

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the offices of
Texas State Affordable Housing Corporation
2200 E. Martin Luther King Jr. Blvd.
Austin, TX 78702
October 10, 2013 at 10:30 am

Summary of Minutes

Call to Order, Roll Call
Certification of Quorum

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bob Jones, Chair, at 10:40 am, on October 10, 2013, at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd, Austin, TX 78702. Roll Call certified that a quorum was present.

Members Present

Bob Jones, Chair
Bill Dietz, Vice Chair
Jerry Romero, Member
Gerry Evenwel, Member

Members Absent

Alex Meade, Member

Staff Present

Betsy Aldrich, Senior Accountant
Tim Almquist, Single Family Compliance Manager
Liz Bayless, Executive Vice President
David Danenfelzer, Manager of Development Finance
Delia Davila, Single Family Compliance Specialist
Sarah Ellinor, Homeownership Programs Coordinator
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary
Katie Howard, Senior Development Coordinator
Nick Lawrence, Controller
Charlie Leal, Government Relations Specialist
Jo Ropiak, ACT Program Coordinator
Laura Ross, Corporate Secretary
Melinda Smith, Chief Financial Officer
Janie Taylor, Development & Strategic Communications Manager
Mindy Taylor, Manager of Multifamily Oversight

Guests

Edwina Carrington, Chair of Texas Foundations Fund Advisory Council
Katy Livingston, Greenberg Traurig

J.D. Pedraza, Office of Senator Hinojosa

Public Comment

No public comment was given.

Executive Vice President's Report

Ms. Bayless recognized the professionals and guests in attendance at the meeting: Ms. Livingston with Greenberg Traurig, the Corporation's general counsel, and Ms. Edwina Carrington, Chair of the Advisory Council of the Texas Foundations Fund.

Ms. Bayless informed the board that September had been a strong month for the Corporation's homeownership programs. Volume had remained unchanged from August, concluding a very busy summer. Ms. Bayless noted that Ms. Ellinor and Ms. Davila had conducted two lender trainings since the previous board meeting and over 200 people had attended. She added that Ms. Omohundro had made a presentation on the homeownership programs to the Collin County Association of Realtors on September 19th. Also, to increase awareness of the Homes for Texas Heroes program, the Corporation had sponsored a Fun Run put on by the Texas Commission on Law Enforcement Officers Standards and Education.

Ms. Bayless provided an update on the Texas Statewide Homebuyer Education Program (TSHEP), stating that Ms. Omohundro and Ms. Ellinor were currently planning for three rounds of TSHEP trainings in 2014. Further details would be shared when dates and venues were confirmed.

Ms. Bayless informed the board that the Texas Foundations Fund Advisory Council met on Wednesday, September 25th to determine the recommendations for the 2013 Texas Foundations Fund grant awards, which would be presented under Tab 2 of the agenda. She also noted that Tab 3 asked the board to consider the appointment and ratification of certain officers and members of the Advisory Council. Lastly, Ms. Bayless noted the Corporation had received a \$5000 donation from Ms. Edwina Carrington for the Foundations Fund and thanked Ms. Carrington for her generous donation.

Ms. Bayless informed the board that the Gateway transaction under the Private Activity Bond (PAB) program had closed at the end of September. She noted that the transaction funded the construction of an affordable multifamily housing development in Georgetown, Texas. Construction activities were currently under way with completion expected in March of 2015.

Ms. Bayless stated that an eighth round of funding under the National Foreclosure Mitigation Counseling (NFMC) program had been announced. She noted that in the past the Corporation had partnered with the Texas Department of Housing and Community Affairs (TDHCA) to administer the program. She informed the board that TDHCA would not be applying for funding under round 8, so the Corporation would be wrapping up our administrative activities when Round 7 ended. She also noted that NFMC Round 7 was 25% complete and would last until June 2014.

Ms. Bayless stated that Mr. Mikeska, the Corporation's auditor, would begin work on the audit the following week.

Ms. Bayless provided a summary of the conferences and meetings that staff had attended over the past month, noting that Mr. Long and Ms. Janie Taylor had attended the National Housing Conference in Atlanta. While there, they had the opportunity to meet with a representative from the Home Depot Foundation. Staff also attended the Greenlights Non-Profit Management Conference, TACDC Policy Summit, and Texas Homeless Network Conference.

Ms. Bayless noted that the Texas Community Capital (TCC) board would be meeting later today and Corporation staff would be attending.

Lastly, Ms. Bayless made note that the Corporation's next board meeting was scheduled to take place on November 14th.

Under Tab A, Mr. Romero inquired if loans designated as "other" in the "Professional Breakdown" chart categorized those qualifying for the Home Sweet Texas Loan Program which wasn't profession specific. Ms. Bayless confirmed that "Other" indicated those participating in the Home Sweet Texas Loan Program. Ms. Bayless explained that this particular breakdown was intended to show the breakout between those who used the Homes for Texas Heroes Program and those who used the Home Sweet Texas Loan Program. Mr. Jones and Mr. Romero suggested that the title of the chart be changed to "Program Breakdown".

Mr. Jones asked about the NFMC program, wondering if TDHCA would apply for funding in the future. Ms. Bayless stated that they had only informed the Corporation and the housing counseling agencies about Round 8. Mr. Jones asked about the amount of funding available under the program, and Ms. Ross answered that under Round 7 they had received a little over \$330,000 and that the funding included funds for counseling reimbursements, as well as program related support and operational oversight funding.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on September 12, 2013

Mr. Romero made a motion to approve the minutes of the Board Meeting held on September 12, 2013. Mr. Jones seconded the motion. Mr. Jones called for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 3 Presentation, Discussion and Possible Approval of a Resolution to create the position of Vice-Chairperson for the Texas Foundations Fund; to appoint Mr. Russell Vandenburg to the position of Vice-Chairperson of the Advisory Council for the Texas Foundations Fund to serve until his successor is elected and qualified or until his earlier removal or resignation; to restate, ratify and affirm Ms. Edwina Carrington as Chairperson of the Advisory Council for the Texas Foundations Fund to serve until her successor is elected and qualified or until her earlier removal or resignation; and to restate, ratify and affirm the other persons holding the position of Member of said Advisory Council.

Ms. Bayless noted that at the previous board meeting, Ms. Carrington was reappointed to the Advisory Council. The resolution being presented would ratify and affirm Ms. Carrington as Chair of the Advisory Council. The resolution also restated, ratified and affirmed other members of the Advisory Council, created the position of Vice Chair of the Council, and appointed Mr. Vandenburg to that position. Ms. Bayless explained that Advisory Council had realized at their

meeting on September 25th that there was no clear direction on how to determine who would lead the meeting if the designated Chairperson was absent. Creating the position of Vice Chairperson was suggested and Mr. Vandenburg graciously agreed to serve in that capacity.

Mr. Jones recalled that the board had reappointed Ms. Carrington to the Advisory Council at the last meeting because her term had expired. Ms. Bayless added that the Advisory Council unanimously voted at their meeting on September 25th to recommend that Ms. Carrington continue as Chair.

Mr. Romero made a motion to approve the resolution as presented. Mr. Dietz seconded the motion. Mr. Jones called for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 2 Presentation, Discussion and Possible Approval of the 2013 Grant Awards for the Texas Foundations Fund.

Ms. Bayless provided a brief overview of the Texas Foundations Fund and its focus to partner with non-profit organizations and rural government entities across Texas to support quality programs that addressed critical housing needs of very low-income families and individuals. Selected partners received grants to support their housing programs. She noted that there was \$300,000 available to award under the Texas Foundations Fund this year.

Ms. Bayless informed the board that the Corporation had received 49 applications for this year's funding round. A list of applicants was included in the board packet. She stated that a team of six staff members had scored the applications based on a series of factors listed in the 2013 Foundations Fund Guidelines. The Advisory Council then met with staff on September 25th to evaluate the proposals, discuss the scoring, and finalize the funding recommendations.

Ms. Carrington thanked the board for reappointing her to the Advisory Council and reaffirming her position as Chair. She thanked staff for their hard work in reviewing the 49 applications which she noted was an increase of 172% from the amount of applications received the previous year.

It was observed during previous rounds that the applications were usually grouped in major metropolitan areas, so Ms. Carrington informed the board that staff had done additional outreach after the previous round in order to improve the geographic distribution of applications. Mr. Jones asked if the Council had determined their recommendations based on geographic distribution, and Ms. Carrington stated that it had been taken into consideration. She noted that there were certain requirements laid out in the Guidelines regarding the awarding of the highest scoring applicants in each of the three priority areas, as well as awarding the highest scoring applications. That said though, the Council also considered geographic distribution. She noted the change made to the Guidelines that said awards would be made for "up to \$50,000". Ms. Carrington recalled that 8 awards had been made during the previous funding cycle, and this year the Council was recommending 16, which were the top 16 scoring applications, resulting in awards below the maximum amount of \$50,000.

Mr. Jones asked if it was made clear to the applicants that awards could be made for less than \$50,000 and Ms. Carrington said that it was, adding that the Guidelines didn't stipulate that anyone would receive the full \$50,000. He asked if smaller awards diminished their impact, and Ms. Carrington stated that the Advisory Council had discussed the very topic. She noted that all

9 members of the Council were present for the meeting and represented different regions of the state. She added that the size of the Council had been increased with the idea that a wider geographic representation in members would generate more geographic representation from the applicants. At the meeting, the Council decided to make more awards for less funding in order to increase the geographic representation. Ms. Carrington also stated that the Council discussed whether making smaller awards would still make their activities feasible. She concluded that it would be up to the organization to determine whether the funding was adequate for completing their proposed activity.

Mr. Jones asked what would happen to the funding if an organization decided not to accept their reduced award amount. Mr. Romero noted that most of the non-profits who applied were well established and well funded, so the Advisory Council felt that lowering the award amount would not have a significant impact on the organization's request. Mr. Romero added that one of the reasons they decided to fund more applicants was because some of the non-profits didn't have the financial strength of larger organizations so these funds, however small, would be important to them for accomplishing their programs. To that note, Ms. Carrington added that one of the scoring criteria was the ability for the organization to leverage other funding with the Foundations Fund award. It was not the intent for the Foundations Fund award to be the sole source of funding for the proposed activities. Ms. Carrington added that for these non-profits, having a grant from TSAHC would lend them credibility when they went out to apply for other funding. Mr. Romero added that the Advisory Council had discussed award amounts and had realized that if they were too small, they would start to lose their impact and the staff time to report and monitor the award would be high. Because of this, the smallest amount being recommended today was \$15,000.

Ms. Bayless returned to Mr. Jones' earlier question on what would happen should an organization turn down an award. She stated that the Advisory Council would discuss whether to award another organization. If that's what they decided to do, they would bring the recommendation to the board for final approval. Otherwise, the funding could be added to funding made available during next year's funding cycle.

Mr. Dietz asked about the scoring criteria for organizations receiving funding under previous rounds with the concern that the same organizations would be awarded every year. Ms. Carrington stated that those organizations would only be eligible to receive funding if they completed their activity from previous years and completed it satisfactorily. Turning to the recommendations, Ms. Carrington noted that 8 of the 16 were first time-awardees. The other 8 had received awards previously. Mr. Romero added that the Advisory Council had discussed Mr. Dietz's very concern when determining the award recommendations. He noted that with only 16 applicants being funded out of 49, several would not receive funding. The council had discussed how the Corporation could help those organizations improve their applications in the future. Mr. Romero added that the Council had discussed holding workshops for the non-profits in different areas of the state to discuss the application process and what went into a successful application.

Mr. Jones commented that with more organizations applying for funding without increasing the amount of funding available, organizations awarded would likely continue to receive less than \$50,000. Ms. Bayless commented that it was the board's decision to authorize the appropriate level. Mr. Jones noted that one reason for increasing the membership of the Advisory Council was to involve more people across the state in the fundraising efforts for the Texas Foundations Fund. Mr. Jones inquired as to the possibility of funds being donated that were earmarked for a certain area of the state. Ms. Carrington stated that the Advisory Council had discussed this

possibility. They planned to have a follow-up conference call to discuss the matter further and come up with recommendations and suggestions for these types of scenarios. Mr. Jones expressed his confidence in the Council.

Ms. Carrington then presented the formal award recommendations to the board. She noted that 8 recommended awardees were new, and 10 of the recommended awardees served areas outside of central Texas. She noted that three applicants would be awarded \$30,000 each. These included Foundation Communities who had the top scoring application for providing supportive housing services. Also receiving \$30,000 was Austin Habitat for Humanity whose application was the top scoring application for meeting the priority to serve persons with disabilities. The final application to receive \$30,000 was Motivation, Education and Training (MET), Inc. who met the priority to serve rural communities.

Ms. Carrington moved on to the three organizations that had the next highest scores, noting that these organizations were being recommended for \$20,000 each. They included Community Partnership for the Homeless dba Green Doors, Interfaith Action of Central Texas and New Hope Housing, Inc. Ms. Carrington then presented the Advisory Council's 10 final award recommendations for \$15,000 each; Alamo Area Development Corporation, Buckner Children and Family Services, Inc, Community Development Corporation of Brownsville, Easter Seals Central Texas, Galilee Community Development Corporation, Habitat for Humanity of Smith County, LifeWorks, My Father's House Lubbock, VinCare Services of Austin Foundation and The Women's Home.

Mr. Jones called for public comment and none was given. Mr. Romero made a motion to approve the Advisory Council recommendations for the 2013 Grant Awards under the Texas Foundations Fund. Mr. Dietz seconded the motion. A vote was taken and it passed unanimously.

After the vote was taken, Mr. Jones recognized that Ms. Pedraza with Senator Hinojosa's office was in the audience. He welcomed her and thanked the Senator for carrying the Corporation's legislation regarding our Homeownership Programs during the most recent legislative session, as well as the Corporation's Sunset bill during the previous legislative session. Mr. Jones expressed the Corporation's appreciation for Senator Hinojosa's support.

Tab 4 Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2014.

Mr. Danenfelzer explained that the Corporation was required by statute to annually renew our process for reviewing and awarding private activity bonds. Every year, staff presented the board with a new Request for Proposal (RFP) for the Private Activity Bond (PAB) Program. In 2012, staff combined the RFP with the program policies for the 501(c)(3) Bond Program. With the board's approval last year, staff had combined the policies and RFP into one document again this year.

Mr. Danenfelzer explained that staff was required by statute to review housing needs assessments for the State. These assessments were provided via the state low-income housing plan, Texas A&M Real Estate Center, and the Comptroller Office. The key data points that were

used in determining and formulating the RFP and policies were outlined in the staff write-up included in the board packet. Mr. Danenfelzer noted that the needs assessments had shown there was still a significant percentage of the population living in rural areas. He also pointed out that Texas had a very high percentage of persons who were elderly, and nearly 20 percent of the population had some form of disability.

Mr. Danenfelzer noted that these three housing needs had been the focus of RFPs in years past and current housing production in the state focused on new construction in large, urban areas for broad, family based housing. Because of this, it was staff's recommendation to continue to the meet the needs of those living in rural areas, those that were elderly and those that had disabilities. He noted that there were no significant changes made to the policies from last year, however he had changed dates throughout the document and made minor language clarifications for the applicants.

Mr. Romero asked about the change on page 6 that replaced "supportive housing" with "service enriched housing". Mr. Danenfelzer talked about the Housing and Health Services Coordinating Council (HHSCC), a roundtable the he sat on representing the Corporation that dealt specifically with service-enriched housing and supportive housing. Mr. Danenfelzer stated that the Council had suggested the change a few years prior, because they felt the term "service enriched" was more encompassing of all the needs of persons with disabilities, as well as extremely low-income persons who were homeless or at risk of homelessness, and the elderly. He added that the language used by staff had come directly from the HHSCC Commission. Mr. Romero asked if the change had impacted the developers, and Mr. Danenfelzer said that it hadn't, except that it broadened who they could serve to include populations not included under the term "supportive housing". He added that it also allowed them to access new funding sources, such as Veterans Assistance for Supportive Housing (VASH) vouchers and the Medicare/Medicaid voucher system.

Mr. Romero asked how long the public comment period would be and Mr. Danenfelzer stated that it would be for 30 days and staff anticipated bringing the RFP and policies back to the board for final approval in December.

Mr. Romero made a motion to approve the publication for public comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2014. Mr. Evenwel seconded the motion. A vote was taken and the motion passed unanimously.

Open Meeting

Mr. Jones thanked the court reporter, Ms. Bayless and the staff for their hard work.

Adjournment

Mr. Jones adjourned the meeting at 11:30 am.

Respectfully submitted by _____
Laura Ross, Corporate Secretary