

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,
September 12, 2013
10:30 a.m.

BOARD MEMBERS:

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

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM	3
PUBLIC COMMENT	none
PRESIDENT'S REPORT	3
Tab A: Homeownership Finance Report	
Tab B: Development Finance Report	
Tab C: Quarterly Compliance and Resident Services Report	
Tab D: Single-Family Rental Program Report	
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 August 15, 2013	22
Tab 2: Ratification of the Fiscal Year 2014 Operating Budget	23
Tab 3: Presentation, Discussion, and Possible Approval of a Resolution Authorizing the Corporation to Amend Trust Indentures, Regulatory Agreements, Subordination Agreements and Other Associated Documents Related to the Refinancing of the Aguila Oaks Apartments (aka Worthing Oaks Apartments) by San Antonio Low Income Housing LLC	25
Tab 4: Presentation, Discussion, and Possible Approval of the Texas State Affordable Housing Corporation's Broker Listing	33
Tab 5: Presentation, Discussion, and Possible Reappointment of Ms. Edwina Carrington to the Texas Foundations Fund Advisory Council Created by the Board of Directors of the Corporation	42
CLOSED SESSION	none
ADJOURN	57

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2
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P R O C E E D I N G S

MR. JONES: The September Board Meeting of the Texas State Affordable Housing Corporation Board of Directors is now called to order. It's 10:30.

William Dietz, Vice-Chair?

(No response.)

MR. JONES: Gerry Evenwel, member?

(No response.)

MR. JONES: Alex Meade, member?

MR. MEADE: Here.

MR. JONES: Jerry Romero, member?

MR. ROMERO: Here.

MR. JONES: And I'm here. Too early.

MR. LONG: But relaxed.

MR. JONES: But relaxed.

We have a quorum. Is there any public comment at this time?

(No response.)

MR. JONES: Okay. Hearing none, we'll go into the President's Report.

David Long?

MR. LONG: Thank you, Mr. Chairman. Updates from last time we met. Shortly after we met last time in August, on August 27, Mr. Dietz, our vice-chairman, Janie

1 Taylor, Dave Danenfelzer, Jo Ropiak, Charlie Leal and
2 myself had the privilege to attend the formal presentation
3 and key exchange for a ACT Program home donation. That
4 donation was made to Ms. Donna Beseda.

5 She is the widow of a captain in the volunteer
6 fire department in West, Texas. Her husband and her
7 brother-in-law were both killed in the explosion in West,
8 Texas. And we had received a donated home from Bank of
9 America. That home was then rehabilitated by our local
10 partner, Brooke Community Development. And we worked with
11 the Waco NeighborWorks Association and other parties that
12 we work with in that program to make that home ready. A
13 formal donation was made to Ms. Beseda on August 27. Mr.
14 Dietz represented TSAHC and presided over the event. You
15 each should have received --I think we sent out an email
16 to each of you with a little snapshot and some pictures
17 attached.

18 We also had the privilege of having in
19 attendance at that event the mayor and city manager of the
20 City of Waco, the City of West Fire Chief. Bank of
21 America had several representatives. Neighborworks Waco
22 had several representatives. Brooke Community
23 Development's Mike Meyer was there. And, of course, the
24 TSAHC staff I mentioned.

1 The event was also covered by four television
2 stations and two newspapers. I would like to thank, in
3 addition to everybody that worked so hard on it,
4 specifically Jo Ropiak for all her coordination with the
5 homeowner and Waco --Neighborworks Waco and all that, as
6 well as the efforts of Janie in coordinating all of the
7 media that goes on because we have to coordinate that with
8 all of our local partners, including Bank of America as
9 the donating entity.

10 In addition, I just want to mention when we get
11 to it, but under Tab Item 2 you'll notice that that's a
12 ratification of the Fiscal Year 2014 operating budget. We
13 felt that it was appropriate to bring that back to you for
14 ratification. We are not making any changes to the budget
15 but in order to comply with the standards required for
16 public notice of all information we're bringing it back to
17 you just to give additional public comment time from the
18 last board meeting till now to make sure if there was any
19 additional public comment we would have been able to
20 receive that.

21 The - a couple of positive announcements
22 related to our TSHEP program. Not only have we continued
23 to have a really good year, we executed -- we're in the
24 process of executing a new contract with TDHCA to continue

1 the administration of that program. But also, we were
2 notified that Bank of America is going to donate \$40,000
3 to the Corporation to be utilized in the Texas Statewide
4 Homebuyer Education Program. We're very pleased to have
5 that money. I think it should be noted that we originally
6 applied for 30 and they gave us 40. So I think that goes
7 to show not only they -- what their expectations are in
8 the program, but also, hopefully, it's because we've done
9 such a good job in the relationship that Janie has
10 maintained with them has showed that we're a good partner
11 for them to work with.

12 MR. ROMERO: Can you apply for 50 next time and
13 get 60?

14 MR. LONG: I hope.

15 Under the Texas Foundations Fund the
16 corporation received a \$5,000 grant from Wells Fargo. I
17 think that money --

18 Mr. Romero, if you could explain?

19 I think that money is open to any use in the
20 foundation's funds, specifically for awards that we would
21 make going forward.

22 MR. ROMERO: It's a quarterly program that
23 Wells Fargo funds to the foundation. It's available to
24 non-profits with programs that impact affordable housing.

1 MR. LONG: As a follow-up to that I would also
2 add that the staff are completing their review and scoring
3 of the overwhelming number of applications we received for
4 this year's round of awards. We hope to have that scoring
5 process completed this week. The Advisory Council will be
6 meeting on Wednesday, the 25th, here at our TSAHC offices
7 to begin their review of the scoring that staff put
8 together and determine formal recommendations that will be
9 presented to our board, you guys, for consideration at the
10 October board meeting.

11 Also, under Tab 6 just a note regarding another
12 foundation's fund issue. Under Tab 6 we're asking that
13 the board consider Ms. Edwina Carrington, who serves
14 currently as our Advisory Council's chairperson, for
15 another term on the Advisory Council.

16 Couple other notes on things that are going on.

17 This past week, myself, Paige Omohundro and Sarah Ellinor
18 attended the Texas Association of Realtors Conference in
19 Dallas, Texas. We had a booth, and Sarah and Paige were
20 in the booth, and then I also participated in several of
21 the board events that were going on for the Texas
22 Association of Realtors.

23 Tim Almquist and Robin Miller, with our
24 financial advisor firm First Southwest, made a

1 presentation to the Bond Review Board regarding some
2 changes to Moody's ratings agency's methodology and their
3 review of and rating of single-family transactions that
4 was released last year. That did affect a couple of our
5 programs. But they wanted an update and had asked us to
6 give a presentation. And from what I understand, that
7 presentation went very well. I spoke with Mr. Kerley, the
8 executive director, personally and -- he had asked us to
9 be there to make a -- just a presentation on our
10 consideration of it. So I was pleased that we were asked
11 to do that.

12 I do always like to reference our professionals
13 that are in attendance. Obviously, Katy Livingston is
14 here with Greenberg Traurig, our general counsel firm; Don
15 Mikeska, our auditor, is here with Mikeska, Monahan and
16 Peckham. Robin Miller, who I mentioned earlier, is here
17 with First Southwest Company. And Steve Bolden is here
18 with Mahomes Bolden. They are our issuer counsel on
19 multifamily transactions.

20 We do have -- I'm going to ask David
21 Danenfelzer to come up and give you a quick update on a
22 transaction you all had approved recently regarding a
23 multifamily transaction in Georgetown, Texas. It is
24 called Gateway. And we've had some kind of -- you'll

1 remember this project actually started about two years ago
2 in the way of the board approving it.

3 It kind of went through some -- where it got
4 put on the sideline because funding fell off. Funding
5 came back into place and we were working to get it closed
6 this month. And we've kind of had some ups and downs with
7 it but I think we're back on track. But I wanted David to
8 give you an update on that.

9 MR. JONES: It's not included in any of your
10 tab items. Right?

11 MR. LONG: It's not in -- it's part of my
12 President's Report. It's not a tab item. We're not
13 asking for any consideration or motion or anything. It's
14 just he has more information on it than I can give you.
15 So it's just an update on that transaction.

16 MR. DANENFELZER: David Danenfelzer, manager of
17 Development Finance. And to be brief I'll just say that
18 we had planned on closing this week with the Gateway
19 project. However, some of the final documents that came
20 out late last week, there was a dispute between two of the
21 financing partners involved over a lot of provisions in
22 those documents. We were able to get that worked out.
23 However, it was a little bit too late. It got worked out
24 yesterday when we were officially supposed to begin

1 closing.

2 So we had postponed on Tuesday evening the
3 closing with the announcement that this issue had been
4 resolved between the two parties. We can go ahead and
5 reschedule closing. We will need to move fast and there's
6 no guarantees that we can move as fast as we need to.
7 Just because there's lots of different partners in this
8 project, as you can recall. There's tax credits through
9 the Department of Housing, there's an issue of HUD FHA
10 financing, there's HOME dollars from the Department of
11 Housing, as well as our bonds. So this is common in --
12 when projects have a lot of different players working
13 together.

14 You know, we wish it could have gone a little
15 bit smoother, but we have reset and scheduled the closing
16 now for the 23rd of September so about two weeks from
17 today. And our hope is that we'll get through. We do
18 need to work with the Texas Bond Review Board on getting a
19 new reservation for the bonds that we are issuing. But a
20 lot of it is administrative. While it typically can take
21 a long time it doesn't have to take a long time. So we've
22 already started communicating with the Bond Review Board
23 on how to get that process quickly. And we are hopeful at
24 this point that we will close before the end of September.

1 MR. LONG: Our goal would be to report to you
2 at the next board meeting that it closed.

3 MR. DANENFELZER: Yes.

4 MR. LONG: Any questions for David?

5 (No response.)

6 MR. LONG: No? Okay. A couple of other quick
7 things. The Texas Community Capital Board, of which we
8 have board members that serve on that board, they have a
9 meeting today after ours. They take the time to meet
10 either right before our meeting or after our meeting. And
11 they'll be going over some items there. But the Texas
12 Community Capital, just so you know, has a board meeting
13 today. I think it's at 3:00, 4:00, somewhere in there.

14 The National Housing Conference is meeting in
15 Atlanta and Janie Taylor and I will be attending that.
16 While we're there we actually have an opportunity to meet
17 with the -- a representative from the Home Depot
18 Foundation about funding and some other ideas where we
19 could collaborate regarding our ACT, Affordable
20 Communities of Texas Program.

21 And then also, later this month the Texas
22 Association of CDCs Policy Summit is here in Austin on the
23 24th. And we have several staff attending that.

24 As always, Mr. Chairman, I like to kind of just

1 preference -- or reference the next board meeting date
2 which would be around October 10 is the next -- is the
3 second Thursday of October. And meeting on that date --
4 can be the 10th or the 17th -- but we've just laid it out
5 there as a tentative date. And we'll work with the
6 members of the -- since a couple of members are out today
7 we'll work with you all to make sure that date's good or
8 the 17th, whichever works.

9 I must note for you, though, for the first
10 time, I think, in a very, very long time I will not be
11 here at the board meeting. I will be out of town
12 regardless of what day you pick, the 10th or the 17th. I
13 will be out of town. So Liz has stated she'll be here to
14 be in charge of the meeting and make sure that you guys
15 have all the information you need. And with that I
16 conclude my report, Mr. Chairman, unless you have any
17 questions.

18 MR. JONES: Any questions about any items, Tab
19 A to E?

20 (No response.)

21 MR. JONES: I do. On Tab C, page 1, the out of
22 compliance places like Clover Hill and Hillcrest in Grand
23 Prairie, are these temporary out of compliance issues?

24 MS. TAYLOR: Yes.

1 MR. JONES: Why?

2 MS. TAYLOR: Monthly they have different rental
3 rates and so it varies every month. If they get more
4 market people in or if they aren't completing their
5 certifications in a timely manner it can affect their
6 compliance.

7 MR. JONES: So they're all close enough to the
8 75 percent that it's easily rectified?

9 MS. TAYLOR: Yes. And we work with them
10 regularly, daily almost, to rectify that issue.

11 MR. JONES: Okay. On Tab D, I might add this
12 other, these training things. Single-family rental? How
13 does it work? Let's say Deacon Hill Drive. The market
14 rent is \$1,150 but what we're going to do it for is \$988.
15 And when does the difference come in?

16 MS. TAYLOR: We're using 60 percent rent
17 limits. So at that rate in Austin it's 988 for a two
18 bedroom. But the actual rents being charged in that area
19 are 1,150. So we're below market rate.

20 MR. LONG: We're just setting our rates lower
21 so we can reach a more affordable --

22 MS. TAYLOR: We're getting people in a
23 neighborhood that they wouldn't ordinarily be able to get
24 into.

1 MR. LONG: So we're setting our rates lower so
2 we can attract --

3 MR. JONES: So who -- nobody really takes a hit
4 because you're doing it low then?

5 MR. LONG: No. No, we're not taking a hit or
6 anything. We're just offering a lower rent to the
7 renters.

8 MR. JONES: And specifically, just to make
9 somebody that has a lower income be able to live in a
10 certain neighborhood?

11 MR. LONG: That's correct.

12 MR. JONES: So how -- and that's what I thought
13 it was. So how does that work? With the residents in
14 about every neighborhood in the country are they going to
15 have somebody that normally couldn't afford to live there
16 -- is it something patterned on what you're doing there?

17 MR. LONG: I don't know that it's a pattern.
18 I'm not familiar with what he's -- what you're talking
19 about.

20 MR. JONES: You said every neighborhood they're
21 going to take -- like you said, somebody who would
22 normally not be able to live in this neighborhood.

23 MR. LONG: Well, I can't speak to that.
24 Specifically, the way we do this is we look at what market

1 rents are going for -- and we can get that off of a
2 variety of places -- what rents are going for in certain
3 neighborhood and then we look at what the federal guidance
4 is for 60 percent rents. Correct? And that's what we
5 base our rental rate on.

6 MR. JONES: So -- I understand. I just want to
7 follow this pattern. So this will allow at least one
8 homeowner who normally couldn't afford to live in that
9 neighborhood to be able to live in that neighborhood?

10 MR. LONG: Assuming they couldn't afford \$1,150
11 and versus they could afford 988, yes.

12 MS. TAYLOR: And they'll be renting.

13 MR. LONG: And they'll be renting. We're
14 not -- these are all rental properties.

15 MR. JONES: So how do you ensure that they'll
16 maintain their property, the property that they're
17 renting, at the level of the people who can afford to do
18 more to maintain their property? So what makes you think
19 that that wouldn't turn --

20 MR. LONG: I'm not sure -- you mean by maintain
21 like they would keep it up?

22 MR. JONES: Yes. Don't they have to keep it
23 up?

24 MS. TAYLOR: Yes.

1 MR. LONG: Well, sure.

2 MS. TAYLOR: We have guidelines in place. And
3 we do quarterly inspections to make sure that the property
4 is maintained, that the facilities are maintained. And if
5 not, they have -- they're -- we issue what we call lease
6 violations. And then they have a number of days to
7 correct the issue. And if they don't, we do and we charge
8 them for that.

9 MR. LONG: Similar to the multifamily listing
10 you read earlier under Tab C.

11 MR. JONES: So you deal with more than just
12 affordability. You deal so --

13 MR. LONG: Oh, yes. We make --

14 MR. JONES: -- to make sure that they can meld
15 in and blend in?

16 MR. LONG: Yes. Since we own these properties
17 outright we have the right to go in and we set the lease
18 agreement and we also have the right to go out and inspect
19 the properties. And we maintain that when we have them
20 sign off on the lease agreement.

21 MR. JONES: Okay.

22 MR. ROMERO: So to Bob's point, we're buying
23 the properties low enough that we're not taking a hit when
24 we give low rents?

1 MR. LONG: That's correct. Plus, we're
2 buying --

3 MR. JONES: I'm also concerned that just to do
4 low rent that you're not creating some kind of negative
5 thing within a community structure.

6 MR. LONG: No. We're not buying enough units
7 in any one community --

8 MR. JONES: Because rental people don't take
9 care of properties as a rule the same way that owners do.

10 MR. LONG: Well, may or may not. But in all
11 honesty, we're not looking to have -- if there were 75
12 units in a specific community we're not looking to own 60
13 of them. We're doing one unit here and one unit there.
14 Our unit mix in any one community is not going to be big
15 enough. But, yes, we will require that the units are
16 maintained.

17 MR. ROMERO: We're not going to be a passive
18 renter.

19 MR. LONG: No. We're going to be very hands-on
20 renter/owner. And the other thing is that when you talk
21 about the affordability, as an example, we're not going to
22 be in Austin -- we're not going to go out and buy
23 properties, traditionally buy properties in a very high-
24 end neighborhood because that would cause us to -- even if

1 we were to look at the rents it would be outside of
2 affordable rental.

3 MR. JONES: Which I know --

4 MR. LONG: So we're buying in communities where
5 these properties are at least in the reasonableness range
6 for us to see affordability and then we're just turning
7 around and renting them for -- to someone who wouldn't
8 normally be able to buy.

9 MR. JONES: I just want to make sure that the
10 program doesn't turn into a negative --

11 MR. LONG: Oh, it's not. And we'll ensure
12 that.

13 MR. JONES: -- by -- I wouldn't say de-
14 stabilized communities -- but by being in -- being able to
15 be pointed out and says, Look my property value has gone
16 down because TSAHC put somebody in.

17 MR. LONG: It won't do that at all.

18 MS. TAYLOR: I mean, I happen to live near one
19 of the properties. And I just occasionally drive by to
20 make sure that the yard is maintained and everything looks
21 fine. We're very hands-on. I mean, we -- like I said, we
22 do quarterly inspections, also. So we're in the unit, you
23 know, physically there to take a look around.

24 MR. JONES: Yes. I just don't want what's a

1 good concept to be --

2 MR. LONG: I don't think we have that as a
3 concern. I think what we view it as is we're making an
4 opportunity for a family who wouldn't normally be able to
5 live in one of these nicer neighborhoods. We're giving
6 them the opportunity live there.

7 MR. JONES: Why rent instead of the ability to
8 purchase?

9 MR. LONG: Well, they -- we have other
10 programs. We just feel like some people are not going to
11 be able to own right now. That's why there's so many
12 rental properties. And we felt we could provide a reduced
13 rent with our capacity as an entity to maintain those
14 properties and provide rental properties until those
15 borrowers -- we're not saying those borrowers can't use
16 this as a stepping stone, get themselves financially
17 settled and stabilized and then go out and buy a home
18 somewhere else. Maybe they'd even use our program.

19 MR. JONES: So the renter's in an area of
20 owners or it's a mixture?

21 MR. LONG: We --

22 MR. JONES: You know, when you have school
23 district if they live there then they got the higher
24 school taxes that they have to pay sometimes and

1 everything else. Right?

2 MR. LONG: But on the rentals we're covering
3 all of that.

4 MR. JONES: Okay.

5 MR. LONG: We take care. When it's a rental
6 all they're doing is paying us rent. They're not
7 responsible for --

8 MR. JONES: Oh.

9 MR. LONG: -- paying the taxes and insurance
10 and all that. I mean, they have to have their own renters
11 insurance and other things. But the property's owned by
12 us. Where if they become a homeowner that's a decision
13 they make --

14 MR. JONES: I see.

15 MR. LONG: -- when they get qualified for the
16 loan, not only for the principal and interest but their
17 taxes and insurance to cover the whole PITI.

18 MR. JONES: So you calculate what the taxes and
19 all that is going to be in the rent that you charge them?

20 MR. LONG: To --

21 MS. TAYLOR: Yes.

22 MR. LONG: To the extent, yes, that we're
23 required to pay.

24 MR. JONES: And there's no loss on that at all?

1 MS. TAYLOR: No.

2 MR. LONG: No. We maintain under the
3 program -- if you'll remember, Mr. Jones, when we put this
4 together the corporation established a process for
5 analyzing any property we would buy where we maintained a
6 minimum threshold of return on each property we bought.
7 And so the combination of expenses related to it, as well
8 as the payments that we receive from rental would maintain
9 a certain return on that property for us.

10 MR. JONES: Okay.

11 MR. LONG: And so we will continue to offer
12 that as a buffer to making sure that we're covering our
13 expenses but offering very affordable rental properties
14 across the state. And we only have three right now. So
15 we're not -- in the bigger picture of things we're not a
16 big landlord.

17 MR. ROMERO: So, David, let me ask you a quick
18 follow-up question on that. Is there opportunities for us
19 to improve a neighborhood when you have vacant properties
20 that have been sitting there a long time?

21 MR. LONG: Certainly. And I think that's one
22 of the things that we -- whether it's through the --

23 MR. JONES: Is that a leading question?

24 MR. LONG: Through the -- well, obviously, I

1 would suggest to you the ACT Program where a property's
2 been sitting and it's a foreclosure. We have that
3 opportunity. And I think we've proved that, where we have
4 over 500 properties in that portfolio that Mr. Danenfelzer
5 manages. And we use those properties to rehab them and
6 sell them into a much -- you know, to stabilize the
7 community. So we take them from being uninhabited to
8 inhabited with a full-blown, authorized, eligible tenant.

9 MR. JONES: So much weight is upside than any
10 potential down?

11 MR. LONG: Yes. And I think our programs and
12 what the corporation strives to do is do just that in all
13 that we work on.

14 MR. JONES: Start bleeding them with it. Thank
15 you.

16 MR. LONG: Any other questions?

17 MR. JONES: Any other questions or comments?

18 (No response.)

19 MR. JONES: Okay. Thank you, David.

20 Tab 1, Presentation, Discussion, and Possible
21 Approval of Minutes of the Board Meeting held on August
22 15, 2013. My question was already answered earlier. Why
23 so late? People get these flights that come in all hours
24 of the day. I just -- I wasn't here. But there's just

1 one question. On the President's Report the corporation
2 provided 16 scholarships that paid for the hotel cost of
3 16 attendees at the Texas Statewide Homebuyer Educational
4 Program. And there were no dollar figures or anything.
5 Sixteen -- and using grant funds raised for the program.
6 You raised enough money through grants to pay hotel bills
7 for 16 people?

8 MR. LONG: Another benefit we provide by
9 administering this program is our ability to raise funds,
10 which can allow us to help offset some of the costs for
11 some of these counseling organizations and the people that
12 we would train.

13 MR. JONES: Oh, yes.

14 MR. LONG: And I think it's just another
15 testament to the ability for us to be able to be a good
16 administrator of this program.

17 MR. JONES: So if they can make arrangements to
18 be there you're going to give them lodging?

19 MR. LONG: We can work with them to give some
20 of them. We can't do them all -- as you can see on there,
21 several people attended -- but we were able to provide 16.

22 But I thought the representation was pretty large. We
23 had 31 cities from across the State of Texas that were
24 represented.

1 MR. JONES: Okay.

2 Any comments or corrections or anything of the
3 minutes? If not, I'll entertain a motion.

4 MR. MEADE: So move.

5 MR. ROMERO: Second.

6 MR. JONES: Okay. Moved and second.

7 Is there any public comment regarding this Item
8 1?

9 (No response.)

10 MR. JONES: Hearing none, all in favor to
11 approve the minutes, say, Aye.

12 (A chorus of Ayes.)

13 MR. JONES: Okay. It passes unanimously.

14 Item 2, Ratification of the Fiscal Year 2014
15 Operating Budget.

16 MR. LONG: Again, Mr. Chairman, this is -- the
17 board approved the budget at the August board meeting in
18 order to provide ample and additional time for any public
19 comment. The agenda was posted on our web site, it was
20 part of the board book and the package that went out. And
21 what we would be asking --

22 Ms. Livingston, tell me if I'm doing this
23 incorrectly.

24 But we're asking the board to at this time, now

1 that we've had ample time from the last meeting to now to
2 basically ratify their original approval of the budget
3 from the last meeting. I will add again that there has --
4 there are no changes between what was presented and
5 approved at the last board meeting to this board meeting
6 in the budget that's being presented to you for the 2014
7 operating budget.

8 MR. ROMERO: I'll move to approve the
9 ratification of the budget that was presented in the prior
10 month.

11 MR. MEADE: Second.

12 MR. JONES: Moved and seconded. Is there
13 public comment?

14 (No response.)

15 MR. JONES: One question. You're about 700,000
16 down on revenues but the budget has enough in it to do
17 what we'd normally continue to do. Right?

18 MR. LONG: Yes, sir.

19 MR. JONES: Okay.

20 All in favor of approval, say, Aye.

21 (A chorus of Ayes.)

22 MR. JONES: Passes again unanimously.

23 Item 3, Presentation, Discussion, and Possible
24 Approval of a Resolution Authorizing the Corporation to

1 Amend Trust Indentures, Regulatory Agreements,
2 Subordination Agreements and Other Associated Documents
3 Related to the Refinancing of the Aguila Oaks Apartments
4 (aka Worthing Oaks Apartments) by San Antonio Low Income
5 Housing LLC.

6 MR. DANENFELZER: David Danenfelzer, manager of
7 Development Finance. This is -- well, first of all, let
8 me introduce a couple of people who are here today. As
9 Mr. Long noted, our issuer counsel, Stephen Bolden is here
10 in the audience today. He's the guy responsible for
11 writing the actual resolution, the legal part.

12 So if you have any questions or details about
13 that we can call him up. And we also have a
14 representative from the developer/owner of the property,
15 Sunny Giarrita, the regional -- the senior regional
16 property supervisor with the Cesar Chavez Foundation.

17 This property, the Aguila Oaks Apartments, also
18 known as Worthing Oaks Apartments was financed by the
19 corporation in 2002 using 501(c)(3) bonds. As many of you
20 know, the 501(c)(3) bond structure was essentially 100
21 percent financing. And it was a -- it has been
22 traditionally a problematic way to finance properties.

23 Much of the initial assumptions for those
24 properties were based on kind of steep increases in both

1 rental rates, as well as large savings from tax
2 exemptions. However, many of those original
3 assumptions -- and this includes properties all across not
4 only the State of Texas but across the United States --
5 many of these properties have gone into default and been
6 foreclosed on, some have restructured over the years.

7 And the owner, Cesar Chavez Foundation, has
8 done a good job of keeping this property afloat by
9 advancing some additional cash reserves of their own. But
10 it is time and there is an opportunity right now with
11 lower interest rates, especially provided through the
12 Federal Housing Administration, to go ahead and provide
13 some cushion on this property and also really end up
14 potentially turning it all around completely.

15 As you can see in my write-up, one of the key
16 factors and differences moving forward for this property
17 will be that the majority of the debt on the property be
18 written down from an interest rate of around 6.6 percent
19 down to 4.25 percent, which is also almost a \$260,000
20 savings annually. That is cash that can go and will go to
21 repay many of the accounts payable that the owner has been
22 advancing over the last several years. It will also allow
23 us to begin -- and the developer to begin paying the sub-
24 series bonds that have not been paid on since the project

1 went into operation or at least since around 2005. That
2 was the last time a payment was made.

3 So this is a good opportunity for us to kind of
4 rearrange the waterfall of funds, get people who believed
5 they were going to be repaid on the C bonds starting to
6 get repaid on those bonds, as well as, you know, allow for
7 additional cash flow on the properties to eliminate any
8 deferred maintenance. And I will give credit, I think the
9 Cesar Chavez Foundation has done a good job over the years
10 making sure that the properties are maintained. They have
11 a fairly good track record with our compliance oversight
12 team. And we know that the social services that they
13 provide on the property are among the best in all of our
14 portfolios. So this is a really good developer, a really
15 good owner and we think that this is the right plan for
16 this property.

17 The alternative would be to simply let the
18 property continue to fail and then be foreclosed on, which
19 would result in the loss of, you know, 346 units of
20 affordable housing in, I think, a key neighborhood in San
21 Antonio which is turning itself around and revitalizing.
22 So we'd like to preserve these units if we can.

23 MR. JONES: One question. You talked about
24 deferred maintenance. And then -- but you also said

1 that -- the statements and being able to come in at 4.25
2 percent -- 6.6 -- to save \$250,000 that he would pay past
3 debts. Paying down some past debts helps but it still
4 doesn't address the maintenance situation.

5 MR. DANENFELZER: Well -- and they actually do
6 both with the additional cash flow. One of the key things
7 is that the property has essentially not had enough income
8 and enough cash flow because of the debts to save up and
9 be able to pay down and -- to save up enough reserves,
10 essentially. They've been kind of bleeding away their
11 reserves to maintain the property rather than building up
12 that reserve so that they can do significant capital
13 improvements over time.

14 The new financing in particular, the FHA
15 financing, has actually a much higher -- or a bit higher
16 reserve requirement on -- for replacements. And also,
17 the -- where that cash gets pulled out of the actual
18 revenues that come into the property is much higher in the
19 waterfall. So we'll actually see, I think, those reserves
20 grow over time.

21 But in addition to that, because that debt
22 payment is much lower, there's actually going to be cash
23 after that debt payment that will help us -- help the
24 owner recoup part of the funding that they've been putting

1 in, which to date is I think around -- I had it in the
2 write-up -- I'll quickly -- they have about -- invested
3 about 1.4 million to avoid any deferred maintenance on the
4 properties.

5 But that's money that's just coming out of
6 their pocket, not revenues from the property. Typically,
7 they'd just use revenues. So they'll be able to start
8 repaying themselves for that advancement of 1.4 million.
9 But they've also agreed that that cash flow, 75 percent of
10 the cash flow after debt service actually goes to the C
11 bonds and 25 percent go back to pay off their 1.4 million
12 debt or accounts payable.

13 MR. JONES: Do we have any compliance
14 connection to them or anything? No?

15 MR. DANENFELZER: Well, we do have some
16 oversight and compliance on the properties now. And we
17 will continue for the term of the bonds. So, you know,
18 until those bonds are refinanced or the whole property's
19 refinanced at a later time maybe, we'll continue to
20 monitor it and make sure that they honor the bond
21 requirements.

22 MR. JONES: So would you rate the maintenance
23 quality of the units now? They have to be --

24 MR. DANENFELZER: Yes. I would actually call

1 up Mindy for that. Because she is the asset oversight --
2 she's manager of the asset oversight so she would know.

3 MS. TAYLOR: Mindy Taylor, manager of
4 multifamily oversight. I would actually say from the time
5 we started reviewing the properties to date they've
6 improved. They've found funding outside of their
7 operating budget to be able to do some of the necessary
8 repairs. They got Weatherization money so they could do
9 exterior windows and things like that. And I think what
10 is important to say here is because they're going to have
11 less debt they can write in more money into their
12 operating account above the line and do -- they can write
13 in more repairs that way. They can be more proactive
14 instead of reactive.

15 MR. JONES: But it doesn't take -- in a really,
16 really negative situation you wouldn't be doing -- be
17 trying to do the refinancing. Correct?

18 MS. TAYLOR: Right.

19 MR. DANENFELZER: Yes. I mean -- they -- and
20 I'll -- you know, I'll admit this is -- they are kind of a
21 rare breed. Most of our owners don't dig into their own
22 pockets to make sure their properties are okay or kept up.
23 In most situations we'd see that there would just be
24 continuing deferred maintenance on properties, they'd let

1 the properties go and just basically say, We don't have
2 any cash. This is an owner who --

3 MR. JONES: Which is why I brought it up
4 because you used the term deferred maintenance but we
5 didn't talk about what cash, what they still would be able
6 to do to help in --

7 MR. DANENFELZER: Right. Yes. I mean, this is
8 an owner that has gone above and beyond what the typical
9 multifamily owner of this nature would do. So we're -- we
10 are happy to continue our relationship with them.

11 MR. JONES: Okay.

12 Are there any comments, questions?

13 Mr. Meade?

14 MR. MEADE: I have a question.

15 MR. JONES: Go ahead.

16 MR. MEADE: David, you mentioned in the write-
17 up 1.4 million in accounts payable.

18 MR. DANENFELZER: Right.

19 MR. MEADE: So do we know what the breakdown on
20 that 1.4 million is?

21 MR. DANENFELZER: Yes. Most of that is
22 actually in maintenance advances that they've done to make
23 sure that they -- their accounts payable are down. They
24 pay their vendors on time. They keep things up. Some of

1 that has also been in deferred management fees. They have
2 not been getting paid their management fees. So the
3 typical profit that they would get off of running the
4 property, they've foregone that amount in order to make
5 sure that there's enough money for other things.

6 MR. MEADE: What type of a pay-off are we
7 looking off if they continue at that 25 percent of that
8 260 in savings?

9 MR. DANENFELZER: I did run the numbers on
10 that. I think the pay-off is actually quite long. I
11 think it's around -- it's probably going to be around 27
12 years for that 1.4 million. Because of the interest rate
13 on the C bonds it will be a little bit longer than that.
14 But I would caution to say that necessarily will pay off
15 just through a normal amortization.

16 MR. MEADE: Right.

17 MR. DANENFELZER: It's more likely that with
18 this refinancing the property will get back on its footing
19 and then in about ten years they can go ahead and look at
20 a significant capital restructure bringing in some more
21 equity like tax credits in order to bring down their debt
22 significantly and also, do some of the much more costly
23 capital replacements that they may have to do. Instead of
24 having to replace, you know, one roof every couple of

1 years they may be able to replace all roofs in ten years
2 if they restructure the entire financing.

3 MR. MEADE: So admittedly, if they continue
4 like this it's long-term fix but by improving the
5 opportunity for them to get out of this much quicker.

6 MR. DANENFELZER: Yes. I believe that they'll
7 be able to restructure the property and preserve it for a
8 much longer period of time in about ten years once they
9 can go in. They'll be eligible for tax credit financing
10 and other sources of equity rather than just debt.

11 MR. JONES: Okay. Mr. Meade?

12 MR. MEADE: No questions.

13 MR. JONES: Okay.

14 Thank you, David.

15 In terms of Tab Item 3 we'll entertain a
16 motion.

17 MR. MEADE: So move.

18 MR. JONES: It's been moved.

19 MR. ROMERO: Second.

20 MR. JONES: And seconded as presented. Any
21 public comment?

22 (No response.)

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

1 (A chorus of ayes.)

2 MR. JONES: It passes.

3 Item 4, Presentation, Discussion, and Possible
4 Approval of the Texas State Affordable Housing
5 Corporation's Investment Policy.

6 And you are?

7 MS. SMITH: Melinda Smith. Good morning. It's
8 a pleasure to be here. We are bringing the investment
9 policy and broker listing to the board. The Public Funds
10 Investment Act requires --

11 MR. JONES: Must be good news because you've
12 been looking happy all morning.

13 (Laughter)

14 MS. SMITH: Just not bad news. But The Public
15 Funds Investment Act requires that we have an investment
16 policy and that that policy be approved annually and that
17 we also have a list of brokers and that the broker listing
18 be approved annually. So we have our investment policy
19 and we don't have any changes to the policy with the
20 exception of one on page 5. Think it's page 5 -- 4 and 5.

21 We've added two investment officers.
22 Historically, I have been -- David is the primary
23 investment officer and has delegated that authority to me.
24 But I don't have any backup. So we are asking the board

1 to amend the policy to approve our executive vice-
2 president, Liz Bayless, and our controller, Nick Lawrence,
3 to also be investment officers.

4 MR. LONG: Mr. Chairman, if I might add on
5 that, I think what it does is it just gives Melinda and
6 myself a little bit more flexibility, not only for input
7 from individuals that are here on staff that are at the
8 executive management level and/or have, you know, very
9 strong insight into our financial standing, but it also
10 gives us the ability to have coverage in absence of
11 Melinda or myself. And I think that's somewhat -- you
12 have seen where you have done that with signature
13 authority, as well. So this is kind of under that same
14 vein of thought that it would be not only coverage but
15 also, just additional input and feedback from staff who
16 are intimately knowledgeable of the financials of the
17 corporation. And we obviously still have the ability to
18 coordinate with and communicate with Patterson and
19 Associates, our investment advisor.

20 MR. ROMERO: David, I think I asked you the
21 last time. I'm not sure if everybody remembers. How
22 often --

23 MR. LONG: I'll give you a different one today.

24 MR. ROMERO: How often do we have to do the

1 investment training as a board member?

2 MS. SMITH: Just once.

3 MR. ROMERO: Okay.

4 MS. SMITH: Just once when you --

5 MR. JONES: Unless the law changes, I would
6 imagine.

7 MS. SMITH: Right.

8 MR. ROMERO: Okay.

9 MR. JONES: But since he works for Wells Fargo
10 he may need it two, three times.

11 (Laughter)

12 VOICE: You never know.

13 MR. LONG: I am not going to respond.

14 MR. ROMERO: No one said that was a trap.

15 MR. LONG: Yes.

16 MR. JONES: So are we doing it just where you
17 have highlighted in red?

18 MR. LONG: Yes, sir.

19 MR. JONES: I can't understand how it reads.

20 : So it doesn't make the board -- so it doesn't
21 make the corporation's -- you added the corporation's
22 investment officer -- officers, authority granted to a
23 person to invest the corporation's funds shall remain
24 effectively -- how -- read that sentence to me?

1 MS. SMITH: Okay. "The board shall designate
2 the corporation's investment officers," -- oh, and I see
3 the problem, there should be a period there --

4 MR. LONG: There is a period.

5 VOICE: There is a period.

6 MS. SMITH: Okay. Then -- you're right. There
7 is.

8 MR. JONES: Where?

9 MS. SMITH: And then --

10 MR. LONG: After the word, Resolution, that's
11 been struck through there's a period at the end.

12 MR. JONES: Okay. Authority granted to a
13 person to invest corporation funds shall remain effective
14 until rescinded by the board or the termination of
15 investment officer. Okay. I got it.

16 MR. LONG: Okay?

17 MR. JONES: Yes.

18 MR. LONG: On top of page 5-B --

19 MR. JONES: The board delegates the
20 responsibility for the operation -- so delegate means that
21 the executive vice-president and controller now are the
22 investment officers?

23 MS. SMITH: As well as --

24 MR. LONG: They're adding -- as well as the

1 existing one. We're just adding them. Comma. Chief
2 financial officer comma executive vice-president and
3 controller.

4 MR. JONES: Is granted to the chief executive
5 or the president when the CEO and the president are not
6 the same. The board delegates the responsibility of the
7 investment program to the chief financial -- it -- to me
8 that says that it's delegated to them instead of you.

9 MR. LONG: Well, I still have -- my authority
10 still gives me, you know, complete oversight on it. It's
11 just saying --

12 MR. ROMERO: I think the write-up is just
13 designating the fact that we might have a CEO and a
14 president. In this case we just have one.

15 MR. LONG: Right.

16 MR. ROMERO: He's -- that person would still
17 have the authority to be your added go-to because
18 Melinda's already on there as an authorized individual.

19 MR. LONG: Right.

20 MS. SMITH: And also, the Public Funds
21 Investment Act, if I'm not mistaken, specifically
22 designates the CEO as the primary investment officer.

23 MR. LONG: Investment officer. That's correct.

24 MR. JONES: The lawyers said this is the

1 language. I mean, because it sounded like that sentence
2 says that it's delegated. Delegate means it's passed over
3 to these two people, not additionally.

4 MR. LONG: But it's delegating it to three
5 people, the chief financial officer, the executive vice-
6 president and the Controller.

7 MR. JONES: Okay.

8 MR. LONG: But under my existing authorities
9 I'm always capable of --

10 MR. JONES: Since you're chief financial --

11 MR. LONG: I am the president. It says the
12 chief executive officer or the president when the CEO and
13 the president aren't the same individual.

14 MR. JONES: Is not the same individual?

15 MR. LONG: Yes. I'm granted that authority and
16 the board also delegates further authority to the three
17 people that are listed, the chief --

18 MR. JONES: Well, why doesn't it say,
19 Additionally?

20 MR. LONG: I don't know. I didn't think it was
21 necessary.

22 MS. LIVINGSTON: We can do that.

23 MR. LONG: We can add the word, Additionally,
24 if you would like.

1 MR. JONES: I don't know. It just --
2 additionally, the board delegates responsibilities for our
3 basic investment program to chief financial officer, the
4 vice-president and Controller of the corporation they
5 made an investment on.

6 MR. LONG: We are more than happy, Mr.
7 Chairman, to add whatever.

8 MR. JONES: Well, I mean, if you don't need it,
9 you don't need it. But if I'm reading it --

10 MR. ROMERO: I think adding further after --
11 the board further delegates --

12 MR. JONES: After the fact? But what is this
13 legalese people say?

14 MR. ROMERO: That's why --

15 MR. LONG: Okay. We can say the board -- why
16 don't we use the --

17 MS. LIVINGSTON: Yes.

18 MR. LONG: -- word, Further delegates.

19 MR. JONES: Huh?

20 MS. SMITH: I see your point, Mr. Jones.

21 MR. ROMERO: The board also delegates?

22 VOICE: Further delegates?

23 MR. LONG: Further delegates? Okay. That's
24 fine.

1 MS. SMITH: Yes. There we go.

2 MR. JONES: I would just -- for clarity.

3 Right?

4 MS. SMITH: Yes.

5 MR. LONG: We're fine with that, Mr. Chairman.

6 MS. SMITH: No, I agree.

7 MR. JONES: Otherwise, you guys could say --
8 leave David out in the cold, do a house revolt.

9 MS. SMITH: Right.

10 MR. JONES: Okay. So where do we go? Further
11 delegates?

12 MS. SMITH: Yes, sir.

13 MR. LONG: Further delegates. That's correct.

14

15 MR. JONES: Legal people, that's it? That will
16 be fine?

17 MS. LIVINGSTON: We agree.

18 MR. JONES: I mean, don't do it just because
19 I --

20 MR. LONG: No. We agree with you. I think it
21 does provide clarification and we're willing to do that.

22 MS. SMITH: I do. I do. I think it does
23 clarify it.

24 MR. JONES: Okay.

1 MR. ROMERO: So having said that, I'll make a
2 motion to approve the Investment Policy presented with
3 that change.

4 MR. MEADE: Second.

5 MR. JONES: Okay. Move, second. Any public
6 comment on Item Number 4?

7 (No response.)

8 MR. JONES: Hearing none, it's been moved and
9 second, all in favor, say aye.

10 (A chorus of ayes.)

11 MR. JONES: Okay. Passes.

12 MS. SMITH: Thank you.

13 MR. JONES: Thank you.

14 MS. SMITH: The next --

15 Number 5 is Presentation, Discussion and
16 Possible Approval of the Texas State Affordable
17 Housing Corporation's Broker Listing. Is this where we
18 take Number 7 out and then vote twice?

19 VOICE: Yes, we did that last time.

20 MR. LONG: That's what we do. Yes, sir.

21 MR. JONES: Have to do -- well, why don't we
22 just put that -- well, we have to say that every time.
23 Huh?

24 MR. LONG: It's good for clarification on

1 record.

2 MR. JONES: Okay. All right. We'll take the
3 presentation first.

4 MS. SMITH: As I mentioned earlier, as part of
5 the Public Funds Investment Act we are required to also,
6 in addition to the investment policy, approve the broker
7 listing. And this is the list of brokers that our
8 investment advisor, Patterson and Associates has
9 recommended for us.

10 And they are recommending one change,
11 removing -- I'm not sure of the pronunciation -- is it
12 Vining Sparks and replacing it with Mutual Securities.
13 And the reason they made this change or are requesting
14 this change is because there's been a significant turnover
15 in the staff in the entity that they are asking us to
16 remove and replace with Mutual Securities.

17 MR. JONES: It's the Vining Sparks people?

18 MS. SMITH: Pardon? Yes. Uh-huh.

19 MR. ROMERO: So it's not a name change, it's a
20 complete new organization.

21 MS. SMITH: Yes, sir.

22 MR. JONES: Okay. Is there a motion?

23 (No response.)

24 MR. JONES: I guess I can make it. That --

1 well, we want to vote on approving authorized broker
2 dealer list number 1 through 6, 8 and 9 on this motion.

3 MR. MEADE: So move.

4 MR. ROMERO: Second.

5 MR. JONES: Okay. Moved and second. Any
6 public comment on the motion?

7 (No response.)

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

10 (A chorus of ayes.)

11 MR. JONES: Okay. One through 6, 8 and 9 have
12 been approved as presented by staff. Now we'll entertain
13 a motion on Number 7 on the authorized broker dealer list.

14 (No response.)

15 MR. JONES: I move that we approve Number 7.
16 Is there a second?

17 MR. MEADE: Second.

18 MR. JONES: Moved and second. Any public
19 comment on that motion?

20 (No response.)

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

23 (A chorus of ayes.)

24 MR. JONES: Any opposed?

1 MR. ROMERO: One abstention.

2 MR. JONES: I was going to ask that.

3 (General laughter.)

4 MR. ROMERO: I beat you to it, didn't I?

5 MR. JONES: All in favor, all opposed, is there
6 any abstentions. So with a three-member quorum it passes
7 with the vote.

8 MR. LONG: And one abstention.

9 MR. JONES: And one abstention. Let the record
10 note that Jerry Romero abstained on number 7. And be sure
11 to tell his bosses he didn't --

12 Okay. Where are we now? Oh, Item 6, the --

13 MR. LONG: Number 7. Six. I'm sorry. You're
14 right.

15 MR. JONES: -- Presentation, Discussion, and
16 Possible Reappointment of Ms. Edwina Carrington to the
17 Texas Foundations Fund Advisory Council Created by the
18 Board of Directors of the Corporation. The motion doesn't
19 say what the resolution says. There's a discrepancy.
20 Right?

21 VOICE: Say what?

22 MS. BAYLESS: The wording --

23 MR. JONES: The tab item --

24 MS. BAYLESS: -- in the resolution is slightly

1 different from the wording in the agenda item. I'm not
2 sure that's a problem.

3 MR. JONES: The agenda item says reappoint her
4 to the Advisory Council created. The resolution says
5 reappoint her as chairman.

6 MS. BAYLESS: Yes. And it's the resolution
7 that I would like for you to approve --

8 MR. JONES: Okay.

9 MS. BAYLESS: -- regardless of the wording of
10 the agenda item.

11 MR. JONES: Well, yes. But --

12 MS. LIVINGSTON: This resolution was included
13 in the material that was --

14 MS. BAYLESS: Absolutely. Yes.

15 MS. LIVINGSTON: But the full set, including
16 the resolution was attached.

17 MR. JONES: My question is can I say that the
18 board is going to discuss and possibly reappoint Ms.
19 Edwina Carrington of the -- I mean, of the Texas Fund
20 Advisory Council by the board without saying that we're
21 reappointing her as chairman? Because that would take a
22 separate motion if we said we're going to -- does the
23 board appoint the chairman of the council?

24 MS. LIVINGSTON: Yes, the board does.

1 MR. JONES: So the way it's worded sounds like
2 we would have to make -- have two motions, one to put her
3 back on the council and the other one to make her the
4 chairman --

5 MS. LIVINGSTON: Well --

6 MR. JONES: -- unless I can reword it in what I
7 say initially. Or --

8 MS. LIVINGSTON: Well --

9 MR. JONES: -- can be amended.

10 MS. LIVINGSTON: Don't some of the
11 resolutions --

12 MR. JONES: Page 1 --

13 MS. LIVINGSTON: -- ratify the full board?

14 MS. BAYLESS: Yes. The --

15 MS. LIVINGSTON: Okay.

16 MS. BAYLESS: -- resolution is what binds the
17 board. The resolution covers both her reappointment and
18 her serving as chair. The agenda item is not what binds
19 the board.

20 MR. JONES: Okay. As long as --

21 MS. BAYLESS: Is that correct? Yes.

22 MR. JONES: -- we're not doing something
23 different than what we post and say we are going to do.
24 Okay.

1 MR. ROMERO: I understand. Yes, I understand
2 his concern about --

3 MS. LIVINGSTON: I do, too. Yes.

4 MR. ROMERO: -- you have certain language on
5 the posted agenda that's public notice.

6 MS. LIVINGSTON: Right.

7 MR. ROMERO: And then we're coming up and we're
8 acting on something different in the actual resolution.

9 MR. LONG: I guess I view it as we're
10 essentially looking at accomplishing two things with one
11 resolution and the resolution which was included in the
12 board package identifies both actions. And I understand
13 that the package included -- which was on our web site and
14 posted accordingly -- included that resolution. So from a
15 public information standpoint I think we've met the
16 letter.

17 MR. JONES: Okay.

18 MR. LONG: But as far as the agenda item itself
19 not stating that she is going to be appointed as chairman,
20 I mean, I'll leave that up to counsel and the board as to
21 whether or not you want to bring it back again next month
22 to do it as chairman as well.

23 MR. ROMERO: Well, if I can make a suggestion.

24 MS. LIVINGSTON: Ratify it.

1 MR. ROMERO: Yes. If we could just motion to
2 approve her to be -- to continue -- we're having a meeting
3 next week for the Foundation's Fund. The Foundation's
4 Fund -- at that time, if we wanted to, we can take her
5 again as chairperson and then bring it back to ratify at
6 the following board meeting.

7 MR. LONG: That's up to you all.

8 MR. ROMERO: It serves the same purpose,
9 doesn't it?

10 MS. BAYLESS: Well, the board designates the
11 chair. The council does not choose which chair --

12 MR. ROMERO: Well, no. But the council can
13 make the recommendation that we would accept her again as
14 the chair, something to that effect, just to ratify it at
15 the next board meeting.

16 MR. LONG: And just saying so during the
17 meeting, she can serve as chair.

18 MS. BAYLESS: That's fine. Whatever you all --

19 MR. JONES: Well, supposing the board -- with
20 the board, there's no doubt that they wouldn't --

21 MR. ROMERO: Right.

22 MR. JONES: -- recommend somebody else. Right?

23 MR. ROMERO: It's just a -- again, it's the
24 recommendation of the Advisory Council.

1 MR. JONES: We can't amend their motion? We
2 can't --

3 MS. LIVINGSTON: Well, I don't think the motion
4 is the problem for the agenda.

5 MS. BAYLESS: The resolution is correct.

6 MS. LIVINGSTON: Yes.

7 MS. BAYLESS: The resolution is --

8 MS. LIVINGSTON: Because it ratifies the full
9 board and it appoints her as chairman. That's not the
10 issue. The issue is that the agenda only talks about her
11 reappointment --

12 MR. ROMERO: Right.

13 MS. LIVINGSTON: -- onto the --

14 MR. JONES: Right. It doesn't even talk about
15 ratifying the full board. The agenda item only talks
16 about reappointing her --

17 MR. LONG: Right.

18 MR. JONES: -- specifically.

19 MR. LONG: Gotcha.

20 MR. JONES: It doesn't say the whole board, it
21 doesn't say her as chairperson.

22 MR. LONG: Mr. Chairman, I -- just to simplify
23 this, I'll take responsibility for the fact the languages
24 are not exact. And I apologize for that.

1 MR. JONES: Well, no. I just want to be
2 sure --

3 MR. LONG: I think what we're trying to do is
4 accomplish --

5 MR. JONES: -- that what we do is right --

6 MR. LONG: -- just getting it done.

7 MR. JONES: -- like we've always done.

8 MR. LONG: I know. And I appreciate what
9 you're saying. I'm just saying to get it done the easiest
10 thing is going to be is read the resolution as it is,
11 accept the agenda item as it is.

12 We can motion and vote on that as you all have
13 suggested, and then once that's done, we can bring it back
14 to the board next month to ratify the appointment or
15 ratify or actually vote on as an agenda item Ms.
16 Carrington being made chairperson.

17 MR. ROMERO: Well, that and ratifying the
18 Advisory --

19 MR. LONG: And ratifying the --

20 MR. LONG: -- Council all over again.

21 MR. LONG: -- Advisory Council as a whole.
22 That's correct.

23 MR. LONG: Yes.

24 MS. BAYLESS: Well, the thing is, the

1 resolution -- the only action item we have in front of the
2 board, the formal action item, is the resolution. The
3 resolution reappoints Ms. Carrington as chair and
4 specifies the other board members. So we're either going
5 to do --

6 MR. JONES: Well, no, that's not what the
7 action item does.

8 MS. BAYLESS: We're either going to -- that's
9 what the resolution does. It's not what the agenda
10 item --

11 MR. JONES: I do understand you.

12 MS. BAYLESS: -- says.

13 MR. JONES: I'm supposed to sign this.

14 MS. LIVINGSTON: Right.

15 MR. JONES: The action item reappoints her to
16 the board. That's all the action item requires.

17 MS. LIVINGSTON: That's the agenda item.

18 MR. JONES: Presentation, Discussion and
19 Possible Reappointment -- we've changed some of the
20 wording of the agenda item before to comply. We've done
21 it before.

22 MR. ROMERO: The resolution language, not the
23 agenda item. That's what he's saying.

24 MR. LONG: The agenda item is posted, so we

1 can't change it.

2 MR. JONES: Right.

3 MS. LIVINGSTON: You can't change it once it's
4 been posted.

5 MR. LONG: We can't change --

6 MR. ROMERO: That's --

7 MR. LONG: -- the agenda item itself.

8 MR. ROMERO: -- what Bob is saying.

9 MR. LONG: You may change the resolution.

10 MR. LONG: The resolution can be changed. The
11 agenda item can't.

12 MS. BAYLESS: Well, I guess the question is
13 does it not matter that the agenda item doesn't mirror the
14 resolution when both were posted publicly.

15 MS. LIVINGSTON: I think --

16 MR. JONES: The motion --

17 MS. LIVINGSTON: I think it's a public
18 information responsibility that the agenda item says what
19 we're doing.

20 MR. ROMERO: Should mirror. Right.

21 MS. LIVINGSTON: And so even -- probably even
22 though the actual resolution --

23 VOICE: Yes, kind of like Tab 3.

24 MS. LIVINGSTON: -- matches the board --

1 MS. BAYLESS: Well, then we probably shouldn't
2 vote on it at all.

3 MR. ROMERO: It's your choice.

4 MS. LIVINGSTON: It's probably the --

5 MR. JONES: Well, we can vote --

6 MR. MEADE: We can table it.

7 MR. ROMERO: We can table it, yes.

8 MR. JONES: No, we can vote to make sure she's
9 still on the board.

10 MR. ROMERO: Yes.

11 MS. BAYLESS: No, we don't have a resolution --

12 MR. JONES: But we don't have a --

13 MS. BAYLESS: -- that states only that.

14 MS. LIVINGSTON: Is her board term up, as well?

15 MR. ROMERO: Yes.

16 MS. LIVINGSTON: Or just --

17 MS. BAYLESS: Yes, her board term's up.

18 MR. JONES: So -- but so if we vote to
19 reappoint her to the Advisory Council then you can just --

20 MR. LONG: Can't we amend the resolution to
21 read that if that's what we're saying?

22 MS. BAYLESS: Let's do that.

23 MR. ROMERO: Yes, can't you amend the
24 resolution? You just can't change the language on the

1 agenda.

2 MR. LONG: I would rather we vote and have Ms.
3 Carrington stay on the council and do --

4 MR. JONES: That's what I'm saying.

5 MR. LONG: I agree with that, Mr. Chairman.

6 And then --

7 MR. ROMERO: So you can change the resolution
8 right now and he'll sign off on what we voted on?

9 MR. LONG: We can -- I agree with that.

10 MR. JONES: Yes. Which makes sure she's still
11 on the board so that she wouldn't be termed off.

12 MS. BAYLESS: Right.

13 MR. JONES: So if we do that, that's done. And
14 this has to be changed to signify that.

15 MR. LONG: Right. But we can do that during --
16 we can do that as a result because what you're going to be
17 voting on is the actual agenda item that was posted.

18 MR. JONES: That's right.

19 MR. LONG: Okay.

20 MR. JONES: And then we'll have to vote on
21 appointing -- because nobody else on the board is coming
22 off right now. Right?

23 MR. LONG: That's correct.

24 MR. JONES: So we need to do that and also

1 include her as the designated chair.

2 MR. LONG: Correct.

3 MR. JONES: And another --

4 MR. LONG: And we can do that the next meeting.

5 MR. JONES: Okay. All right.

6 MR. LONG: Okay. So then I would suggest, Mr.
7 Chairman, we do move forward with Tab Item 6 as presented.

8 MR. JONES: Okay.

9 All right. Is there any other comment,
10 discussion?

11 (No response.)

12 MR. JONES: Any public comment on Item 6?

13 (No response.)

14 MR. JONES: Okay. Then I'll take a motion to
15 reappoint Ms. Edwina Carrington to the Texas Foundation
16 Fund Advisory Council created by the board of directors of
17 the corporation.

18 MR. MEADE: So move.

19 MR. ROMERO: Second.

20 MR. JONES: And moved and second. I ask -- I
21 already asked for public comment. Hearing none, all in
22 favor, say aye.

23 (A chorus of ayes.)

24 MR. JONES: Passes unanimously to reappoint Ms.

1 Carrington back to the board.

2 MS. BAYLESS: Thank you.

3 MR. JONES: Thank you.

4 MS. BAYLESS: Sorry for the confusion.

5 MR. JONES: So I'm here. I don't get to have
6 no closed meeting. You all had all the closed meeting
7 last month, huh?

8 MR. LONG: Would you like to have a closed
9 meeting just to have one?

10 MR. JONES: Not really.

11 MR. LONG: I don't, either.

12 MR. JONES: Because sometimes they run long.

13 MR. LONG: Yes, I don't -- I would prefer we
14 don't.

15 MR. JONES: Okay. You know I just want the
16 staff to know that it was a secret closed meeting that I
17 have no knowledge of. So it was really closed.

18 MR. LONG: It was closed but open to any of the
19 board members who were in attendance.

20 MR. JONES: Oh, okay. I was in charge of you
21 all. Okay.

22 MR. LONG: With that --

23 MR. JONES: I want to --

24 MR. LONG: With that, Mr. Chairman, we don't

1 have any reason for a -- I'll say it for the record -- we
2 don't have any reason to go into closed session, and we'll
3 talk with the board members about the next board meeting.

4 Right now it's tentatively set for October 10.

5 And we'll coordinate to make sure the three of you as
6 well as the two members not here today will be able to
7 coordinate either on the 10th or the 7th of next month.

8 MR. JONES: Okay. I also want to --

9 MR. LONG: Seventeenth.

10 MR. JONES: -- thank the staff for their
11 continued hard work on TSAHC on behalf of the State of
12 Texas. Makes our job a lot easier when there's never a
13 question that they can't answer.

14 MR. LONG: We try.

15 MR. JONES: And that's a good thing.

16 MR. LONG: We try.

17 MR. JONES: Even though David makes it up
18 sometimes, he still answers it.

19 Also want to thank Ms. Elizabeth Stoddard for
20 recording our meeting and Mr. Meade and Mr. Romero for
21 being in attendance. I appreciate it.

22 Hearing no other business, the meeting's
23 adjourned.

24 (Whereupon, at 11:30 a.m., the meeting was

1 concluded.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board of Trustees

LOCATION: Austin, Texas

DATE: September 12, 2013

I do hereby certify that the foregoing pages, numbers 1 through 61, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas State Affordable Housing Corporation.

(Transcriber) 09/17/2013
(Date)

On the Record Reporting
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