping to finance to get them back online, and they're just giving us the picture step-by-step as they move forward.

MR. LONG: That's correct.

MR. JONES: We knew they were down when we got the place, when we did the financing. That's the purpose of the financing.

MS. GREEN: So then we go back out next year to this property, we likely won't see these units offline any longer. They should all be made ready and available for anyone to come and rent.

MS. VAN HOVEL: I realize this is a big job, but it just seems like that there is so many things. Is the management not taking care of some of these items?

MS. GREEN: This is new management, it's brand new, everybody came in new. I believe the deal was finished in April of this year, so they're working through it, and not only are they doing one property, they're doing seven properties at the same time trying to get construction done and all of this.

So it takes time, and like I said, they have two years to technically get it done, but their goal is to get it done much more quickly than that because that obviously generates revenue for them and they serve more residents.

MR. ROMERO: And if we requested, would you be able to

take another surprise visit to the property to see what kind of progress they've made in the next 90 days or so?

MS. GREEN: Yes.

MR. ROMERO: It's not that you have to go every year.

MR. LONG: Right. Well, and they will be scheduled for a visit next year, so we'll automatically know that these units have been brought online or continue to be under construction, but even if they were still under construction next year, they would be well within their time frame in order to do so.

MR. ROMERO: But I think to Jo's point, if we can just show that there's been progress made.

MR. LONG: Oh, certainly. And that's why we go out every year so we can show that continued progress, as well as the continued maintenance.

MR. JONES: I think what I hear Jerry saying is is there any prohibition going out in five months, six months.

MR. LONG: Not at all. We can go out whenever we want.

MR. JONES: I think that's all he was saying.

MR. ROMERO: If you had some concerns that they weren't progressing like they should, you could go out at any time.

MR. LONG: If we had concerns. Right now we don't have concerns because they are working through the construction as agreed.

MR. JONES: Do you have to have concerns to go out?

MR. LONG: No. We don't have concerns, we just note as a

snapshot in time the project status and those units happened to be down.

MR. JONES: Are you asking them to check more often, or are you asking them to go with the system that's in place that they think is sufficient?

MS. VAN HOVEL: Where needs to be, yes, sir. Some of these places really have a lot down, if they want to use the word "down."

MS. GREEN: An industry term is "down." But yes, some of them do, but it's all work in progress.

MR. JONES: Question: But when did they start? We just started. Right? We want to give some time to start doing that. This portfolio just came into play when?

MS. GREEN: In April, I believe.

MR. JONES: So this is newly acquired, this is financing, it's new management and they qualified to get our assistance and they just got started, so they want to give them some time.

MR. JONES: To his point, they just got the funding to actually start putting in new HVAC units, to put in new carpet, appliances, the things that they needed, and so that's exactly why we funded this project was because they needed so much assistance.

MR. LONG: We're moving forward as agreed, but we'll let you know with an update on status.

MS. VAN HOVEL: It's just hard to see so much property that could be rented.

MR. LONG: Right, but that's the point, we'll get it to the point

where it can be rented.

MS. VAN HOVEL: I appreciate that.

MR. JONES: Thank you.

Let the record show that Board Member Jeran Akers is present.

Now that was not an item, so we didn't have to have any public comment on that. Right?

MR. LONG: No, sir.

MR. JONES: And it didn't take us off the agenda because it was under the president's report.

Tab item 5: Presentation, discussion and possible approval of a resolution approving policies for management of real property acquired under the corporation's Affordable Communities of Texas program, and concerning other matters incident and related thereto. And this is our first look here.

Hope it's easy, Mr. Danenfelzer.

MR. LONG: Mr. Chairman, what we would like to do is this has to do with some discussions and some negotiations that we're working on with some properties, and in accordance with the closed session requirements, we would ask that we go into closed session before we have open discussion on this so that we might have the opportunity to discuss with the board some of the details of those negotiations.

We've talked with counsel on this and counsel agrees that this is eligible activity for us to into closed session and we'll bring it out for consideration after that.

MR. JONES: Okay. Now you envision we do the closed session, and then after we complete that, then we do tab 6?

MR. LONG: We would continue to complete tab 5 and then do tab 6, unless you would like to do tab 6 out of order.

MR. JONES: Well, I'm asking you do you want to do tab 6 and be done, and then we go into closed session? What do you think, Mr. Romero, Mr. Dietz?

MS. VAN HOVEL: Sure, we could do that.

MR. JONES: Okay. Let's move to tab 6 first, and then following tab 6, we'll go into closed session. Presentation, discussion and possible approval for publication and comment the draft of the Texas State Affordable Housing Corporation's 2012 Action Plan. Ms. Taylor.

MS. TAYLOR: Janie Taylor, manager of marketing development and government relations.

What you have before you is a draft of our 2012 annual action plan. By statute, we are required to put together this annual action plan that tells the legislature and the Governor's Office and the public what programs we plan to have.

In addition, the statute asks that we come up with specific proposals to help serve the rural areas and other underserved areas of the state, and this is the draft of that annual action plan. All the staff program managers have provided their input into what they plan to do within their program this coming year

This plan is part of what we call the SLIHP, the State Low

Income Housing Plan, which includes the Department of Housing and Community Affairs, their plan, and our plan is put together with theirs and the needs assessment that they provide for the state, and it goes to the Governor's Office in the spring.

So what I'm asking of the board today is to approve the publication of this draft document to go out for public comment. Our plan is to have it go out for public comment from December 30 to January 30.

And during that time period we will also have an actual public hearing that's scheduled for January 10, and we will be doing that jointly with TDHCA and that will be here in Austin, and that's just an opportunity for people to come and give direct comment on the annual action plan, but they can also do it during that 30-day period by email or call us or send a letter if they have any other comments.

And so we will then come back to the board in February for your final approval of the plan which may include any changes based on public comment.

MR. JONES: Question, Ms. Taylor: What's the possibility of the board members looking over this and prior to public comment if they have any personal comments of their own? We still should wait until February, or would you rather have those comments sooner, maybe even at the January board meeting?

MS. TAYLOR: We can make any changes prior to your final approval of the plan.

MR. JONES: But you really don't want to publish it if it's going

to change in January. I mean, if you're going to publish it December 30, then comments had to be made by the board members now, so it would probably be advisable to wait until public comment comes in and then add any other comments that are made.

MR. ROMERO: The way I understand it is that you could still do your public comment, and then once the time frame is over, January 30, they would incorporate whatever public comment came in into the final document.

MS. TAYLOR: That's correct. But today you're approving this draft.

MR. JONES: Putting this out.

MS. TAYLOR: Right, and certainly if you want to change this draft before your final approval, we can certainly do that during that public comment period.

MR. JONES: Basically, I'm saying it's too late to try to make any changes to the draft.

MS. TAYLOR: To the draft. I believe so because you're approving --

MS. STEIN: (Speaking from audience.) You could amend, I think, if there's things in there that you're aware of right now that need to be amended before it's published.

MR. JONES: And what I want to ask the board is there anything in the draft that anybody wants to amend or discuss now because it's going to go out on December 30 is what I was driving at.

MR. DIETZ: We still have the flexibility of making changes ourselves, whether or not there was a public comment specifically related to a change that we might make at a later date. Right?

MS. TAYLOR: Absolutely.

MR. JONES: But it won't happen until later, it won't happen now until February if you don't have anything to say today.

MS. TAYLOR: If you want to amend it right now before you approve the publication, we can, but then we can also make any changes that you have.

MR. JONES: I just wanted to go on record that if the board members had any changes to the draft they need to do it now; otherwise, it is prudent that we wait until February, and then any comments we have incorporated with any public comments is when we discuss it for the final. Correct?

MS. TAYLOR: Right. Well, you should provide any comments or changes that you have by probably January 30 because we have to publish the board book which will include the version that you will possibly approve, and so if you have any changes, it would be nice to include it in whatever goes into the board book for February, so if you can provide that before January 30.

MR. JONES: I just wanted to go through the structure for which board members would be participating in terms of comments.

MS. TAYLOR: Absolutely.

MR. JONES: And if you don't have any by January 30 to be

incorporated, they still have the option of commenting at the February meeting when it comes before the board again.

MR. LONG: If I may, Mr. Chairman, obviously public comment from the board or from public at the public hearing or in written format or in a manner that we can put into the public comment section would come between the time it's posted, December 30 to January 30.

What Ms. Taylor is telling you is that you certainly have the ability at the February board meeting to decline what we present to you which will have incorporated all the public comment, but we would like your public comment at the time of the public comment period before January 30 so that when presented to you at the board meeting you have the most incorporated draft that we can provide you with.

MR. JONES: Understood. And the way the board communicates those through January would be through what?

MR. LONG: Written format to us.

MR. JONES: Just send you an email.

MR. LONG: Email, written format, any way you would like, that's correct.

MR. AKERS: If I understand it correctly, we have between now and February to have any kind of written input to this if we go back to our communities or whatever.

MR. LONG: That's right.

MR. AKERS: We're basically saying this is the draft we want them to go out for publication.

MR. JONES: I understood. I just want all board members to be clear with the process that Ms. Taylor has laid out and established and the dates and the timetable, I just wanted perfect clarity on that.

MS. VAN HOVEL: So that will be action items.

MR. LONG: It will be an action item in February to approve the final draft which we would then use as our guidelines that we would submit that plan to TDHCA to be incorporated in the State Low Income Housing Plan to be submitted to the Governor's Office.

MR. ROMERO: When do you have to have that to TDHCA?

MS. TAYLOR: Their board is approving theirs in February as well, and so then I believe March is when the Governor's Office receives the complete plan.

MR. ROMERO: So there's some timelines here that we need to be cognizant of; otherwise, we may not be able to get the final document into what TDHCA is doing to get it to the Governor's Office, so we need to be careful with our timelines.

MR. LONG: We have plenty of time, but you're right, at the February board meeting we would need to have the board approval of our annual action plan to be submitted to the department so they can incorporate it into the State Low Income Housing Plan.

MR. JONES: Which is my point, if there's no changes made now, then that's the procedure, you have to get it in by January 30.

MR. LONG: That's correct.

MS. TAYLOR: That's right.

MR. JONES: So that we can have that final document in February. So we're on the same page.

Any other comments, Ms. Taylor?

MS. TAYLOR: I don't have any. Thank you. Just ask for your approval.

MR. JONES: The floor is open for a motion.

MR. AKERS: I move approval of this draft to be submitted for public comment.

MR. JONES: For publication and comment. Is there a second?

MR. DIETZ: Second.

MR. JONES: It's been moved and seconded. Any public comment?

(No response.)

MR. JONES: Any further discussion?

(No response.)

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

(A chorus of ayes.)

MR. JONES: Passes unanimously.

Thank you, Ms. Taylor.

MS. TAYLOR: Thank you.

MR. JONES: Okay. Now, where's my little reading thing for what we're supposed to do for closed session.

MR. LONG: 551.072.

MR. JONES: Which one?

MR. LONG: 551.072, the second item under closed meeting.

MR. JONES: At this time the board will go into closed session for Texas Government Code Section 551.072, deliberation regarding purchase, exchange, lease or value of real property. It is now 10:55.

(Whereupon, at 10:55 a.m., the meeting was recessed, to reconvene this same day, Wednesday, December 14, 2011, following conclusion of the closed meeting.)

MS. VAN HOVEL: We are opening the meeting at 20 minutes to 12:00, and we're going to discuss the item number 5.

MR. LONG: If you will, Ms. Van Hovel, no action was taken in closed session, however, we would like to again ask the board for consideration of tab item 5 which is: Presentation, discussion and approval of a resolution approving the policies for management of real property acquired under the corporation's Affordable Communities of Texas program, and concerning other matters incident and related thereto. So tab item 5, we would ask the board's consideration on that.

MR. AKERS: Madam Chair, I move approval of the resolution approval policies for management of real property acquired under the corporation's Affordable Communities of Texas program, and concerning other matters incident and related to these.

MS. VAN HOVEL: We have a motion. Is there a second?

MR. DIETZ: I'll second.

MS. VAN HOVEL: We have a motion and a second to tab 5.

All those in favor say aye.

MR. LONG: If you don't mind, before we do that could you ask for public comment, Ms. Van Hovel?

MS. VAN HOVEL: Okay. We're going to back up and need public comment. Any public comment?

(No response.)

MR. LONG: Now you can go ahead and take the vote.

MS. VAN HOVEL: All those in favor say aye.

(A chorus of ayes.)

MS. VAN HOVEL: The motion is approved.

MR. LONG: Thank you very much.

MS. VAN HOVEL: So we're relying on you guys.

MR. LONG: Yes, we will be attentive to that.

MS. VAN HOVEL: We believe in you.

MR. AKERS: As always.

MR. LONG: We don't have any further agenda items, but I would like to take this time under other business, open meeting. As you have probably seen, you received an email from Mr. Akers, and today is his last board meeting with us. Mr. Akers is stepping down. He has decided to pursue a little higher path in the political campaign, and as a result, we're going to be sorry to see him leave but this is his last board meeting with us.

So with that, Mr. Akers, if you don't mind, staff would like to make a presentation to you today. We greatly appreciate your service. You have been an exceptional board member. Your attention, your dedication,

your attendance at session, all the things that we would look for in a board member, you have definitely displayed those and above and beyond, and we greatly appreciate the time you served.

We regret you won't be able to serve your full term with us, but we certainly understand and appreciate and wish you well in your endeavors moving forward. As a result of that, we did have a gift we'd like to give you and a card, and we want to say thank you very much for your service.

MR. AKERS: Thank you.

(Applause.)

MR. AKERS: It's with a mixed feeling that I sent in my resignation. I've enjoyed working with most of these folks up here but I've enjoyed working with all of you all.

As I said at our work session in January, I guess it was a year ago, I watch you and I listen to you, and your dedication to the citizens of the State of Texas through providing affordable housing is outstanding. I admire and respect every one of you, and it has been a privilege to me to be able to serve with you, and thank you for the opportunity and all the help you've given me.

Open this now?

MR. LONG: Please do.

(Pause while Mr. Akers opened gift; photos.)

MR. AKERS: All right. My wife is not the only one with an ornament for the tree this year.

And you know, the thing is I have to admit it was extremely

embarrassing to miss that flight this morning. Robin came running through at the same time I did, he said, You got elite status? I said, No. He said, Good luck. And I ran across a TSA guy, every single person in line -- and it was about a half a mile long -- he wanted to know: On your driver's license what is your zip code? The next one was: What is the name of your street? I mean, it took forever.

(General laughter.)

MR. AKERS: Thank you all very much. I'll enjoy this.

(Pause while Mr. Akers opened gift; photos.)

MR. LONG: And with that, Ms. Van Hovel, the only other item we have for discussion would be the next board meeting. I know Laura Ross had sent out an email to the board members, every two years we have a strategic planning meeting with our board, and if you remember last year when we met we talked about the strategic plan that we put together.

Liz and staff have gone through and reviewed that, we've made some changes, updates and things, because we thought that document should be just that, a living, breathing document for us to modify as we have changes in what directions that we're going.

And as a result, the meeting that we had scheduled for January, which is on the second Thursday of the month which is the 12th, we would have our normal board meeting, break for lunch, and then come back in the afternoon and have about a four-hour strategic planning meeting. The logic behind that was we would try and minimize the board's time away from -- in the past we've done a two-day meeting, let me put it that way.

So we'll just leave that open to you all. We would appreciate you letting us know as soon as possible whether or not that's something you would be able to do. We realize that it's a full day meeting, but at the same time, the board's full engagement is really important for us to have direct feedback from the board and direction from the board.

So I would leave with you that currently we have it as a tentative for Thursday, the 12th of January, it would be right here in this room.

We would do the formal board meeting, break for lunch and come back, and we'll have the room set up a little differently where it's more informal, but we would have it recorded as a meeting as well since we would have quorum.

And at that meeting also, as I mentioned to you, with Mr. Akers leaving we already have a replacement for Mr. Akers. The gentleman's name is Jerry Evenwel. He's out of Mount Pleasant, Texas, and he happened to be in town yesterday and stopped by the office and spent about an hour with Laura and myself and Liz.

He seems like a really nice guy. We're very excited to have him join the board, and his first day effective, given that today is Mr. Akers' last day -- his first effective day as a board member is tomorrow, but he can't serve on the board until he completes his training, just as you had to go through. So he's made himself available to train either the day before or the day of the board meeting when we meet in January.

So with that, we'd just get your feedback on January 12, if we could, between now and the next couple of days so that we can kind of start to plan for that, but we would anticipate holding it here versus offsite.

And with that, Ms. Van Hovel, I have no other comments.

MS. VAN HOVEL: Thank you.

MR. DIETZ: I just want to say real quickly, on behalf of myself and I think the rest of the board, I really appreciate yours and the staff's efforts that you make to include us before the fact and helping us understand kind of what you're working through well in advance because it really helps us have a better understanding of what you're doing and we're not surprised when things come up, and I'm grateful that we've got such a great staff at TSAHC that helps us as a board.

MR. LONG: Well, thank you very much. We appreciate your support along the way to give us direction and set policy for us. We really appreciate that.

With that, Ms. Van Hovel, we'll continue to engage and keep you updated.

Mr. Akers, again thank you so very much for your service. You'll be sorely missed but greatly appreciated for the time you served with us.

MR. AKERS: I'll be back.

MR. LONG: Don't be a stranger along the way. We look forward to seeing you at the Capitol.

MR. AKERS: I've got to keep up with Jerry here and see what he's doing.

MR. LONG: And with that, Ms. Van Hovel, we're done, and if you would prefer to close the meeting at this time, we have no other items to

discuss.

MR. VAN HOVEL: I'd like for all of us to stand and give Jeran a big round of applause.

(Applause.)

MS. VAN HOVEL: With that, we're adjourned at 11:45.

(Whereupon, at 11:45 a.m., the meeting was concluded.)

