

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,  
October 18, 2018  
10:34 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair  
JERRY ROMERO, Vice Chair  
BOB JONES, Member  
JERRY ROMERO, Member  
VALERIE CARDENAS, Member  
LORI COBOS, Member

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 Fundraising Report	
Tab D: Monthly Financial Reports	
ACTION ITEMS IN OPEN MEETING:	
Tab 1      Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on September 20, 2018.	11
Tab 2      Presentation and Discussion of the Fiscal Year 2018 Annual Financial Audit.	12
Tab 3      Presentation, Discussion and Possible Approval of Modifications to the Corporation=s Affordable Communities of Texas Land Banking Program Policies.	14
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 2019	50
Tab 5      Presentation and Discussion of the Texas State Affordable Housing Corporation=s Fiscal Year 2019 Strategic Plan.	56
CLOSED SESSION	none
OPEN SESSION	--
ADJOURN	80

P R O C E E D I N G S

1  
2 MR. DIETZ: It is 10:33 -- and that clock  
3 matches Apple time so we'll stay with it -- and the Texas  
4 State Affordable Housing Corporation Board meeting for  
5 October is called to order.

6 We'll do a roll call. Bill Dietz, I'm here.

7 Jerry Romero?

8 MR. ROMERO: Here.

9 MR. DIETZ: Bob Jones?

10 MR. JONES: Present and accounted for, sir.

11 MR. DIETZ: Lori Cobos?

12 MS. COBOS: Here.

13 MR. DIETZ: Valerie Cardenas?

14 MS. CARDENAS: Present.

15 MR. DIETZ: We are all here so there is a  
16 quorum.

17 Is there any public comment before the Board  
18 meeting begins?

19 (No response.)

20 MR. DIETZ: Hearing none, we'll go straight  
21 into the president's report. Mr. Long.

22 MR. LONG: Thank you, Mr. Chairman, members.

23 As always, you'll find the monthly program and  
24 financial reports and this month the quarterly fundraising  
25 report under tab items A through B of the board book.

1 I always like to let you know that typically  
2 the day before our Board meeting, the Loan Committee met  
3 yesterday. The committee did not consider any new loans,  
4 however, we did review all the reports, the existing loan  
5 portfolio and discussed several related items to the loan  
6 portfolio. Both Ms. Cardenas and Mr. Romero attended, Ms.  
7 Cardenas by phone. And I would ask if either one of you  
8 had any further comments on the meeting or any updates  
9 besides my quick overview of that?

10 MR. ROMERO: No.

11 MR. LONG: Okay.

12 A couple of quick updates on program items.  
13 Homeownership program update, the team continues to go out  
14 and conduct the Overcoming the Down Payment Hurdle  
15 classes. They conducted four of those since the last time  
16 we met. Staff also had booths at the 2018 El Paso Realtor  
17 Rally, and the Austin Board of Realtors Realty Round Up  
18 since the last Board meeting, and those offered them the  
19 opportunity to speak to almost 600 Realtors across the  
20 state from those different organizations. So it's always  
21 good to have the Realtors who we feel are very important  
22 to our program getting information from the staff, and I  
23 appreciate the Homeownership team being out there to do  
24 that.

25 Under marketing and business development, the

1 HEART program, which as you recall, is a disaster recovery  
2 program in support of the Hurricane Harvey areas where  
3 awardees use the money in support of repairing and  
4 rehabilitating owner-occupied homes. TSAHC was able to  
5 award three additional grants in support of critical home  
6 repairs for low income households affected by the Harvey  
7 Hurricane. \$50,000 went to the Bay Area Habitat for  
8 Humanity, \$50,000 went to Schoen Builders of Texas, and  
9 \$30,000 went to Aransas Habitat for Humanity.

10 The Corporation and Enterprise Community  
11 Departments continue to accept and review applications on  
12 an ongoing basis, and to date we have awarded \$380,000 to  
13 nine organizations under our award program.

14 I always like to kind of give you a heads-up on  
15 what we've been doing. I know we're 23 people, we seem to  
16 be going all over the state and doing a lot of things, so  
17 just to give you a quick update on some things.

18 We had several staff members that attended the  
19 Texas Association of CDCs, Community Development Centers,  
20 held on October 4 over at the Capitol. It's a policy  
21 summit that we in the past we tend to sponsor, we provide  
22 some money so they can provide breakfast and lunch to  
23 that, and we go ahead and send staff over there, so it's a  
24 good update for us in advance of the session starting.

25 Several staff attended the National Association

1 of Housing Finance Agencies NCHSA Conference held this  
2 week at the J.W. Marriott here in Austin. It's a national  
3 conference so it was kind of nice to have it local. I  
4 think that comes with a double-edge sword: when you're  
5 traveling you don't have to leave, but when we're local we  
6 had to come and go to that conference. But we had several  
7 staff attend that and I want to thank the staff for all  
8 their participation and being able to go, and that  
9 included several meetings and dinners and a variety of  
10 things so we could continue to meet with our partners in  
11 the affordable homeownership world.

12 Janie and I had the opportunity, and were  
13 requested to meet with Senator Lucio's office to discuss  
14 some housing items that might come up during the session  
15 to kind of get our input on what we thought was coming up,  
16 and kind of just talked with us a little bit about that.  
17 And we appreciated that call and appreciate working with  
18 his staff.

19 Ms. Cobos and I and Michael Wilt from our  
20 office had an opportunity to meet with Kirk Watson's  
21 office earlier this week. We provided an overview of the  
22 TSAHC programs and all that we've been doing, and just  
23 wanted to ask Ms. Cobos if she had any followup or any  
24 other comments on that meeting that we had.

25 MS. COBOS: No. I appreciate David and Michael

1 going down to Senator Watson's office and providing his  
2 staff with an overview of what the organization does and  
3 some of the potential issues that may be coming up this  
4 upcoming legislative session. It was just really a  
5 meeting, followup meeting that I had, I guess, promised to  
6 the senator's office when I went in there to visit with  
7 his staff and give him some information about myself. I'm  
8 now a Board member of TSAHC and wanted to follow back up  
9 and have David and Michael provide them additional  
10 information about the organization. Thank you very much.

11 MR. LONG: And I appreciate Lori being to do  
12 that. It's kind of nice she's right here so she walked to  
13 the Capitol in the rain.

14 (General laughter.)

15 MS. COBOS: In the rain. Not too much rain,  
16 just sprinkles.

17 MR. JONES: Dedicated.

18 MR. LONG: I would like to update the Board. I  
19 know in the past several months we've talked about the  
20 opportunity for the Corporation, with Board approval, to  
21 acquire another building for us to have some expansion  
22 growth, and I would like to inform the Board that we were  
23 able to finalize the acquisition of the new office  
24 building we've been talking about. The building is  
25 located at 6701 Shirley here in Austin, and it will

1 provide much needed additional space for us to expand and  
2 grow in.

3           Next steps for us will be to secure a design-  
4 build team to being the process of renovating the  
5 building. We'll keep you guys posted as we move along  
6 with that process. We do anticipate that that will  
7 probably take anywhere from I was going to say six to nine  
8 months but I would hate to say that and find out that it's  
9 nine to twelve months, but it's not going to happen  
10 overnight. We hope to start renovations, if we can get a  
11 design-build team selected through an RFP process by the  
12 end of the year, hopefully we'll start right away at the  
13 beginning of the year and it will just really come from  
14 there how long it will take based on the design-build that  
15 we approve.

16           So we'll keep you all posted on that.

17           I'm going to have Delia come up. She has a new  
18 staff member, we've had a lot of this lately, but I wanted  
19 Delia to come up and introduce our newest staff member in  
20 the Homeownership team.

21           MS. DAVILA: Good morning. My name is Delia  
22 Davila, and I am the compliance specialist manager for our  
23 Single Family Department.

24           I wanted to introduce Brandon Hester. He just  
25 joined the team on October 1, he is our newest compliance

1 specialist in our department. He is a graduate of  
2 Louisiana Tech University with a bachelor's of science in  
3 business administration. He has twelve years of  
4 diversified financial experience, and most recently came  
5 to us from Wells Fargo in San Antonio.

6 MR. ROMERO: Traitor.

7 MR. LONG: I was waiting for that comment.

8 (General laughter.)

9 MS. DAVILA: So yes, he definitely is from San  
10 Antonio and just moved here, so we welcome him to Austin.

11 He had several positions while he was at Wells Fargo. He  
12 was a loan verification analyst, he was a VP of loan  
13 documentation, and a home preservation specialist. On a  
14 personal note, Brandon grew up singing in his church  
15 choir. He hails from a very proud military family. These  
16 past few weeks he's been training and learning all about  
17 our different programs in our Homeownership Department.  
18 He actually joined us at the NCHSA function this week, and  
19 we are looking forward to working with him and are very  
20 excited to have him on our team.

21 MR. LONG: Welcome, Brandon.

22 (Applause.)

23 MR. LONG: I always like to introduce our  
24 professionals that are in the audience. Bill Gehrig is  
25 here with Greenberg Traurig, our general counsel firm.

1 Tim Nelson and Claire Merritt are here, both with Hilltop  
2 Securities, our municipal advisors. And you're going to  
3 get to talk to, or at least introduce our group from  
4 Maxwell Locke & Ritter, our audit firm. Jimmy is here  
5 with staff and they'll come up and give you guys a  
6 presentation under tab item 2.

7 I did want to make one note, Mr. Chairman,  
8 before I conclude. At the last meeting we had a  
9 discussion on the Texas Foundations Fund program that we  
10 offer, it's our grant program we put out, and I think  
11 several of the Board members, including Mr. Romero, had  
12 asked for some additional information and then asked that  
13 it be mapped out and kind of show since inception where  
14 the program has benefitted the State of Texas, how much  
15 has gone out, kind of that whole thing, and we're working  
16 on that and we had anticipated to be able to present it  
17 today, but with all that I mentioned to you staff are  
18 doing and where we're at, we'll bring that to you at the  
19 November Board meeting as a presentation.

20 MR. DIETZ: Great.

21 MR. LONG: Mr. Romero, is that okay?

22 MR. ROMERO: That's fine.

23 And with that, I'll conclude. The only thing I  
24 will say is that our next scheduled Board meeting is  
25 Thursday, the 15th of November, so if you could

1 tentatively mark your calendars and we'll keep that date  
2 in mind and we'll get further updates to you as we move  
3 along towards that date.

4 With that, I'll conclude my report, Mr.  
5 Chairman.

6 MR. DIETZ: Great. Any questions from the  
7 Board, comments?

8 (No response.)

9 MR. DIETZ: Thank you, Mr. Long.

10 With that, we'll move into our action items for  
11 our open meeting today, starting with tab 1 which is the  
12 Presentation, discussion and possible approval of the  
13 minutes of the Board meeting held on September 20, 2018.  
14 I'll give you a minute to review that and then if there's  
15 a motion.

16 MR. JONES: I move to approve it.

17 MR. DIETZ: It's been moved. Is there a  
18 second?

19 MS. COBOS: Second.

20 MR. DIETZ: It's moved and seconded that we  
21 approve the minutes of the Board meeting held on September  
22 20, 2018. Is there public comment?

23 (No response.)

24 MR. DIETZ: Hearing none, all in favor?

25 (A chorus of ayes.)

1 MR. DIETZ: Any opposed?

2 (No response.)

3 MR. DIETZ: Okay. Then it is approved  
4 unanimously by the Board.

5 Tab 2, Presentation and discussion of the  
6 fiscal year 2018 annual financial audit.

7 MR. ROMELL: Good morning. My name is Jimmy  
8 Romell, I'm an audit partner with Maxwell Locke & Ritter,  
9 and along with me is Veronica Day. She's the audit  
10 manager for your engagement. So I'll just kind of give  
11 you a brief overview of the audit process for your fiscal  
12 year '18 audit, so that's year ended 8/31/18.

13 As I mentioned, Veronica is the manager on the  
14 job, she'll be the one responsible for the day-to-day  
15 managing of your audit this year, and we'll also have  
16 three different associates coming on site to perform the  
17 field work as well. Our plan is we're starting field work  
18 the week of October 29, we'll be on site for about three  
19 weeks, and then at the conclusion of our field work we'll  
20 then work with your staff to get the financials prepared.

21 Will be actually providing three different reports.  
22 We'll have a financial audit report which will include  
23 your compliance with the Public Funds Investment Act and  
24 also a supplemental report that's required by HUD that's  
25 required to be reported to you. And then in addition to

1 that, we present to you guys at your December Board  
2 meeting a governance communication, which is required by  
3 Professional Auditing Standards, just to let you know some  
4 highlights of the audit and any key items that were  
5 discovered during the audit, so we'll make sure we'll be  
6 including that as well as our overall financial audit  
7 presentation.

8 And I know normally I think we do this  
9 presentation to y'all a month earlier so the engagement  
10 has already been approved, and once again, we're only  
11 about a couple of weeks out from actually starting our  
12 audit field work. So I just wanted to introduce ourselves  
13 and open it up to any questions you guys may have for us  
14 before we start the process again this year.

15 MR. LONG: Jimmy, we have the two newest Board  
16 members who have not maybe gone through this process.  
17 Will they have documentation they'll receive from you  
18 directly?

19 MR. ROMELL: Normally at the beginning of the  
20 audit we do communicate to the governing body to ask any  
21 potential concerns, issues that you may be aware of that  
22 we want to coordinate in our audit, because the audit is a  
23 risk-based audit so there are different things we focus on  
24 depending on the risks of the entity that we're doing the  
25 audit for, so we will have communication up front with the

1 Board to determine if there's anything in addition to what  
2 we normally will test as part of our financial audit that  
3 you want us to look at and we'll make sure we incorporate  
4 that in our procedures this year.

5 MR. LONG: I wanted them to know that.

6 MR. ROMELL: Because once again, you guys are  
7 engaging us so if there's anything you have concerns, we  
8 want to make sure we're aware of it before we start our  
9 process.

10 MR. DIETZ: Perfect. Any questions?

11 MS. COBOS: Not at the moment.

12 MR. DIETZ: Okay. Well, we'll look forward to  
13 hearing more from you as the audit commences.

14 MR. ROMELL: All right. Thank you.

15 MR. DIETZ: Thanks a lot.

16 MR. LONG: Thank you.

17 MR. DIETZ: Okay. Well, that tab item requires  
18 no motion.

19 We'll go to tab 3, Presentation, discussion and  
20 possible approval of modifications to the Corporation's  
21 Affordable Communities of Texas Land Banking Program  
22 policies.

23 Before we get into that, it's my understanding  
24 that this is not anything going out for public comment,  
25 this is an internal document that we approve driving how

1 we proceed. Is that correct?

2 MR. DANENFELZER: That's correct.

3 MR. DIETZ: Okay. Great.

4 MR. DANENFELZER: David Danenfelzer, senior  
5 director of Development Finance.

6 MR. DIETZ: Thank you.

7 MR. DANENFELZER: Yes. And so one thing to  
8 kind of clarify for the Board as well, in the past,  
9 particularly since this document really is about the  
10 internal administration of a program, we don't generally  
11 put those out for public comment. Unlike the next agenda  
12 item which is about our bond policies, that has a scoring  
13 component and since it does impact applicants directly  
14 about how they apply and the scoring related to that  
15 program, we do put that out for public comment in order to  
16 collect input on the scoring and other aspects of that  
17 program. So that's kind of the difference here. This  
18 program here, this agenda item is strictly an internal  
19 operations item.

20 MR. DIETZ: Great.

21 MR. DANENFELZER: Okay. Excuse me, allergies  
22 are getting my voice these days.

23 So the presentation before you and the policies  
24 that are attached to the writeup highlight some of the  
25 changes that we're making to the rules for the ACT

1 Program. We did not come back to the Board for several  
2 years but we do feel that a lot of these are simply clean-  
3 ups about how we really operate the program, providing  
4 some clarity, but also clarifying some things for staff  
5 which the Board has also previously amended through  
6 resolution.

7 Specifically, there's a number of items there  
8 about allowing local partner MOUs and allowing developers  
9 to come into the program. This is something that we've  
10 had to do in the past and we've gotten Board approval for  
11 but we wanted to clarify that when we have specific  
12 properties, where we don't have what we consider a  
13 qualified local partner, which is either a local  
14 government or nonprofit entity, that we can seek the input  
15 or assistance of a for-profit, or in this case we're  
16 calling them developers, but really it's a builder or  
17 contractor to manage the rehabilitation or development and  
18 building of a property on land that we own and control.

19 I know there were some questions internally  
20 about that section, about the addition of developers and  
21 why we need to add them specifically to subsections  
22 related to the buyer's agent program, and if I'm correct,  
23 that's going to be in Section 4(c) and (d). We didn't add  
24 the developer role into the buyer's agent under Section  
25 4(c) or Section 4(d), Land Bank Administrator, because in

1 those cases we're not generally owning the property and  
2 that's simply a process of transferring a property that  
3 we've received through one of our banking relationships or  
4 through the National Community Stabilization Trust, and  
5 moving that into the hands of a qualified nonprofit entity  
6 in the case of buyer's agent, who for a land bank  
7 administrator those have to be land or a property that is  
8 owned by a qualified local partner which we're simply, you  
9 know, managing those properties for them as an  
10 administrator. We're not actually developing those  
11 properties directly and so the developer role was not  
12 added there.

13 I'm going to kind of just leave it open for  
14 questions right now. I do want to note that legal counsel  
15 has reviewed these policies and provided comments as well,  
16 and we've worked through these over the years. There's a  
17 lot of different resolutions in the past, other than just  
18 the initial establishment resolution in 2008, so all of  
19 the changes here are consistent with the resolutions which  
20 the Board has passed previously.

21 MR. ROMERO: David, I have a question for you  
22 on Section 8 where you're asking for the authority to be  
23 granted to the president and executive vice president on  
24 pool of local partners.

25 MR. DANENFELZER: Yeah.

1 MR. ROMERO: So in looking at that, you  
2 eliminate the Board from the process. My question is why  
3 are we doing that and is there a specific dollar amount  
4 which we're talking about, or is it just any.

5 MR. DANENFELZER: Yeah. And that is actually  
6 one thing that others have asked about, and to be clear,  
7 when we originally started the program, one of the major  
8 funding sources we had was the Neighborhood Stabilization  
9 Program, which was federal funds that we received through  
10 the Texas Department of Housing. At the time when we  
11 originally created the program, the resolutions authorized  
12 us to create memorandums of understanding which also  
13 funded those relationships through the NSP program.

14 We've since changed that, and in 2011 and 2012  
15 there were resolutions amending the program and allowing  
16 the Corporation to approve MOUs, the staff, the president  
17 and executive vice president, but those MOUs no longer  
18 have the ability to assign funding to them, and that has  
19 been our practice since that time, but it's something that  
20 we've never come back to the Board since 2012 to amend  
21 that. Even though we amended it in resolution, we did not  
22 amend it in the policies, so we wanted to clarify that  
23 because if we do have a local partner where we're doing an  
24 MOU, the MOU process now is only to sort of say: You  
25 agree to these policies and these are things we're going

1 to do, these are things you're going to do. But there is  
2 no funding commitment related to a local partner MOU, and  
3 that's the critical difference between what we originally  
4 started the program as and how we operate it today.

5 MR. ROMERO: So again, just to follow up, in  
6 regard to you all approving a developer, and right below  
7 that your project approval, again, is going to be taken  
8 away from the Board and given to the president and the  
9 executive vice president. Are there dollar amounts here  
10 that we should be aware of? I mean, we're basically  
11 saying that you all can do it but we're not aware of any  
12 kind of dollar amounts of where you'll be responsible for.

13 MR. DANENFELZER: As far as this section goes  
14 with dollar amounts, there should be no dollar amounts  
15 relating to a local partner MOU. When it comes to a  
16 construction contract, that is something that may have a  
17 dollar amount related to it. But I'll admit we may have  
18 four or five different development contracts coming in a  
19 month and many times we do need to act very quickly.  
20 Often contractors want us to go ahead if we're going to  
21 sign a contract and they're going to bid on a project, and  
22 say it's \$90,000 to build a home, they don't want to give  
23 us 60 days, 30 days to confirm that contract. So our  
24 practice has been generally that we go ahead and we assess  
25 those contracts, we assess the bids, and then move forward

1 with those.

2           It's very similar to the way we work in the  
3 loan program. Even though we're the lender in that rather  
4 than the owner of the property, in most cases we do assess  
5 that, we look at those and approve them based on the loan  
6 risk analysis that we've done. The ACT Program is a  
7 little bit different but it is something that we've gotten  
8 that authority, and I believe in the resolution where we  
9 accepted funds from Texas Community Bank about a year and  
10 a half ago, we did get that authority as well to go ahead  
11 and allow the president and vice president to approve any  
12 construction projects.

13           MR. ROMERO: That was based on the grant amount  
14 that we received.

15           MR. DANENFELZER: It was, and at this point in  
16 time 100 percent of the money we're doing for construction  
17 contracts comes through that.

18           MR. ROMERO: I just want to make sure that  
19 there isn't a situation where the Board is completely  
20 removed from this process, you all have chosen a new  
21 projects and there's dollar amounts involved that are  
22 coming from the Corporation that we have no idea that you  
23 all are approving.

24           MR. DANENFELZER: Yeah. And I mean, the  
25 general authority the president and executive vice

1 president are up to is a million dollars?

2 MR. LONG: Yes.

3 MR. DANENFELZER: So anything above that would  
4 absolutely have to come to the Board based on the Board's  
5 previous authorities that they've granted for signature  
6 authority for the officers. But normally we're talking  
7 under \$100,000 for these construction contracts.

8 MR. LONG: And I would add again, as David is  
9 saying, that the idea was to have us be able to look and  
10 confirm the ability of a developer to work with us on  
11 these projects, these types of activities. We're not  
12 talking about, unlike the Loan Committee when you review a  
13 line of credit where we're looking at a developer to take  
14 over a house or an acquisition of a property we've had in  
15 the program, we want to be able to assign them that  
16 quickly and make sure that they understand under a  
17 construction contract that they know exactly what is we're  
18 expecting of them. So it is two separate things in the  
19 local partner approval which is why we're basically saying  
20 we can do that internally because we're just vetting them  
21 out to see if they'd be a good partner.

22 Under the project approval it's not going to be  
23 a large dollar amount that would exceed my dollar  
24 approval, but at the same time the program defines what we  
25 are doing under that program guideline, and then, as David

1 said, probably more importantly to that is that we are  
2 bringing to the Board when we receive these awards in  
3 support of these funding sources that we get, such as  
4 Texas Community, we are bringing that to you for  
5 consideration that it would be funding that activity.

6 MR. ROMERO: I mean, I don't have an issue with  
7 the fact that you have authority to do something up to  
8 \$500,000, my question is that it's a previously approved  
9 program that the Board has already had a chance to look  
10 at. Secondary to that is that you do have \$500,000  
11 authority to do something under a program that's been  
12 already approved, it would be nice to have updates from  
13 you on a monthly basis as you're using that authority  
14 under that \$500,000, just updates when you're working with  
15 a project.

16 MR. DANENFELZER: And certainly some parts of  
17 that actually do get into my monthly reports, or we can  
18 look at how we're doing that over the past and see if we  
19 can add some additional language. Particularly, I know  
20 we've wrapped up over a dozen homes with the Texas  
21 Community Bank funding now, particularly with our partner  
22 down in the Harlingen area but we've also done properties  
23 in San Antonio, and we can certainly bring a little bit of  
24 an update to our monthly board report on that.

25 MR. ROMERO: I mean, a good example from my

1 perspective is what we were discussing this year with one  
2 of our partners that we had build nine homes and we're  
3 trying to get rid of the last two. It's nice to have that  
4 update knowing that, you know, this program is going to  
5 close out soon, we've had issues with them but this is  
6 where we stand right now.

7 MR. LONG: Right. Well, we can certainly  
8 discuss how we can maybe consider adding it to the  
9 Development Finance that's in your board book typically  
10 under tab B, so we can just expand that.

11 MR. ROMERO: Okay.

12 MS. CARDENAS: I had a question on Section 11,  
13 Affordability Thresholds. I mean, everything is laid out,  
14 maybe I'm just not understanding. So you know, it  
15 emphasizes, right, that the primary focus of our  
16 Corporation is for low to very low and extremely low.  
17 Right? But it talks about on (b) that subject to the  
18 applicable invitation, the Corporation may permit the  
19 development of units up to or not to exceed 120 percent  
20 AMFI. Right?

21 MR. DANENFELZER: Right.

22 MS. CARDENAS: So just so that there's no  
23 subjectivity, I didn't see anything, even it was a one-  
24 liner, what would cause it for us to go -- where we're  
25 saying, hey, primarily we're supposed to be low, very low,

1 extremely low, and then there's just that one little blip  
2 here that says, hey, you can go up to 120 percent but it  
3 doesn't say because of something.

4 MR. DIETZ: Why you would do that.

5 MS. CARDENAS: Right, why you would do that.

6 MR. JONES: What triggers it.

7 MS. CARDENAS: Right, what triggers it, just  
8 maybe a one-liner.

9 MR. DANENFELZER: Yeah. And again, I've been  
10 doing this program since it started so in my mind I can  
11 jump all the way back to that reasoning very easily, and I  
12 really appreciate you pointing that out. The history of  
13 the program, again, with the NSP funds we have, those  
14 allow us to go up to 120 percent which is why the original  
15 language for 120 percent was inserted into the policies,  
16 and that's a federal program, the federal funds allow it,  
17 and we don't necessarily want to limit our local partners  
18 any further than any other restrictions that we have, but  
19 we do have state and statutory limits which is the  
20 primarily low and very low income households.

21 This change today was an attempt to kind of  
22 clarify and streamline that. We are continually shrinking  
23 our NSP portfolio but we do from time to time have  
24 households -- for example, we have a house that's been on  
25 the market in Clarksville, Texas, we've been attempting to

1 find an 80 percent and below household now for about six  
2 months, we had one contract and it fell through because of  
3 mortgage issues, and at this point it is probably time in  
4 our process to allow our broker to market it to above 80  
5 percent households.

6 So it's something that we want to be clear  
7 because we also don't want to simply hold onto an asset, a  
8 home, in a market where there are eligible buyers but we  
9 are simply eliminating them because they're above income,  
10 and not that they're way above income, just that they  
11 don't meet the 80 and below requirement. So that is one  
12 of the reasons why we've said we're going to match statute  
13 and have primarily -- which is what our statute says --  
14 but then also we want to have clarification and our  
15 ability to then go up to that 120 percent of area median  
16 income.

17 MS. CARDENAS: So I don't know if maybe if just  
18 continue with a sentence, right, due to extenuating  
19 circumstances, just something that says, hey, we can do  
20 this, but it's like, okay, but why, you know.

21 MR. DANENFELZER: Right.

22 MS. CARDENAS: And then in your policy off to  
23 the side you have exactly what you explained, whatever  
24 those extenuating circumstances, right, because it's been  
25 on the market for a long time, whatever it is that you all

1 list out, and move on.

2 MR. ROMERO: Basically, this is an exception,  
3 not the rule.

4 MS. CARDENAS: Right.

5 MR. DANENFELZER: Right.

6 MR. LONG: Ms. Cardenas, could I suggest that  
7 if you go down to the next section (c) where it talks  
8 about if it's determined that it's not suitable for low to  
9 moderate income households that we could sell the  
10 property, is that something that would suffice, giving  
11 some explanation as to why, or is it something you would  
12 like more clarity there in (b) itself?

13 MS. CARDENAS: Well, I read (c), right, and I  
14 thought, okay, well, here it is. Right? But then this  
15 talks about only selling it to a private. Right?

16 MR. LONG: Right. I see what you're saying, but  
17 I'm just wondering with the two combined they kind of flow  
18 together, that's what I'm suggesting.

19 MS. CARDENAS: With that language, yes, combine  
20 it and just say that. Yeah, exactly, so you would combine  
21 it. Because I thought, okay, maybe it's further down, but  
22 this is now only saying to a private. But yes, some  
23 language like that, it doesn't have to be long, I'm not  
24 asking for a big, just why transitioning.

25 MR. LONG: Just to give clarity as to why we

1 would make that exception.

2 MS. CARDENAS: Exactly.

3 MR. ROMERO: I think if you read this the way  
4 it states, it's qualified low to moderate income  
5 households not to exceed 120, that's the statement that  
6 you're making: low to moderate income households not to  
7 exceed 120.

8 MR. LONG: Right.

9 MR. ROMERO: But we're talking about low, very  
10 low, extremely low income and it's a very different  
11 category altogether.

12 MR. LONG: Certainly, yes.

13 MR. DANENFELZER: Yeah, I think we can add that  
14 into it.

15 MR. LONG: Just something to transition into  
16 why you would do it, and that will solve it.

17 MR. JONES: Mr. Dietz, while you were  
18 responding to her, I thought I hear you make the statement  
19 that you're in a constant process to shrink the NSP  
20 program. Does that mean to eventually do away with it,  
21 and why is that? Would this go away if you do that?

22 MR. DANENFELZER: No, this won't go away if we  
23 do that, however, the NSP program, we received initially  
24 \$6 million to purchase properties and we will receive no  
25 additional money because that was a one-time program that

1 came out of the Housing and Economic Recovery Act of 2008,  
2 and so when that money came in as a block grant to the  
3 state, it was one time available, we received it, and we  
4 bought 340-some units or parcels of property, and since  
5 then we've consistently worked to rebuild and sell those  
6 properties. So what I mean by shrink is we're trying to  
7 eventually sell all of the NSP lots and finish out that  
8 program because there is no new funding for it.

9 MS. COBOS: I spent some time looking at these  
10 policy guidelines as well. I did provide David and Dave  
11 some redline changes but unfortunately didn't have a  
12 chance to visit them before our meeting, but I'd be happy  
13 to go step by step. I want to start with, I guess  
14 maybe -- well, a lot of them are clarification changes  
15 that I think would be helpful, but there are some  
16 substantive changes that I wanted to make. I'll start  
17 with the substantive ones, or questions anyway. I have  
18 questions and substantive to propose to you.

19 I guess in Section 4(c) and 4(d) I wanted a  
20 little bit more explanation as to why in 4(c) when the  
21 Corporation is acting as a buyer's agent for a local  
22 partner that we would collect a \$500 fee, maybe a little  
23 bit more background as to why we're going from 250 to 500,  
24 and why not more, why 500, and then also, why in (d) when  
25 the Corporation is acting as a Land Bank administrator we

1 don't have an actual numeric figure tied to the transfer  
2 fee, it's just a reasonable fee, and maybe a little bit  
3 more explanation as to what would be a reasonable fee and  
4 why don't we have one, David, in that section.

5 MR. DANENFELZER: Yeah. And when I received  
6 your question, again it was that, oh, it makes complete  
7 sense to me the way it's written because I do this every  
8 day. Actually totally understand.

9 On the first part under (c) with the buyer's  
10 agent, the transactional process of a buyer's agent is  
11 very simple and clear for us and for our local partner.  
12 When we receive a property there is a title closing, there  
13 is a recording of the property from a closing entity  
14 through to TSAHC's hands, and then we immediately on the  
15 same day process the same thing, record those documents,  
16 but we do have recording fees, we have staff time to  
17 process that whole transaction.

18 And over the years originally, ten years ago  
19 when we originally put in the \$250, it was a pretty good  
20 fee for us to get, it covered all of our transactional  
21 costs and some staff time, but costs have gone up and  
22 particularly recording costs for those, and so we felt  
23 that it was necessary to go ahead and try to double that  
24 and get closer. Though we don't do these very often, the  
25 last several that we have done have cost around \$400, and

1 so we wanted to make sure that we were at least breaking  
2 even on these and getting there, and we wanted some  
3 cushion, didn't want to have to update this every year and  
4 increase it as costs go up. That's on part (c) the  
5 particular reason for that.

6 On part (d) the reason we went to a reasonable  
7 test is that in this case as the administrator there are  
8 times when a local government may issue a fine for mowing  
9 violations, they might actually send us bills for  
10 wastewater, water retention, utility services that the  
11 city is charging, and so it's not easy for us to put a  
12 flat fee because there may be additional costs that we've  
13 incurred as the administrator of the program that are not  
14 necessarily simply going to be reflected in the  
15 transaction of transferring the property back to that  
16 local partner.

17 And so we took a reasonable test where we would  
18 collect at least any fees that we've been charged or costs  
19 we've had to hold that property, and in addition to that,  
20 we would generally kind of round that up to cover our  
21 costs of actually administering that.

22 MR. DIETZ: And that doesn't represent a  
23 change, it's already been that way.

24 MR. DANENFELZER: It's already been that way,  
25 it's the way we've always operated, but it's something

1 generally what we look at is those holding costs that  
2 we've incurred as the administrator and then we pass those  
3 on to the local partner in order to transfer that back so  
4 that they are covering our costs of operation.

5 MR. JONES: So you're saying as long as the  
6 Board understands that, you don't have to try to spell it  
7 out what it would entail or what it could entail.

8 MR. DANENFELZER: Yeah, because it can vary  
9 greatly from district to district, and also within the  
10 title process, although state laws are quite clear on what  
11 title companies can charge per transaction, the local  
12 partner may or may not want to have a new survey done and  
13 so the fees can range all over the place as to what those  
14 would be.

15 MS. CARDENAS: So would it be easier to just  
16 put in a word like, you know, customary industry fees, or  
17 customary. You know, you've got a transaction, and just  
18 something that says these are customary fees, right, that  
19 go along in the industry.

20 MR. DANENFELZER: Yeah, we could put in  
21 customary.

22 MR. JONES: But it would have to have the words  
23 "various customary."

24 MS. CARDENAS: Well, I mean, they've got  
25 reasonable. Right? But it's like, okay, but you're

1 talking about reasonable what. Well, these are customary  
2 fees that occur in the industry. Right?

3 MR. DANENFELZER: Right. And I think that as a  
4 term of art "reasonable" is often used in contracts to  
5 state that that allows us to make an argument provided it  
6 is reasonable if for any reason there was a conflict  
7 between the two parties involved, and we'd have to then  
8 argue in court, if we got to that point, why it was  
9 reasonable or not. Customary is a slightly different  
10 issue because from a legal standpoint someone could argue,  
11 well, we've never been charged those fees so why are you  
12 calling them customary, and so we wouldn't want to get  
13 into a back and forth with one partner where this is  
14 customary in Waco but it's not customary in Corpus  
15 Christi.

16 Sorry, I just identified the two cities by  
17 looking.

18 (General laughter.)

19 MR. DIETZ: I don't think we want to limit.

20 MS. CARDENAS: Yeah, we don't want to box  
21 ourselves in.

22 MR. DANENFELZER: Right.

23 MR. LONG: Obviously it's something the Board  
24 certainly could give us direction on and we'd be happy to  
25 change it. I think we were just trying to give you our

1 consideration as to why we wrote it the way it's written.

2 MS. COBOS: Right. And I think that makes  
3 complete sense, at least from my standpoint, as to why  
4 it's 500. You, based on past experience, came up with a  
5 range or costs that 500 seems to be enough to cover it.  
6 If it ends up being more, we could always change it in the  
7 future.

8 MS. CARDENAS: So does that block us into 500  
9 if the fees end up being more?

10 MR. JONES: If I'm correct, I think he said  
11 basically it's 4- but he said --

12 MR. DIETZ: No less than 500.

13 MR. JONES: But he said no less than 5-. In  
14 case it becomes more than 4-, he doesn't have to come back  
15 and change it again.

16 MR. LONG: That's correct.

17 MR. ROMERO: Would it just make sense to use  
18 the same language that you're using in (d)?

19 MR. DANENFELZER: We could.

20 MR. ROMERO: Reasonable transfer fee.

21 MR. LONG: No less than the reasonable  
22 transfer, is that what you're asking?

23 MR. ROMERO: I'm just saying using the same  
24 language that you have in (d) in (c). So you eliminate  
25 the dollar number so you don't have to keep coming back ad

1 making changes as costs change.

2 MR. DANENFELZER: Yeah, we could certainly do  
3 that. I'm having trouble not saying it's not  
4 unreasonable.

5 (General laughter.)

6 MR. ROMERO: That's not the point. If you  
7 could develop a basis on when you're talking about the  
8 same stuff, it's the same stuff, it's not 500 here,  
9 reasonable transfer over here, 750 over here, it's all  
10 going to be the same thing and it's going to be applicable  
11 to that particular project that you're working on.

12 MR. DANENFELZER: Right.

13 MR. JONES: Or do you think they need to see a  
14 dollar amount in that particular section?

15 MR. DANENFELZER: In the past our local  
16 partners have liked to know exactly what it's going to  
17 cost them to have the property transferred, you know, what  
18 fees we are going to charge. We can certainly come up  
19 with that internally at the staff level and internal but  
20 simply state that we'll have a reasonable fee here in the  
21 policy.

22 MR. ROMERO: This is an internal document  
23 anyhow. Right?

24 MR. DIETZ: This is basically our guidance to  
25 you so we're just telling you in our authorization of this

1 document, hey, don't charge somebody less than \$500 for  
2 this. Right?

3 MR. LONG: That's right.

4 MR. DANENFELZER: Exactly.

5 MR. ROMERO: Or less than our actual costs,  
6 whatever they may be.

7 MR. LONG: And since this does read an amount  
8 no less than \$500 in the change for this year's program,  
9 we would assume that if it was more than \$500, we would be  
10 able to charge the amount that exceeded the \$500 minimum.

11 MR. DANENFELZER: This definitely sets the  
12 floor for the local partners so they know they're going to  
13 be charged at least \$500 to get this transferred property.

14 MS. COBOS: I think that would be fine. I  
15 mean, I appreciate the background, really the additional  
16 information. I want to try to understand why there's a  
17 dollar figure there and just sort of reasonable in the  
18 other one, and I think reasonable is fine.

19 All right. So on Section 6, Selection of  
20 Developers, so I proposed some changes, and I'll discuss  
21 them a little bit further, to basically make those  
22 requirements for selected developers -- or for the  
23 selection of developers consistent with the selection of  
24 local partners. And the original language had something  
25 along the lines of Subsection (a) saying incorporation

1 status of the business, and it sounds to me like you  
2 wanted some documentation on the business's -- you know,  
3 like what kind of business it is, is it an LLC or a  
4 corporation, some kind of documentation showing that the  
5 business was formed. Is that what the goal was?

6 MR. DANENFELZER: Yes.

7 MS. COBOS: Okay. So what I did was expand  
8 upon that requirement and say "proof of existing business  
9 registration status as filed with the Texas Secretary of  
10 State, Texas Comptroller's Office, or applicable county."

11 MR. DIETZ: Where is this, under (a)?

12 MR. DANENFELZER: This is something that she's  
13 adding. It's not in what's presented.

14 MS. COBOS: So what I'm thinking instead of --  
15 it's not in there, it's just an expansion just to kind of  
16 more holistically cover that requirement, to require  
17 whatever documentation it is they're providing when they  
18 registered the business at the Secretary of State's Office  
19 or the Comptroller or the county, whatever it is they can  
20 provide to make sure they are an existing business in the  
21 State of Texas. So incorporation status, that says you're  
22 incorporated, you're a corporation, they may not be, they  
23 may be a sole proprietorship of some sort or some other  
24 form of business. So I'm just trying to capture all the  
25 different business entity structures that are out there by

1 putting in a little more language about whatever it is  
2 they filed, the documentation they filed with the  
3 Secretary of State, or the Comptroller's Office or the  
4 applicable county, because I know if you're a sole  
5 proprietor you have to file a dba with the county.

6 MR. LONG: Would that be then just an addition  
7 to the list here or would that take out any of the ones  
8 that are listed here under 6?

9 MR. DIETZ: Or would that be a (d)?

10 MR. DANENFELZER: I think it would just be an  
11 amendment to (d).

12 MR. DIETZ: So it would be an amendment to (d)?

13 MR. LONG: I think that's exactly what it would  
14 be, I think it takes the place of (b). Tab 3, page 3 of  
15 7.

16 MS. COBOS: Yeah, so I kind of switched around  
17 the order to make it consistent with the order of the  
18 previous section, so the previous section has nonprofit  
19 entities must be an active nonprofit 501(c)(3) or  
20 501(c)(4) corporation, so you're basically making the  
21 nonprofit as a first requirement show that, you know,  
22 you're an actual 501(c)(3) or 501(c)(4) with the IRS, so I  
23 would make the first requirement for a developer to show  
24 that you're a registered business.

25 So (a) would be -- in the proposed language

1 that Dave provided, (b) would turn into (a) and there  
2 would be an expansion of the language, so instead of just  
3 proof of incorporation and existing business status, it  
4 would more extensively say "proof of existing business  
5 registration as filed with the Texas Secretary of State,  
6 Texas Comptroller's Office, or applicable county." So  
7 just to make sure we capture whatever it is, whatever  
8 documentation they have.

9 And then I inserted a (b), and I'm welcome to  
10 entertain any kind of further information as to why or why  
11 not we should have that in there, but under the local  
12 partner section we included a requirement, or we include a  
13 requirement -- this is not an addition to the language,  
14 it's in the existing policy -- that says, "financial  
15 audits or statements of the local partner for a two-year  
16 period must reflect the entity's ability to manage funds  
17 appropriately as determined solely by the Corporation."

18 I would propose that we add a Subsection (b) to  
19 be consistent with the order of the local partner status  
20 section, a Subsection (b) in the developer section that  
21 also requires "financial audits or statements of the  
22 developer for a two-year period must reflect the  
23 developer's ability to manage funds appropriately as  
24 determined solely by the Corporation. Basically the same  
25 language but just putting developer in there. Because I

1 think it's important to also make sure we understand what  
2 financial position they're in for a developer.

3 MR. DANENFELZER: And again, as a sort of  
4 history, we actually did have that requirement in several  
5 of our other program policies related to private entities,  
6 developers, contractors. One of the things that caused us  
7 to pull that out, though, is that a business that is  
8 working as a dba has no financial statements, the only  
9 proof they have of financial status is their tax forms,  
10 their private tax forms. There are also many private  
11 companies and private corporations which are not required  
12 to release their financial statements, and in the past we  
13 have had to reject those entities even though we know they  
14 are very well qualified as contractors and builders, but  
15 because of our requirement for financial statements, we  
16 had to reject their applications and their contracts. And  
17 what we've found is that leads us then to struggle to  
18 find, in certain areas of the state, predominantly rural  
19 areas, qualified contractors if we are to also require  
20 financial statements.

21 You know, unfortunately in Texas there is no  
22 certification or licensure for general contractors so  
23 there's really no other third party that we can turn to  
24 except for -- and I know you had a question about this --  
25 under the revised Section 6(c) the Comptroller's system

1 for award management database. What that allows us to do,  
2 at least in checking that, that's a database the  
3 Comptroller collects, our accounting staff looks at that  
4 from time to time and runs all of our vendors and  
5 contractors through that to see if they have been barred  
6 by the State of Texas from participating in any state  
7 contracts or vendor relationships. It's a nice backup but  
8 it only hits those individuals or companies that have  
9 actually worked with the state previously.

10 MR. DIETZ: Let me ask you a question, kind of  
11 a big picture question here, and then tell me -- I'll tell  
12 you where I'm going. Is this document something that we  
13 need pretty quickly? Is there any time sensitivity to  
14 getting this document approved?

15 MR. DANENFELZER: There's no time sensitivity.  
16 The reason we brought it back at this time was we  
17 generally bring policies back in the fall. It's kind of a  
18 lull for most of the programs, particularly as we  
19 transition into the next calendar year. But we certainly  
20 don't have to approve it today.

21 MR. DIETZ: And the reason I ask -- and this is  
22 an area of expertise for you, you have an expertise in  
23 this beyond mine, but I don't know if I'm able to track  
24 the level of detail of the amendments that are being  
25 proposed adequately for me to say -- because I've already

1 viewed it the way it's been presented to me and so I might  
2 suggest one of two solutions: either if we need this now,  
3 approve it and then have a committee meeting that perhaps  
4 Board members can sit on to more thoroughly evaluate some  
5 of these change, or if we don't really need this now,  
6 maybe defer it and have that meeting happen first and then  
7 approve it next month.

8 MR. JONES: Or come back with her recommended  
9 changes and their responses so that we can compare apples  
10 to apples.

11 MR. DIETZ: And I don't even know if I need to  
12 see it, because I have a feeling if y'all have a chance to  
13 discuss all this, I have a feeling if you get together in  
14 a room and you're going to say, okay, we don't need this  
15 change, we don't need this change, and I don't even really  
16 need to see -- the full Board may not need to see all that  
17 back and forth. Is that fair?

18 MR. DANENFELZER: Yep.

19 MS. COBOS: Yeah, that's fine, and I definitely  
20 respect the fact that you guys want to have an opportunity  
21 to review my redline changes and kind of going through  
22 them, you know, step by step without seeing them and kind  
23 of trying to piece together from your already redlined  
24 document can be challenging. So I just wanted to get  
25 something out there because I didn't know if we needed to

1 approve it this meeting or not, but I think maybe the  
2 better approach would be for me to discuss some of these  
3 changes with Dave and David, and then we can also, Dave  
4 and David can incorporate some of the changes that Mr.  
5 Romero and Ms. Cardenas have proposed today, and then come  
6 back with a revised redline policy document that  
7 incorporates the changes in here already proposed, my  
8 changes if we agree to leave them in, Ms. Cardenas's and  
9 Mr. Romero's changes, and then we move to --

10 MR. DIETZ: And since it's already been  
11 reviewed by legal counsel, if we're making some specific  
12 changes, it probably has to be reviewed again by legal  
13 counsel.

14 MS. COBOS: Right.

15 MR. JONES: Do you have more? How many more do  
16 you do you have?

17 MS. COBOS: Well, yes, I do.

18 MR. ROMERO: Here's the thing, they have a  
19 policy in place.

20 MR. JONES: Right.

21 MR. ROMERO: So it's not going to stop them  
22 from their work.

23 MR. JONES: That's what I'm saying. I'm saying  
24 for the purpose of hearing her out today or follow what  
25 Mr. Dietz says and let's try to work this out and then

1 bring it back for the benefit of everybody, because a lot  
2 of it is the background, when she hears the background,  
3 then she says, Okay, I can understand that, so my change  
4 doesn't really need to be done in that instance. So what  
5 he's saying rather than review that whole process here, to  
6 try to expedite it with her and the staff and our legal,  
7 but then that would require more time from you, but they  
8 say you're in Austin so --

9 (General laughter.)

10 MS. COBOS: Right, right, exactly. Whatever is  
11 the most efficient process. I mean, really my whole goal  
12 in this particular section was to try to make it  
13 consistent with some of the language. Hearing your  
14 explanation, I see what you're saying, for instance, on  
15 the financials, auditing statements, different developers  
16 are in different situations, so maybe trying to come up  
17 with broader language to still be able to capture their  
18 financial status in some way.

19 MS. CARDENAS: And if I can interrupt, see, I  
20 understand that but I'm looking at it more from risk,  
21 right, because I know we shouldn't assume but a lot of  
22 thee builders and developers are not just -- this is not  
23 their first rodeo, right, they're just not coming to  
24 TSAHC, at one point they're going to a financial  
25 institution, and a financial institution, whether they're

1 a dba, whether they're an LLC, they may just say give me  
2 an interim P&L, right, give me an interim financial  
3 statement. They're not going to say, oh, because you're  
4 this entity you don't have to file, oh, we're just going  
5 to take your tax return. No. Then we're just not going  
6 to lend. Right?

7 So I don't see how that would be any different  
8 with us when they're going to be managing funds. Right?  
9 And we may say, well, you know, we have a tracked history  
10 with them, they've never had any problems. Well, I've got  
11 great builders and all of a sudden they went south, and to  
12 me, I think -- and I'm still learning, right, we're a  
13 nonprofit, we're overseen by the state, and for them to  
14 say you all didn't get any financials on this but yet you  
15 were quick to hand over millions of dollars because XYZ  
16 developer said, well, I don't have to file this or I don't  
17 have to provide this. So I'm looking at it more from  
18 protecting our organization and always making sure we're  
19 managing funds correctly. Right?

20 And if we say we lose builders, well, then  
21 maybe -- or developers, then maybe they just really don't  
22 want to participate with us. Because I feel -- they've  
23 got a livelihood, this is their business, so I guarantee  
24 you they're going to financial institutions to seek  
25 financing and I guarantee you that those financial

1 institutions are asking them for an interim financial  
2 statement, right, or a P&L, you know, to seek whatever  
3 loan requests they have in the pipeline.

4 MS. COBOS: That's exactly where I'm coming  
5 from is just making sure we have strong enough policy  
6 criteria to protect ourselves, and the addition of that  
7 additional criteria was intended to capture some kind of  
8 financial status. And Valerie, Ms. Cardenas, is actually  
9 is very, very on point. I mean, anybody, any of us, any  
10 developer that goes to try to borrow money is going to  
11 have to put up some kind of financial information to be  
12 able to get the money.

13 MR. LONG: Let me recommend this then given the  
14 discussion.

15 MR. JONES: Can I comment first before?

16 MR. LONG: Yes.

17 MR. JONES: Again, we hear what you're saying  
18 is great, that's true, that's the appropriate way, but we  
19 as the Board put pressure on them to do more in rural  
20 areas and we were finding that we couldn't find people to  
21 do in rural areas. That don't mean like just open the  
22 flood gates like I hear y'all saying, but your track  
23 record of dealing with these companies, what is the track  
24 record under this policy, what has it been?

25 MR. DANENFELZER: When you reference track

1 record?

2 (General talking and laughter.)

3 MR. JONES: When guys that come in and be  
4 telling you we don't have this, we don't have that, and  
5 you said you know their capabilities, you know their  
6 status, you mentioned this whole thing about financial  
7 statements. Do we have a track record of working with  
8 companies like this?

9 MR. DANENFELZER: Yes. And in particular  
10 when -- and I think one of the things that becomes a  
11 hurdle is the language -- when I'm referencing developer,  
12 I'm using it as the most broad term possible. These  
13 contracts that we're referencing may be a builder who is  
14 going to build a \$90,000 home, and yes, we generally can  
15 get financial statements from that type of builder or  
16 developer. But it also might involve a guy with some  
17 sledge hammers and a pickup truck who is going to tear  
18 down a dilapidated structure and haul it off to the dump  
19 and he's going to charge us \$5,000, he's going to get a  
20 permit from the city, and he does not have a financial  
21 statement to provide us.

22 MS. CARDENAS: So that's like contract labor.

23 MR. DANENFELZER: It is contract labor.

24 MS. CARDENAS: That's contract labor.

25 MR. DANENFELZER: And that's where what we were

1 looking for is to create a big enough umbrella to allow us  
2 to hire the guy with the dump truck and some sledge  
3 hammers to tear down a property and also the guy to build  
4 us a \$100,000 home without having to -- well, just because  
5 we didn't clearly have the ability to do that under the  
6 ACT Program policies and so we wanted to create that.

7 But I think you're right, I think there is some  
8 level of detail that we can add. As you all are  
9 discussing it, I think there might be a way we can  
10 actually put in some more detail as far as numbers and  
11 costs that might allow us to say if we're going to do XYZ  
12 and it's going to cost less than \$25,000, then we don't  
13 need to look at those types of details, but if we're going  
14 to spend more than \$25,000 maybe we should be looking then  
15 at financial statements and other things. Because it is  
16 different, if we're just hiring a plumber to do a little  
17 plumbing on a house, there's not much we're going to be  
18 able to get in the way of financial statements.

19 MS. CARDENAS: Yes. That would be just an  
20 independent subcontractor, so we don't want you to lump  
21 that into the definition of a developer. That's something  
22 totally different, that's a W-9, send a W-9, I'm going to  
23 pay it out directly to you, right, and that project is not  
24 going to be a million dollars. Right?

25 MR. DANENFELZER: And I'm seeing that I tried

1 to fit too many people under this same umbrella and I need  
2 to have more umbrellas.

3 MS. CARDENAS: And maybe for contractors you  
4 need to just show, you know, that they have insurance.

5 MR. LONG: So, Mr. Chairman, if I may.  
6 Obviously I think what we have is a scenario where it  
7 would be best if we do as you suggested. Ms. Cobos has  
8 already provided us her guidance in terms of changes she  
9 wanted, she's provided that to us and Dave and I have  
10 looked at it and we were going to probably have to have a  
11 meeting with her anyway. So what I would suggest is we do  
12 what you were proposing as the idea of bringing it back  
13 after we have a chance to revisit and make all the  
14 changes, let the Board see all of the changes kind of  
15 incorporated into the revised document that you have in  
16 front of you now, legal counsel can re-review it, and then  
17 we can bring it back to you as kind of an agreed-upon  
18 structured document that everybody can kind of review and  
19 make sure that it's consistent with what we're hearing  
20 today.

21 MR. DIETZ: And we have to have the balance  
22 between protecting the organization, and as Mr. Jones  
23 pointed out, we don't want to get in the way of our  
24 ability to serve the State of Texas.

25 MR. LONG: Certainly, and I think that as David

1 said, there's a way to kind of maybe differentiate and not  
2 use such a broad umbrella for everybody, maybe create some  
3 way that we can define a dollar amount or a definition of  
4 a contractor versus a developer, as Ms. Cardenas said.

5 MR. DIETZ: Right.

6 MR. LONG: Let's plan on doing that, and we  
7 would table this item.

8 MR. DIETZ: Do we need a motion in order to do  
9 that, or is it just lack of a motion?

10 MR. LONG: Can't we just decide to table it?  
11 Bill, can we just table it?

12 MR. GEHRIG: Yes.

13 MR. LONG: We can just table this item, I  
14 think.

15 MR. DIETZ: Okay.

16 MR. JONES: I don't know. In politics stuff  
17 goes on the table and never comes off.

18 MR. LONG: This isn't applicable. It'll come  
19 back.

20 (General talking and laughter.)

21 MR. GEHRIG: Mr. President, I'm not sure  
22 tabling is the word. Tabling is kind of a -- more than  
23 it's just you're not going to take a vote.

24 MR. JONES: No action. It's a no action.

25 MR. GEHRIG: Right.

1 MR. DIETZ: Okay. So we will not take any  
2 further action today on tab item 3, which is the  
3 Presentation, discussion and possible approval of  
4 modifications to the Corporation's Affordable Communities  
5 of Texas Land Banking Program policies.

6 Before we move on to tab item 4, is there any  
7 other discussion we need to have today about that?

8 MR. JONES: Does it need a motion to take no  
9 action, Counselor?

10 MR. GEHRIG: I don't think so.

11 MR. DIETZ: Any other comments or discussion?  
12 (No response.)

13 MR. DIETZ: Well, first, I think the Governor  
14 did a great job of getting us some very qualified Board  
15 members.

16 MR. JONES: To say the least.

17 MR. DIETZ: I'm very appreciative of the  
18 expertise that we have to be able to go in and look at  
19 these things in more detail.

20 With that, we'll move on to tab item 4,  
21 Presentation, discussion and possible approval of the  
22 publication for public comment of the guidelines, scoring  
23 criteria and targeted housing needs for the allocation of  
24 Qualified Residential Rental Project Tax Exempt Bond Funds  
25 under the Multifamily Housing Private Activity Bond

1 Program request for proposals and the 501(c)(3) Bond  
2 Program policies for calendar year 2019.

3 MR. DANENFELZER: Good morning. Dave  
4 Danenfelzer, senior director --

5 (General talking and laughter.)

6 MR. DANENFELZER: So back on the right foot.  
7 This is our annual RFP and policies update. We are  
8 required, as noted in the summary here, to update these  
9 policies and to release an RFP annually by statute. And  
10 the specific name, RFP and policies, is due to the fact  
11 that these are two separate sections of statute, so we  
12 tried to combine it and meet the statutory qualification.

13 The policies before you have been reviewed by  
14 both our bond counsel, our issuer counsel and our  
15 municipal advisor, and some minor changes were made by  
16 them in language, but not much has really changed this  
17 year. The two main changes that I can note are, one, that  
18 we did obviously update dates, we changed dates that were  
19 referenced 2018 to 2019, and we also did amend one date in  
20 there regarding the collapse of the private activity  
21 volume cap which happens on August 15, not on August 1, as  
22 it was written last year. And finally, our municipal  
23 advisor, in our negotiations with them this past summer,  
24 did lower their base fee, and so that is reflected in the  
25 change in the policies.

1           For the most part, however, there's really only  
2 minor changes throughout, some clarifications. Counsel  
3 had wanted us to change some of the wording regarding  
4 Corporation's Board, we just used the term Board, you'll  
5 see that throughout. But again, other than counsel's  
6 changes here within the policy and the differential in the  
7 fees for the municipal advisor, I will open it up for  
8 questions if there are any.

9           MR. JONES: So basically staff recommends  
10 approval of the blackline draft with the redline  
11 grammatical and other things.

12           MR. DANENFELZER: Well, what we're asking,  
13 actually, is simply to go ahead and publish this as is.

14           MR. JONES: I'm just saying we called it  
15 blackline like it was the final.

16           MR. DANENFELZER: That always confuses me  
17 because we always call it a blackline even though we use  
18 red, I don't understand it, but the lawyers tell me that  
19 that is what I'm supposed to do.

20           MR. JONES: So the question is with anything  
21 that's substantive to say with changes and just approve  
22 the document because you've got red in there. Do you know  
23 what I'm saying? The red is suggested changes in addition  
24 to what's black or blackline. So you make the motion to  
25 approve this, do we do it with the noticed changes in

1 there, or do we consider the red to be black?

2 MR. DIETZ: With the changes.

3 MR. LONG: With the changes as presented.

4 MR. DANENFELZER: As presented.

5 MR. JONES: That's all I'm saying.

6 MR. LONG: And again, this is going out for  
7 public comment, this is not what we're asking you to  
8 approve for us to use going into the next year, this is  
9 approving this for publication so that we can receive  
10 public comment, and then you would receive back a  
11 presentation from staff again regarding this,  
12 incorporating any changes from public comment.

13 MR. DIETZ: The fact that you get public  
14 comments from whatever, you would incorporate those, if  
15 you felt that was appropriate, in the document, then  
16 you're going to bring it back to the full Board for  
17 approval.

18 MR. LONG: That's correct.

19 MR. DANENFELZER: Right. And we generally  
20 provide at least 30 days for public comment, so it is  
21 actually unlikely we will bring this back to the Board in  
22 November. I believe we're targeting December for the  
23 return of this with public comment. And again, you're  
24 correct, if we receive any comments, we will note that in  
25 the presentation piece, the writeup beforehand, what those

1 comments were and staff's response to those and whether or  
2 not we did or did not accept those changes.

3 MR. JONES: Page 10, some are probably  
4 grammatical, but (3) under (b)(3) is a substantive  
5 addition. Right?

6 MR. DANENFELZER: (a)(3)? I'm sorry.

7 MR. LONG: (a)(3), it's under Section 7

8 MR. DANENFELZER: Actually, no, I would not  
9 call that substantive. What counsel had requested us is  
10 the original language was just that 30,000 per unit in  
11 rehabilitation expenses, but counsel had requested that we  
12 specifically draw out that it was what we define as an at-  
13 risk preservation and rehabilitation of a targeted housing  
14 unit, which is something we've defined in the targeted  
15 housing unit section. So they wanted us to clarify that  
16 it was --

17 MR. DIETZ: It's what we're already doing but  
18 now it's spelled out.

19 MR. DANENFELZER: Right, it's spelled out.  
20 Rather than using the rehabilitation expenses, they wanted  
21 us to spell out that it's related to those type of  
22 contracts.

23 MR. DIETZ: So I don't see any substantive  
24 change other than some dollar amounts and dates.

25 MR. DANENFELZER: Yeah. As I go through, the

1 dollars and the dates are the only, I guess you would call  
2 them, substantive.

3 MS. CARDENAS: So just something minor. I  
4 heard you say August 15 and it was August 1, and this says  
5 14th.

6 MR. DANENFELZER: Absolutely. As I was paging  
7 through looking at the red, I realized it is August 14 is  
8 the date. At 5:00 p.m. August 14 is when the collapse  
9 occurs technically and it is not until August 15 that we  
10 can then apply for collapsed funds. Thank you.

11 MR. JONES: I make a motion that we approve  
12 item 4 as presented.

13 MR. ROMERO: Second.

14 MR. DIETZ: Is there any further discussion or  
15 questions?

16 (No response.)

17 MR. DIETZ: It's been moved and seconded that  
18 we approve tab item 4 which is Presentation, discussion  
19 and possible approval of the publication for public  
20 comment of the guidelines, scoring criteria and targeted  
21 housing needs for the allocation of Qualified Residential  
22 Rental Project Tax Exempt Bond Funds under the Multifamily  
23 Housing Private Activity Bond Program request for  
24 proposals and the 501(c)(3) Bond Program policies for  
25 calendar year 2019.

1 Is there any public comment?

2 (No response.)

3 MR. DIETZ: Hearing none, all in favor?

4 (A chorus of ayes.)

5 MR. DIETZ: Any opposed?

6 (No response.)

7 MR. DIETZ: Okay. Tab 4 passes unanimously.

8 Thank you, Mr. Danenfelzer.

9 MR. DANENFELZER: You're very welcome.

10 MR. DIETZ: Tab item 5, the Presentation and  
11 discussion of the Texas State Affordable Housing  
12 Corporation's fiscal year 2019 strategic plan.

13 MS. TAYLOR: Janie Taylor, executive vice  
14 president. Thank you, Mr. Chairman and Board members.  
15 Today I will be providing you with an overview of the  
16 goals, strategies and tactics each department hopes to  
17 accomplish this fiscal year.

18 And before I begin, I want to let you know that  
19 we've been working with the same four overarching goals  
20 since 2014, that's when we developed them, but the  
21 strategies and tactics have changed, they're changed  
22 annually, but for this meeting I've organized the  
23 presentation by department. And I should also note that  
24 not included in the presentation is the very detailed task  
25 list that each group developed to help accomplish those

1 goals. We also meet quarterly, I meet quarterly with each  
2 group to get an update on how they're doing meeting those  
3 goals, and then if needed, we sometimes will revise some  
4 tactics.

5 So I'm going to start first, the first group  
6 we're going to go over is what you just heard right now,  
7 actually Development Finance, and I apologize for not  
8 numbering the pages, but the first one is Development  
9 Finance and the goal is to establish, manage and expand  
10 effective programs to serve the housing needs of low  
11 income Texans and other underserved populations.

12 A strategy we're using here is to facilitate  
13 the development of safe, decent and affordable homes, and  
14 you'll see we have five different tactics that we're going  
15 to be using, and they actually span the various programs  
16 that the Development Finance team that Dave oversees uses,  
17 such as what is THIF, which is the Texas Housing Impact  
18 Fund, increasing the number of loans to qualified  
19 borrowers and projects, increasing the number of  
20 multifamily bonds we issue, which is what you just  
21 approved for public comment, and improving the  
22 construction and rehab activities under the ACT Program,  
23 which is also what we're going to be discussing again, we  
24 discussed today, this is the guidelines we're going to  
25 come back to you with. And then other things such as

1 providing quarterly guidance to some of our local partners  
2 and then advocating for process changes with NSP funded  
3 properties.

4 So I can go in as much detail as you'd like,  
5 and if you have any questions, most of the staff is here  
6 if you have any specific questions for them.

7 MR. ROMERO: I have a question. Back to 1 and  
8 2, what is the goal?

9 MS. TAYLOR: So the goal is the very top line  
10 up here which to establish and manage --

11 MR. ROMERO: I understand that. Your tactic 1  
12 says increase the number of THIF loans, and number 2 is  
13 increase the number of multifamily bond issues to  
14 borrowers.

15 MS. TAYLOR: Right.

16 MR. ROMERO: So what is the goal?

17 MS. TAYLOR: You mean the target?

18 MR. ROMERO: Are we going to do two, are we  
19 going to do four, do we do four or do we do six?

20 MS. TAYLOR: So I don't have the targets with  
21 me. It's a very long spreadsheet that we use and I don't  
22 have the targets with me, but I did ask staff to stay  
23 available if they wanted to if you guys had any specific  
24 questions. And then we generally try to increase from  
25 what we did the year before.

1 MR. DANENFELZER: For both of those, really all  
2 of the programs there in the metric that we're increasing,  
3 the metric that we are tracking is how many applications  
4 we receive as well as how many contacts with potential  
5 developers. The reason we don't have a specific goal to  
6 say, well, we did two last year, let's do five this year,  
7 is because we really have no control, since we're not the  
8 developer, of how many deals we can actually accomplish  
9 and complete.

10 What we can do, though, is we can market the  
11 program and try to attract as many new applicants as  
12 possible in order to increase each year. So the metrics  
13 behind these particular goals are related to our outreach  
14 and how many contacts we get on a regular basis, and by  
15 tracking that we know if we're continually increasing or  
16 getting more each year, and we're getting the word out  
17 about the programs. If that also results then in new  
18 deals, which it has, it shows that it's the right metric  
19 to be tracking.

20 MR. ROMERO: So my second question is that even  
21 if you match those numbers or exceed those numbers, what  
22 it doesn't lead to is have you really accomplished the  
23 goal.

24 MR. DANENFELZER: I think we have in the sense  
25 that, you know, again, we don't really have much control

1 over developers or the market. A great example is when  
2 the bond markets during the Great Recession went  
3 completely out, there were no deals being done in Texas  
4 for a whole two-year period and we were one of the first  
5 ones to bring a new bond deal back, and the reason we were  
6 able to do that is because we didn't give up, we continued  
7 to market, we continued to reach out to developers, and we  
8 were able to rebuild the program based on that experience.

9 So I think that's really where we see the real benefit of  
10 the way we've structured the metrics.

11 MS. TAYLOR: And so, again, the goal is  
12 actually to establish and manage and expand our programs  
13 to meet the needs, and this is a tactic that we can use to  
14 try to increase the number of loans, but you know, we do  
15 want to find -- you know, we've added language of  
16 qualified borrowers and projects because we don't want to  
17 just fund anything. And so the project that we did here  
18 in Austin, the Chicon, that was brought up in the last  
19 Board meeting as a great project we did and that's  
20 something that we want to look for qualified projects that  
21 are going to make an impact.

22 MS. CARDENAS: So when you have, though, a  
23 goal, right, in each one of these slides, right, I'm  
24 assuming, but in any of these, right, if you're going to  
25 say that it's the goal, right, you almost always should

1 have a metric and then the activities to support that  
2 metric, because if not, then I can just say I have a goal  
3 of growing TSAHC to serve, you know, whatever, to serve  
4 all of Texas. Okay, well, what's all of Texas, right, is  
5 it 80 percent, is it 90 percent? And then how am I going  
6 to achieve that, what are the activities behind that in my  
7 strategic plan.

8           And so I appreciate that we say, well, we can't  
9 measure because we can't control the market. I mean, I  
10 can say I can't control the market, I don't know how many  
11 loans I'm going to make in 2019, right, because I can't  
12 control the interest rate environment, I can't control,  
13 but I have to have a goal, I mean, I have to set some sort  
14 of expectation. And whether I meet it or not, okay, well,  
15 then I have to explain why, because of factors like a  
16 rising rate environment, right, you know, costs of homes,  
17 previous purchasing power, whatever it is. Right?

18           So I really would like to see for each of these  
19 tactics that there is some sort of metric and then there's  
20 the activities to support that in your overall strategic  
21 plan. And I'm not saying all of that needs to be laid out  
22 here, right, because that's going to be a long document.  
23 Right? Because at the end of the year, if we fall short,  
24 we need to measure ourselves and hold ourselves  
25 accountable to how did we fall short, why did we fall

1 short. Right? And there could be absolutely legitimate  
2 reasons for it, right, but we can't just make vague  
3 statements and think that we're going to be okay, we have  
4 to learn and then prepare for the following year, right,  
5 tweak it and not also over achieve some certain level of a  
6 goal.

7 MS. TAYLOR: I agree with you, and one of the  
8 things that we've struggled with our strategic plan is  
9 just the different terms, because we use target because we  
10 have four goals for the organization. Not every group has  
11 activities that support each of the goals and then we  
12 create a tactic on how to reach that overarching goal.  
13 What's our strategy and then what tactics can we use, and  
14 then the level that you're not seeing here is the targets  
15 that we have and then the very detailed plan of the  
16 different things that staff is doing on a daily basis to  
17 move up the impact that we're making.

18 And so the term that we would use, when you're  
19 talking about metrics, or you're talking about, Jerry, as  
20 a goal, is more of a target, what is our target for that  
21 tactic. And so we do have those and it literally is this  
22 long of a spreadsheet, and so we opted to do something  
23 that's a little bit easier to read in terms of the detail.

24 And this is actually probably more than we did last year,  
25 to be quite fair.

1 MS. CARDENAS: And it's good, and it may be a  
2 matter of semantics. Right? But I'm looking at the goal  
3 and so maybe that's more of a mission and your tactics are  
4 more your goals and then you've got the activities for how  
5 you're going to accomplish each of those goals. And then  
6 separately you have a spreadsheet, okay, you're going to  
7 start tying numbers. Right? But I mean, I think if this  
8 is something better than you had last year, you know,  
9 every year now moving forward it's going to be a different  
10 level of expectation to continue to improve upon.

11 I'm sure we all started out in our careers with  
12 one strategic plan and it was very weak and we thought,  
13 hey, this is great. Right now, through our experience,  
14 it's like taken to the next level.

15 MS. TAYLOR: Right. I agree. Good point.

16 MR. JONES: I haven't seen it presented like  
17 this before.

18 MS. TAYLOR: No. It's more detailed actually.

19 MR. JONES: So the four overall goals, would  
20 that be Development Finance, Multifamily Oversight,  
21 Marketing, Fundraising, Government Relations, and then  
22 Accounting and Executive Management. Those are the four?

23 MS. TAYLOR: Those aren't the four.

24 MR. JONES: No. Right. These are category  
25 groups but what are the four goals at TSAHC?

1 MS. TAYLOR: There are four goals, so here's  
2 one of them -- and I apologize --

3 MR. JONES: How do I find seeing the four  
4 goals.

5 MS. TAYLOR: I understand, and here was my  
6 challenge that not taking a very detailed Excel  
7 spreadsheet and creating something that wasn't going to  
8 overburden you all, and then also have a very detailed  
9 plan of how we're going to manage our business and put it  
10 into this document. And so I tried to put something that  
11 was a little bit more easier to understand because not  
12 every department's activities funnel into each goal.

13 So for example, you know, one goal is to  
14 establish, manage and expand effective programs, another  
15 goal is to ensure the Corporation's financial  
16 sustainability, and another goal marketing, communication,  
17 outreach strategies, and increase awareness and promotion  
18 of the Corporation. Development Finance doesn't have that  
19 final goal. The final fourth goal that they don't have is  
20 to ensure -- which is in the very last page of the  
21 Accounting and Executive Management -- is to ensure  
22 effective direction and control of the Corporation.  
23 That's the four goals right there. But all the other  
24 groups other than this one don't really touch that one  
25 other than the Accounting and Executive Management.

1 MR. DIETZ: So we've got three goals listed  
2 under Development Finance because that part of the  
3 Corporation really only --

4 MS. TAYLOR: I just chose to organize this for  
5 you all as departments versus the goals.

6 MR. DIETZ: Gotcha.

7 MR. JONES: It's more detailed in some respects  
8 but it's not as easy to see as we've seen in the past.

9 MS. TAYLOR: Yeah, I know, and in my brain it  
10 worked out just fine.

11 MR. JONES: You and David.

12 MS. TAYLOR: Well, no.

13 MR. JONES: He says in his brain.

14 MS. TAYLOR: And I was trying to figure out how  
15 to simplify this for you guys but also give you more  
16 information than has been given to you in the past.

17 MR. DIETZ: And I assume if anybody wants to  
18 see the more detailed spreadsheet.

19 MR. LONG: We can provide you that.

20 MS. CARDENAS: No, this is good. That other  
21 spreadsheet is off to the side of this, it's high level.  
22 Right? But you know, as long as off to the side I still  
23 think, you know, that you're going to have to have metrics  
24 to support the activities.

25 MR. ROMERO: But the activities shouldn't be

1 the goal.

2 MS. CARDENAS: Right.

3 MR. ROMERO: It's the opposite.

4 MS. TAYLOR: Well, we use target, that's the  
5 term we use.

6 MS. CARDENAS: Your targets can be your metric.

7 MS. TAYLOR: A target could be, you know, to  
8 have two qualified projects in a year.

9 And the other thing I should mention -- and  
10 it's at the very end in terms of the executive management  
11 of the organization -- you know, we do annual reviews of  
12 the employees and the goals that we produce for each  
13 employee annually have to tie back to something in here,  
14 so we tie it back in here. Because in the giant Excel  
15 spreadsheet we have 3.2.4, that's how we look for each  
16 tactic or target or strategy within each, so everybody's  
17 individual performance goals tie back in here into  
18 something.

19 MR. JONES: How does this relate to later on in  
20 the course of the year when you ask the Board to consider  
21 how well these targets and all have been reached? That  
22 happens. Right?

23 MS. TAYLOR: So, yes.

24 MR. JONES: And how many, seven, eight months  
25 away, nine months?

1 MS. TAYLOR: No. Actually I hope to have  
2 something for you guys next month. So years ago we used  
3 to do our strategic planning on a calendar year but then  
4 our fiscal year was, you know, started September 1 and  
5 ended August 1, and it was a little bit tough for the  
6 staff when they were planning something and it wasn't  
7 lining up with the budget year, and so we decided a few  
8 years ago to have them follow the same timeline and so we  
9 moved our strategic plan to start September 1. So this is  
10 what we plan to do in fiscal year 2019. Some of the  
11 groups are still calculating for the end of the fiscal  
12 year, and so we hope to have that for you in November.

13 MR. JONES: The reason I brought that up is  
14 because when the Board looks to determine how well you  
15 measured up to your strategic plan, it used to have  
16 metrics, because that's why Jerry was always spinning  
17 around in his chair.

18 MR. ROMERO: That was true, yeah. I would  
19 always bring up the issue about the fundraising.

20 MS. TAYLOR: And so if you want to move to the  
21 orange section, as I call it, which is our Marketing,  
22 Fundraising and Government Relations part, if you look at  
23 the third page within there, every single tactic that you  
24 see in here is relating to a program that staff is  
25 fundraising for, and our targets that are in our Excel

1 spreadsheet --

2 MR. JONES: I'm sorry. Is that under financial  
3 sustainability?

4 MR. LONG: Marketing, Fundraising and  
5 Government Relations.

6 MS. TAYLOR: It's the orange part.

7 MR. JONES: Marketing and Government Relations  
8 but the goal is to ensure the Corporation's financial  
9 sustainability.

10 MR. LONG: That's correct.

11 MS. TAYLOR: Yes. And each of those in the  
12 targets there is a number associated with that.

13 MR. ROMERO: So again, what you're presenting  
14 here is great. My point, going back to what we were  
15 discussing earlier, is what is that goal. I mean, if our  
16 goal -- we'll make it simple, the budgeted amount is  
17 \$500,000 for grants and donations and your goal is to  
18 increase that, but you only get 450- but last year you got  
19 350-, have you really gotten to your goal because your  
20 goal was 500- but you really didn't get there. So I think  
21 that's what Valerie is trying to get at is there has to be  
22 a goal that you're trying to get, it's not just the  
23 activity. Are you really going to exceed the goals that  
24 you're trying to get to.

25 MS. TAYLOR: Right. And I guess what I'm

1 trying to tell you is that that does exist, it's not in  
2 this document that you were presented. And for those of  
3 you that were not here last year or those of you who may  
4 not remember, last year you got a lot less information  
5 than you're getting right now. I provided more  
6 information than you got last year, it's just that I  
7 incorporated it. Last year you got here's top level goals  
8 that we reached and then here's some ideas of things that  
9 we're doing next year. This I basically pulled the actual  
10 language in.

11 MR. JONES: Which is what I said, this is more  
12 detailed but a lot less easy to understand.

13 MS. TAYLOR: I apologize for that.

14 MR. LONG: I think if you would see the  
15 strategic plan, you would see within it, as an example, if  
16 we were supposed to have X and we ended up with X plus 4,  
17 those numbers strategically are there. We didn't bring  
18 all that to you today.

19 MR. JONES: Right. But what I said is I know  
20 that later on when we evaluate the effectiveness or the  
21 results of the strategic plan, the metrics are usually  
22 there. I think they were just asking we don't see them  
23 now.

24 MR. ROMERO: What's the baseline and what's the  
25 goal.

1 MR. JONES: That's right. Because what we hear  
2 you saying is our goal is to try, but you do have numbers.  
3 Try to do what?

4 MS. CARDENAS: Performance metrics.

5 MS. TAYLOR: We do, we do.

6 MS. CARDENAS: And that was all it is. Right?  
7 You all are going to set that. I mean, we're not going to  
8 tell you, you need to go and do this.

9 MS. TAYLOR: We already did.

10 MS. CARDENAS: But at the end of our fiscal  
11 year, you know, we're going to expect a presentation t  
12 say, okay, we talked about this a year ago, here we are  
13 now trying to review where we stood and we hit this at 80  
14 percent, we hit this at 90 percent. Right? And then  
15 that's going to also be the basis for how you're going to  
16 set for now 2020. Right?

17 MS. TAYLOR: Right.

18 MS. CARDENAS: Is it realistic to increase it  
19 by another 10 percent when you're saying we didn't even  
20 hit 100, we hit at 80, but yet we're wanting to increase  
21 that. Right? That's all we're wanting to see. It's by  
22 no means to micro-manage, it's to say, okay, you've got it  
23 under control, y'all are setting your numbers, but as a  
24 Board we know that there are metrics in place, we're not  
25 just getting pie from the sky, right, saying, we're going

1 to do this, it's going to happen, but there's nothing to  
2 measure it by. And so that's all we were asking at the  
3 beginning. So it sounded a little like no, we really  
4 don't have goals tied to it, that's what I first heard,  
5 and now we're saying we do and that's great.

6 MR. ROMERO: And I would take it a step further  
7 and just say probably get quarterly updates to make sure  
8 that are you guys having to redirect to make sure that  
9 you're going to achieve what you first proposed.

10 MS. CARDENAS: True. Because it's too late in  
11 the game to say we're not meeting goal, you know, third  
12 quarter in. You have to understand, okay, we're already  
13 off first quarter, you know, we need to regroup and  
14 re-strategize because it's very hard to play catch-up if  
15 you start first quarter behind, falling behind on whatever  
16 goals you set for yourself.

17 MR. JONES: I think you made them feel good  
18 when you said we're not trying to tell you and set it,  
19 because we used to.

20 (General laughter.)

21 MS. TAYLOR: I will say that, so for example,  
22 if you're looking at fundraising, those targets are set  
23 because we need to give it to Melinda and Nick for the  
24 budget, so those things are -- Homeownership has to feed  
25 that information in there so that does get developed and

1 that is in our giant Excel spreadsheet.

2 MS. CARDENAS: Yes, because it's all tied to  
3 budget.

4 MR. LONG: We just didn't reflect those exact  
5 numbers here.

6 MS. CARDENAS: No, no, and I'm sure you have a  
7 separate document.

8 MS. TAYLOR: I thought I was providing way  
9 more.

10 MR. JONES: You did.

11 MS. TAYLOR: I was very proud of myself,  
12 because I looked at what was done last year and the year  
13 before and it was really just like words in a power point.  
14 I basically took the exact strategies and tactics for  
15 each group.

16 MR. DIETZ: We're not approving this.

17 (General talking.)

18 MS. TAYLOR: You're not. You guys have not  
19 approved -- I didn't see evidence that that had been done  
20 approving the strategic plan that staff developed, but  
21 certainly we want -- I mean if you look at the very last,  
22 the end, the second to the last page, you know, tactic 2  
23 is to inform the Board of programs and operations, and we  
24 do that not only through our Board meetings but through  
25 some of the presentations that we make kind of ad hoc

1 about the different programs, or we're meeting with the  
2 individual Board member and they'll get more information  
3 on a certain project. We do that on a regular basis.  
4 Number one is to review the annual strategic plan with the  
5 Board.

6 MR. DIETZ: And I don't think we've ever  
7 actually looked at performance metrics for our strategic  
8 plan, what we've done is look at performance metrics as we  
9 reviewed the president --

10 MR. JONES: Right. We've never approved the  
11 strategic plan but we tried to understand it in terms of  
12 numbers. And while this is, like I said, extremely more  
13 detailed, the bottom line in the back of our heads is but  
14 where's the numbers.

15 MS. TAYLOR: And I would say you do also --  
16 Bob, I'm just wondering if you're thinking about the  
17 annual action plan, which is something that we put out,  
18 you guys will approve it.

19 MR. JONES: I'm talking about the strategic  
20 plan.

21 MS. TAYLOR: Okay. Because that does have  
22 numbers, the action plan has numbers that we put out of  
23 what we did the year before.

24 MR. JONES: I agree, but at some point the  
25 Board has to evaluate the staff's -- because we don't

1 approve the strategic plan, that's what staff sets out,  
2 but at some point you ask us to look at or you bring us up  
3 to date on how you've progressed along with the plan, you  
4 do that. All I'm saying is there's a ton of things, but  
5 you say they have the numbers so I guess that settles it,  
6 they just need to see it.

7 MS. COBOS: I would just like to add regarding  
8 bits and pieces of this conversation, it sounds like some  
9 of the process is followed here, but typically what I've  
10 seen in other organizations is the annual strategic plan  
11 for the organization is something that the staff comes up  
12 with and then the Board approves the annual strategic plan  
13 of where the organization is headed, and then periodically  
14 staff provides the Board with progress reports on where  
15 they're at on meeting the strategic plan based on  
16 performance metrics that are specific to each goal and  
17 there are more numbers tied to it and percentages, like  
18 Valerie was saying.

19 And I think this presentation is great. Maybe  
20 it wasn't intended to be tied to numbers, but maybe that's  
21 the process going forward just so that everybody can be  
22 fully informed of where we're at with meeting those goals  
23 with respect to the quarterly updates, providing a high  
24 level presentation like this but also tying some numbers  
25 in there to see where we're going, because ultimately, at

1 the end of the year we're going to get the whole picture  
2 of this is how we did for the year and it feeds into our  
3 budget decision-making.

4 So I'm not saying that's not how we're doing it  
5 right now, but I'm just describing it how I've seen it  
6 work in other organizations.

7 MS. TAYLOR: So like if you're thinking about  
8 state agencies, they have to submit that with their LAR.

9 MS. COBOS: Which sounds like that I'm talking  
10 about, referring to an organization.

11 MS. TAYLOR: Okay. So I think that in those  
12 cases I don't recall having had the Board approve, it's  
13 been always the presentation.

14 MR. LONG: Right.

15 MS. TAYLOR: Certainly the amount of detail  
16 that you want to see is something that we can debate and  
17 talk about and I'll hopefully get it better next time.  
18 And then also, in regards to how often you want an update,  
19 you know, we've done it once or twice a year, but if this  
20 Board needs more update, we can certainly do that as well.

21 MR. LONG: And again, I think in the past we  
22 had gone out with a strategic plan might be developed for  
23 a five-year period and then during that five-year period  
24 we would have once in that five-year window the Board  
25 would come in and give input and we'd kind of develop it

1 off of that one meeting and then we would go forward, and  
2 then annually, as Janie is doing today, we'd give you kind  
3 of a summary of the strategic plan, how we were  
4 progressing. I think we agree, and can certainly get  
5 behind the idea that it can be more numbers behind, that  
6 we can certainly figure out a better way to make the  
7 presentation to you.

8 MR. JONES: Not that anybody wants to micro-  
9 manage the staff.

10 MR. LONG: I don't think we're taking it that  
11 way.

12 MR. JONES: But going over the strategic plan  
13 could kind of amount to micro-managing the goals and all  
14 that, but we're just looking for something more  
15 measurable, which we've had in the past but not as  
16 detailed. This is really detailed.

17 MR. LONG: Well, we can certainly coordinate  
18 going forward. As Janie said, this was a presentation, it  
19 doesn't require a vote, it was just giving you an update.

20 Janie put a lot of time and effort into putting this  
21 presentation together and worked with staff to make sure  
22 that it was consistent with what she felt would be a good  
23 presentation to the Board. So as we've heard, we'll kind  
24 of structurally modify that going forward so that as we  
25 move into the next presentation you'll get a little more

1 of a broader scope look based upon what we've heard, or at  
2 least what you've asked for.

3 MS. TAYLOR: Absolutely, absolutely. And if  
4 you all have examples. I mean, I have to tell you, and  
5 some of the staff behind can tell you how many times I've  
6 had a conversation on how much I disliked the format of  
7 just the template. It's just so massive and some staff  
8 has gone an extra step and kind of developed their own  
9 working document to help them, you know, make sure they  
10 have all of their activities and tasks that they're going  
11 to do to move up into these strategies and tactics. And  
12 so it just becomes such an enormous document and it's hard  
13 to put your arms around it. And I've asked people do you  
14 have a better format, a template, you know, I'd like to  
15 see that. So I'm putting that back at you guys too, email  
16 me something if you've seen something that looks a little  
17 bit better. And this is not what it looks like, I'm  
18 talking about a giant Excel spreadsheet.

19 MR. ROMERO: It's just the information in the  
20 background. Executive summary is what we're looking for  
21 more like pie charts, where you are and where you're going  
22 to be. Simple stuff.

23 MS. COBOS: We don't want to see the  
24 spreadsheet. I mean, we could look at it.

25 MR. ROMERO: They've presented it once, I

1 remember, it was color-coded with red, green and yellow.

2 MS. COBOS: And I'm not even suggesting that  
3 the Board should approve the annual strategic plan, it's  
4 just something I've seen it work with other organizations,  
5 because obviously a consideration that if we wanted to do  
6 that, then we'd want to actually get involved in making  
7 that decision and maybe tweaking some kind of policy or  
8 guideline.

9 MR. LONG: We really appreciate the feedback.

10 MS. TAYLOR: Absolutely. Okay. Well, we'll  
11 work on something then for next month.

12 MS. CARDENAS: Unfortunately, I'm going through  
13 my strategic plan. It's horrible. I dislike this time of  
14 year.

15 MR. JONES: I definitely don't want to sit in  
16 all the staff meetings helping to develop it.

17 MS. CARDENAS: No.

18 MR. DIETZ: Big picture, do you have anything  
19 else? Do you want to go through some more items of the  
20 strategic plan?

21 MS. TAYLOR: So I think that, you know, the  
22 very last part, some of the last things that we've been  
23 working on just overall in the management of the  
24 organization, we've been working -- Finance started doing  
25 this a few years ago, but they make sure that the staff

1 knows on a monthly or quarterly basis how they're doing in  
2 the budget and how they're doing to meet those goals, and  
3 so Nick puts out a report. Also, one of the things we  
4 haven't always done a great job of is periodically going  
5 out to our key professional services that we have had for  
6 a long time is that we're trying to improve that, and  
7 we're also making sure that we -- in terms of staff, you  
8 know, we've grown quite a bit and one of the things that I  
9 implemented this year was to have each staff develop a  
10 training plan.

11 I wanted to know what they've trained,  
12 everything they've done before, if it's for certification  
13 or not, and have a professional development plan, what  
14 they need, what they plan to take so we can plan for a  
15 couple of years in.

16 And so that's some of the things new that we've  
17 implemented as we're growing just to make sure that we  
18 understand, you know, what staff needs and what we've  
19 developed them for and what we're preparing them for.

20 So those are some of the things that we've been  
21 working on. We've also tried to do a good job of we have  
22 a lot of teams that are working. One of the teams I can  
23 tell you that just got put together is a team to help  
24 manage the building that was purchased, so we have a team  
25 that's made up of different folks, accounting, and Dave

1 and his new staff person has a master's in architecture  
2 which will come in handy, I think. And so we make sure  
3 that when we're creating working groups that we have  
4 representation from the various teams that need to be  
5 involved.

6 So those are some of the things that we've done  
7 just in terms of the governance and management of the  
8 organization.

9 Any other questions?

10 (No response.)

11 MS. TAYLOR: This did not require any approval,  
12 so that concludes my presentation.

13 MR. DIETZ: Thank you very much.

14 Any other questions or comments?

15 (No response.)

16 MR. DIETZ: I do not believe there's any reason  
17 to go into a closed meeting today.

18 MR. LONG: That's correct.

19 MR. DIETZ: Is there any public comment or any  
20 other questions or any other business before the Board?

21 (No response.)

22 MR. DIETZ: Date of the next Board meeting?

23 MR. LONG: November 15.

24 MR. DIETZ: November 15. Great.

25 With that, it is 12:16 p.m., and we will

1 adjourn.

2 (Whereupon, at 12:16 p.m., the meeting was

3 adjourned.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T E

MEETING OF:       TSAHC Board  
LOCATION:            Austin, Texas  
DATE:               October 18, 2018

I do hereby certify that the foregoing pages,  
numbers 1 through 82, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
made by electronic recording by Nancy H. King before the  
Texas State Affordable Housing Corporation.

DATE:   October 24, 2018

\_\_\_\_\_  
(Transcriber)

On the Record Reporting &  
Transcription, Inc.  
7703 N. Lamar Blvd., Ste 515  
Austin, Texas 78752