

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
May 9, 2013
10:05 a.m.

BOARD MEMBERS:

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

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM	3
PUBLIC COMMENT	3
PRESIDENT'S REPORT	4
Tab A: Homeownership Finance Report	
Tab B: Development Finance Report	
Tab C: Compliance and Resident Services Quarterly Reports	
Tab D: Marketing and Development Reports	
Tab E: Monthly Budget and Investment Reports	
ACTION ITEMS IN OPEN MEETING:	
Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on March 21, 2013	14
Tab 2 Presentation, Discussion and Possible Approval of the Texas Foundations Fund 2013 Guidelines and Application Requirements.	15
Tab 3 Discussion of Contracts, Ground Leases and Other Related Matters Pertaining to the Affordable Communities of Texas Land Banking Program	20
CLOSED SESSION	20
OPEN SESSION	20
ADJOURN	21

PROCEEDINGS

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

William Dietz?

MR. DIETZ: Here.

MR. JONES: Gerry Evenwel.

MR. EVENWEL: Present.

MR. JONES: Alex Meade?

MR. MEADE: Here.

MR. JONES: Jerry Romero.

MR. ROMERO: Here.

MR. JONES: And who is not here? We have a quorum.

Okay. The first order of business, is there any public comment?

(No response.)

MR. JONES: Okay. Hearing none, David Long, the President's Report.

MR. LONG: Thank you, Mr. Chairman and members. I would again would remind you that under Tabs A through E, you have the program and financial reports available to you. If you have any questions on that, I would be more than happy to try and answer any of those questions, as well as either that, or have staff come up and talk with you about that.

Mr. Chairman, if you don't mind, I would ask that Janie Taylor come up and give you a quick update on the Government status over at the Capitol. (talking to the audience) Janie, you are in charge of doing that.

Ask Janie to come up and do that. Charlie will come up? Okay. (speaking to the board) Charlie asked to come up to do that.

But I thought that given we are in the last month of the session, it will end before we meet again. And I wanted to have that be something that -- I will give them this. I didn't really prep them for this. So that Charlie is probably going to talk from the hip.

MR. JONES: That is all right.

MR. LONG: But go ahead. You are the guy that knows it all. So have at it.

MR. LEAL: Thank you. Charlie Leal, Government Relations specialist here at TSAHC. Mr. Chairman, members of the Board, simply, we have two pieces of legislation that affect our profession related homeownership programs. In the House, Senate Bill 286 has moved out of the House Urban Affairs Committee, and is currently waiting to be officially reported to the House Calendars Committee.

In the Senate, we have House Bill 1029, that is by Representative Greg Bonnen. That has just been referred to the Senate Intergovernmental Relations Committee. And we expect it to be heard and or acted upon within the next week.

Senate Bill 286 on the House side, going back a little bit is authored by Senator Chuy Hinojosa, Juan Chuy Hinojosa. So those are the two bills that we are concentrating on for the reauthorization of our two profession related home ownership programs, the Educators and the Heroes program.

There are a handful of other bills that could impact our programs, that are going through the process, but are further behind our two current bills that we are tracking; being HB 1029 and SB 286. That is pretty much where we are right now, on our two bills that we have going through the process. I would be happy to answer any questions.

MR. EVENWEL: Well just on a general kind of overall basis, I am not saying you know -- and since we are not under the State, technically, we are not a state agency. I mean, do we have enough momentum here, within ourselves to continue those kind of programs, without the bill being passed or not passed?

MR. LEAL: I think that is a question that you know, being that those programs were started by the Legislature, I believe they would feel that they would have the right to extend them or to have a say in them. Anything after that would be a discussion that would have to be had, I imagine with people above my pay grade.

MR. LONG: If I might, Mr. Evenwel, one of the things that is interesting, is that the bonding authority for those programs is also statutorily authorized for the Corporation, both for the single family programs as well as our multi family bonding authority. And so statutorily, that is in place, and continues to be in place.

So I guess it would be more a matter of looking at the overall scope when it came around to what that is. I think the Corporation's authority to do programs certainly is within our jurisdiction as an entity. And will continue to be that, as part of our mission and our statutory authority.

These specific single family programs do have with them the distinction of being something that is defined by the Legislature in statute. So we created a third program to do what we do outside of the other two.

But there are income limits and others strategies that have to be taken into consideration when we do that. So I think Charlie is correct; we kind of have to look at it from a bigger picture.

But we certainly have the authority to continue to do programs. Those specific programs, I think, because of the way they are defined, and being statutorily authorized, it is certainly helpful to have the coordination between the authority for the bonding authority as well as the program definitions cleanly aligned under one thing.

MR. JONES: Are there comments or questions?

(No response.)

MR. JONES: Thank you.

MR. LEAL: Thank you.

MR. LONG: If I might continue, Mr. Chairman, then. I would like to welcome Mr. Meade. Mr. Meade is attending our meeting for the first time. He has completed his training as of yesterday; all three hours of --

MR. JONES: Yes.

MR. LONG: I think we gave him a seven inch binder to look through. All of you have gone through that. So I know you know what he went through. And as a result, we are glad to have you on board.

MR. MEADE: Thank you.

MR. LONG: He actually was able to go through the

confirmation process as well, since we are in session. So he is fully fledged to be on board. And we are welcome to have you here. A couple of other things I will give you in terms of updates --

MR. JONES: Since you introduced him.

MR. LONG: Yes, sir.

MR. JONES: I will go on record as saying, pretty handsome fellow.

MR. MEADE: Thank you. I don't know what to say.

(Simultaneous discussion.)

MR. JONES: Bouncing and behaving.

MR. LONG: I don't know where to go from there, but okay. A couple of quick updates on some things. I would just tell you, we will go into Executive Session today, prior to Tab Item 3. So that is on record.

A couple of things that have been going on. As you know, we completed the Texas Statewide Homebuyer Education training program. We had done the first one in April. That was very successful and completed. And the registration for the newest one, which would be held in August, August 5th through the 9th, in Dallas at the Crown Plaza Hotel has already been scheduled. Registration is open for that. And we are very excited about that opportunity coming up. There will be three courses again, taught. Which is kind of a unique thing for us. We are doing, trying to do more courses kind of consecutively at once. So that we have more people to be able to attend and participate in that week long training. Single family programs continue to be well received. We continue to have exceptional

volume. Mortgage rates continue to be very positive in the market for us, and while we have seen some movement in rates, we have not changed our rate. And so we see that to be very successful.

I know Charlie and Janie just spoke to you about the Government status over at the Capitol, and all of that. But I would like to kind of start, you know, letting you know that you've done a phenomenal job, Mr. Jones. You have been over there with us several times.

I know that most of the Board members have gone over there. And I just would make you aware of the fact that I think they are doing a phenomenal job, keeping us not only in the loop, but on top of things.

Charlie is over there more than most people probably want to be. And he has done a very good job. And I just wanted him to be recognized and Janie, for their leadership in that area.

Because I think it is important for us to not have to worry about that stuff being left behind, or us not knowing about something. They do a very good job of making sure that we are informed, which allows us to make sure you are informed. So we appreciate all of that.

And I know, Mr. Jones, you have been able to go over there to the meetings with us, sit in certain meetings with some legislators, make calls, and all of that. So again, having that ability to work with everybody is really nice. But having Charlie and Janie on top of it really makes it easier for us internally.

One of the agenda items today will be to talk about the current round for the Foundations Fund. Tab Item 2. So we are looking forward to

having that discussion.

I would like to, as I always do, introduce our professionals with us today, including Pam Stein for General Counsel Greenberg, Traurig and Bill Gehrig from their Washington, D.C. office. He is joining us today.

Robin Miller is here with First Southwest, our financial advisor firm. And Chris Spelbring is here with Raymond James, our underwriter, TBA administrator firm.

So with that, Mr. Chairman, I will conclude my remarks. And offer up for any questions.

MR. JONES: Any questions or comments on Tab A through E?

(No response.)

MR. JONES: I do. I have one on Tab D. Your marketing and development. In the market and development, I am seeing that there is awards that have been made. One of 120,000. What is from Google for Google Ads, 120,000?

Because I know that in the past, Jerry Romero has asked about our fundraising ability. Is this part of the overall fundraising ability, fundraising report? Or is that somewhere else in Number 2? I mean, what is that particularly?

MS. TAYLOR: I will answer that. Janie Taylor, Development and Strategic Communications Manager. And what that is, we since probably about July, we have been utilizing Google Ads, a program that they have. So when you search something on the Google search, you might see

some paid ads at the top, that come up when you put in a particular keyword.

So we have been using that service since July, to market our home buyer programs. And then, we also used it for a period of time to market our -- the Toolbox website that we have, which is a consumer online website for people that are looking for housing counselors.

And so we were notified that Google also has for non-profits, that they have a program where they will grant you a certain amount of free Google Ads per month. And so, we applied for that. And we were awarded up to \$120,000 a year in free Google Ads for our programs.

And so it is up to. It might be less. It just -- it is a difficult -- tough to explain the way the Google Ads work, because they use algorithms, Google does. We can use up to \$10,000 a month. And that is our max. But you know, we may or may not get to that amount every single month.

MR. JONES: And that covers what we were doing, that more than covers what we were paying?

MS. TAYLOR: Well, not entirely. It is, as I said, it is kind of a complicated program. Because it is -- they have limitations within the grant program. Google has limitations.

Such as, the amount of money that you can bid for a keyword. Because they use the bidding process. So everyone, every company or organization that wants their ad to come up when you search down payment assistance, they are bidding how much they want to pay for that, for their ad to come up when you search that word.

MR. JONES: Okay.

MS. TAYLOR: And Google Ads limits the grant, the grant limits how much we can bid to a certain amount. And so we are not always going to be competitive with every single key word. So it won't necessarily replace our paid ads entirely. But maybe they will at some point.

MR. JONES: But its still a big help.

MS. TAYLOR: It is a huge help. And it is -- we are very grateful that Google has decided that we are worthy of this program. Absolutely. I think it is a very good thing for us.

And we were -- because we had stopped doing our -- we had stopped doing our Toolbox ads. We had been using a separate grant from Fannie Mae to fund the Google Ads for the Toolbox website. And when that grant ran out, we stopped those ads.

This allowed us to pick those back up. And that is for people that are searching for foreclosure help, for home buyer education, credit counseling, that kind of thing.

MR. JONES: Paige Omohundro came down to Corpus Christi.

MR. LONG: I was just going to bring that up. I forgot to mention that.

MR. JONES: Okay. And participated in a significant event that was sponsored by the City.

MR. LONG: The City of Corpus Christi. That is right.

MR. JONES: Wouldn't have come under marketing or

something?

MS. TAYLOR: I will -- so there is -- Paige and Sara and Tim and I have been working for a few months now, to put ourselves out there a little bit more, with various groups. And realtor groups, lender groups, community groups, cities, and so there has been lots of presentations all over the state, that Paige and Sara have been attending.

MR. JONES: Okay. Too much to put down.

MS. TAYLOR: So on the very first line, you will see that I put them all down as the staff has made 20 presentations during that time period. And that is included in there, in that one particular.

MR. JONES: Okay.

MR. LONG: Mr. Chairman, if you will, Paige Omohundro actually sent me a list of all of those. I mean, I could read them off for you.

MR. JONES: No.

MR. LONG: They have been very heavily involved in the United Texas, which is the Texas Association of Realtors training programs. And they have been going all over the state, participating in those programs, and making presentations, as well as the function we were able to attend, for the City of Corpus Christi, where she made a presentation, on behalf of the programs, for TSAHC.

So yes, there is a lot. As Janie said, there is over 20 that have been made this last period of time.

MR. JONES: Okay. All right. Thank you. Any other comments on the President's Report?

(No response.)

MR. JONES: Okay. We will go to Tab Item 1, presentation, discussion and possible approval of the minutes of the Board held on March 21st. Any additions? Any corrections?

(No response.)

MR. JONES: If not, we will entertain a motion.

MR. EVENWEL: I move the March 14 minutes be approved.

MR. ROMERO: Second.

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

(No response.)

MR. JONES: Is there any public comment on Tab Item 1?

(No response.)

MR. JONES: All in favor of approval, signify by saying aye.

(Chorus of ayes.)

MR. JONES: It is unanimous. Item 2, presentation, discussion and possible approval of the Texas Foundations Fund 2013 guidelines and application requirements.

MS. BAYLESS: Chairman and members, I am Liz Bayless, Executive Vice President. Tab 2 is an action item related to the Texas Foundations Fund. As you know, the Texas Foundations Fund is a segregated fund of the Corporation that is used to provide grants to non profit organizations or rural governmental entities to address critical housing needs of very low income Texans.

Last year, the Fund made eight awards totaling \$300,000. So

staff has developed a time line for the 2013 round of grant making. It began with posting the guidelines and application requirements for public comment, which you approved us doing at your March Board meeting.

During the public comment period, we did receive comments from three organizations, suggesting we made certain changes to our guidelines. The commenting organizations were Central Texas Housing Consortium, Easter Seals of Central Texas, and Coastal Bend Center for Independent Living.

Staff discussed their suggestions internally, and then with the Advisory Council on a conference call we held April 25th. Mr. Romero participated as the Board's representative on the Advisory Council.

The Advisory Council decided to accept some of the suggested changes, and declined others. You have a black lined version in front of you that shows what we recommend changing.

I will be happy to talk through those changes or answer any questions you may have. And then, what we are looking for is your final approval of these guidelines and application requirements as they are found behind Tab 2 of your books.

MR. JONES: It doesn't appear that you made that many changes.

MS. BAYLESS: Not too many.

MR. JONES: Are you satisfied. And do you want to tell us what pages the changes are on?

MS. BAYLESS: Well, I can just briefly go over them with you,

then. The first change, when an organization is using our grant funds to make critical repair of homes, in the past we have required that those homes be occupied by the person who owns them. Or, if they are being rented, then they need to be owned by the entity that received our grant.

Well, one commenter pointed out that in rural areas, it is not uncommon for a home to be owned by a family member, say a parent, and rented or otherwise provided to another family member, perhaps who has a disability. And our original guidelines would not allow our funds to be used to perform repairs on a home in that situation.

So what we agreed to do in making a change to the guidelines, is to take any circumstances like this on a case by case basis, and ensure a couple of things. One, ensure that the owner of the home is not able to afford to make the repairs on his own, and that the occupant of the home would be protected from rent increases or lease terminations for an appropriate period of time, depending on the cost of the repairs.

But rather than spell all of that out in the guidelines, since we expect that this will be a rare occurrence, we just wanted to open the door to the possibility, while making it clear that we would be asking for more information and documentation. So that is where you see, we added the footnote at the bottom of the second page that starts, "in rare circumstances".

MR. JONES: Right.

MS. BAYLESS: A second change has to do with an organization that wants to use our grant funds to provide supportive services. The current guidelines require that those services be provided on site.

Two commenters asked us to change this to allow services to be provided to persons who live in scattered site housing. That is, not all within the same multifamily complex.

And also, to include being able to provide those services to persons who might not be at risk of homelessness, which is what our current guidelines specify, but might be at risk of unnecessary institutionalization. And what they had in mind there, was premature placement in assisted living.

So we agreed that those were good changes to make. And I think, let me see. You see those changes, essentially throughout. But beginning on page 2. And then there are other places throughout the document, where we would strike the words on site.

We also decided to add job training and adult education to the list of eligible supportive services. That just seemed to make sense to us. So those were the suggested changes that we did agree were appropriate for us to make.

MR. JONES: Any other questions or discussion?

(No response.)

MR. JONES: Okay. Hearing none, is there a motion on Item 2?

MR. ROMERO: I will make a motion to approve the 2013 Texas Foundations Fund guidelines.

MR. JONES: And application requirements?

MR. ROMERO: And application requirements.

MR. DIETZ: Second.

MR. JONES: It is moved and seconded. Any public comment?

(No response.)

MR. JONES: Any further discussion by the Board?

(No response.)

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

(Chorus of ayes.)

MR. JONES: Okay. It also carries unanimously. Thank you, Ma'am.

MS. BAYLESS: Thank you.

MR. JONES: Item 3, discussion of contracts, ground leases and other related matters pertaining to the affordable communities of the Texas Land Banking Program. Is this the closed session item? Okay.

MR. LONG: Yes.

MR. JONES: Can you say it again. All right. Do I have the right one down here?

MR. LONG: The very first one and the second one.

MR. JONES: Okay. Based on Texas Government Code Section 551.071, consultation with legal counsel on legal matters, we are going to close session, the meeting, open session. We will go into recess at 10:27.

(Whereupon, the Board retired into Executive Session at 10:27 a.m.)

MR. JONES: It is 11:54, no 49. Right.

MR. LONG: Yes.

MR. JONES: 11:49, and we are back from recess, from a closed session where no formal action was taken by this Board. And now we are back in regular session. Is there any other business, Mr. Long, on the agenda?

MS. STEIN: There is no further business on the agenda. This is Pam Stein, General Counsel for the Corporation. It would be appropriate to state what was discussed in general.

MR. JONES: Yes.

MS. STEIN: Would you like me to make that statement?

MR. JONES: Yes. Make the statement.

MS. STEIN: During this closed session, the Board discussed matters related to certain of its contractual agreements under the ACT program, and potential legal issues related to those contracts.

MR. JONES: Okay. Thank you, Ms. Stein.

Okay. Any final comments from any Board members?

(No response.)

MR. JONES: Again, I want to say -- I am going to say his official name, Alex Meade, welcome aboard. And we appreciate your willingness to serve on this Board. Okay. Hearing no further business, meeting adjourned.

(Whereupon, at 11:52 a.m., the meeting was adjourned.)

