

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Thursday,  
September 20, 2018  
10:30 a.m.

BOARD MEMBERS:

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

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P R O C E E D I N G S

MR. DIETZ: Well, it is 10:30 a.m., according to Apple, since I no longer have a clock to reference. I guess everybody got tired of me complaining about the difference between that clock and the Apple.

MR. ROMERO: We're on Apple time.

MR. DIETZ: Okay. Yeah, yeah. And the Texas State Affordable Housing Corporation Board meeting on September 20 is called to order. Go through roll call. William Dietz, I am here. Bob Jones?

MR. JONES: Present.

MR. DIETZ: Jerry Romero?

MR. ROMERO: Here.

MR. DIETZ: Lori Cobos?

MS. COBOS: Present.

MR. DIETZ: Valerie Cardenas?

MS. CARDENAS: Present.

MR. DIETZ: And we are all here, so we do have quorum. Is there any public comment before we begin the meeting?

(No response.)

MR. DIETZ: Hearing none, we'll go into the President's report. Mr. Long?

MR. LONG: Good morning, Chairman Dietz, Board

members. Program and financial reports are listed under Tab Items A through C of your Board Book. I would like to add that there are no exceptional items to read a reference in the program reports or the financial reports.

I would note that normally our financial report section does include an investment report, and we didn't receive that in time to include it, so I'd be happy to send that to you if you'd like it -- send it typically electronically.

We do have it. TSAHC's loan committee met yesterday, 19th of September. The committee did not review any new loans -- however, reviewed reports and existing loan portfolio, and discussed items related to the loan portfolio.

Normally, I would ask Valerie, but I'll ask Mr. Romero -- I'm just kidding again. Mr. Romero, did you have any comments to add to the meeting, because you were there, present on behalf of the Board?

MR. ROMERO: No. Again, we just reviewed a lot of what we already have on our books, and one of the things that we did discuss was, do we have enough financial ability to continue these programs and expand on these problems?

And hopefully -- I've asked and I've encouraged

staff to go out and look for other opportunities. We have one program right now that is getting ready to pay off in the next three or four months, that I recognize --

MR. LONG: Chicon.

MR. ROMERO: -- Chicon project --

MR. LONG: Uh-huh.

MR. ROMERO: -- a \$2 million project that has been out there for less than two years. Is that correct?

MALE VOICE: Correct.

MR. ROMERO: But the way that the program is designed for affordable housing, commercial, mixed-use property, it's a perfect type of project that we could use, not only in the downtown area, but around the surrounding state.

So hopefully, we can come up with some kind of a program that we can look for those type of projects.

MR. LONG: Right, right, right. Homeownership Program update. The Homeownership team conducted -- continues to conduct their Overcoming Down Payment Hurdle classes and a webinar class. Since the last Board meeting, they conducted another one of those classes, and had the opportunity to work with over 160 realtors in the training process.

Staff also managed a booth at the 2018 Texas

Realtors Annual Conference held in San Antonio, and had the opportunity to speak with over 400 realtors about our Homeownership Programs. Staff conducted a joint webinar training with our master servicer Lakeview Loan Servicing on TSAHC's Homeownership Programs, including our new conventional, second-lien, down payment assistance program, and that included 360 loan officers from our participating lender organizations.

Staff will be attending the Greater El Paso Association of Realtors Rally in October. So Mr. Romero, if you're interested? Under marketing and business development, the Corporation -- I think last month, I reported to the Board that we'd be -- had been working through a consultant, working on a Capital Magnet Fund application.

I'm happy to say, and like to greatly thank staff and everybody that was participating in that, but David and Katie did a lion's share of the work on that, and it was a long, drawn-out, very detailed application, and they did a lot of work, and I want to congratulate and thank them for their effort.

But we were able to submit an application to the Capital Magnet Fund on Monday the 17th. The Capital Magnet Fund, just for a reminder, is a grant program

administered by the Community Development Financial Institutions, or CDFI Fund, to support programs that finance and develop affordable housing.

TSAHC requested \$5.25 million to support additional financing for rental housing provided as part of our housing -- Texas Housing Impact Fund, and the CDFI Fund will review those applications and will announce awards in early 2019.

TSAHC hosted the fifth and final session of the Rural Housing -- Rural Rental Housing Preservation Academy here at our offices on September 11 and 12. I'd like to thank Michael Wilt for his participation in that and also for hosting the event on behalf of TSAHC here at our offices.

The Compliance Program team has, over the years, been marketing their capacity to provide third party multifamily property compliance file reviews. It's something they have great capacity to do and they're very good at what they do on that.

While we've not really had a lot of success, most recently we were able to contract with the property owner to conduct compliance file reviews. The Compliance staff also are in discussions with another property owner-developer to provide the same compliance file reviews and

hopefully we'll get that business as well, and that just continues to expand and grow, not only the Corporation's outreach, but also our revenue stream.

So we're very happy for that and we're excited to have a contract in place and hope to grow that over the next several years. Conferences and presentations -- David, Joniel and Michael attended the Texas Association of Local Finance Agencies, or TALFA, Conference that was held earlier this month in Bastrop.

I do have the privilege today to introduce you all to a new staff member we hired. Cassandra Ramirez is our newest staff member. Cassandra, are you here somewhere? There she is. Bill got to meet her earlier.

The joke on that is, we were standing in the closet and she walked in, so --

MR. DIETZ: We met in the supply closet.

MR. LONG: Supply closet. Talking. That came out weird, didn't it? I'm sorry.

We were standing in the supply closet having a quick discussion before the Board meeting. Scratch that from the minutes.

FEMALE VOICE: It will be in the detailed transcript.

MR. LONG: It will be in the -- it will be --

yeah, okay. We'll make sure -- we're going to scratch that portion.

MR. JONES: David, you have said supply area.

MR. LONG: Supply area, there you go. Okay. All right. Well, back to something more important. Cassandra will be working with Dave Danenfelzer in the Development Finance team.

Quick background on Cassandra -- she previously worked at the Guadalupe Neighborhood Development Corporation, which is an affordable housing nonprofit serving central east Austin. Cassandra is -- will be instrumental -- well, she was instrumental in developing their community land trust and was the project and facilities director for the Guadalupe-Saldaña Net Zero Subdivision, which is an 11-acre subdivision that includes energy-efficient single-family homes, rental duplexes, and a 35-unit supportive housing campus, including an accredited child development center for single mothers and their families.

Cassandra also previously worked with a Diana McIver & Associates team, which is a multifamily development organization here, and she is a graduate of Cornell University with a degree in urban and regional planning, and has a master's degree of architecture from

The University of Texas at Austin.

So welcome, Cassandra. We're very excited to have her on board and look for great things from her. I would like to -- yeah, let's do that.

(Applause.)

MR. LONG: I always like to introduce our professionals in the audience. Karen Kennard with Greenberg Traurig serving as general counsel this year. And I know that Claire Merritt is in the back there. She's with Hilltop Securities, and they serve as our municipal adviser.

Right? There she is. All right. If I missed somebody, I apologize.

MR. ROMERO: Bob Dransfield.

MR. LONG: Oh, yeah, I'm sorry. And Bob Dransfield, our general -- our bond counsel for all of our bond transactions. And the last thing I always like to make note of is that our next Board meeting is currently scheduled for October 18.

That is the third Thursday of the month, because the first -- the second one fell so early, we pushed it back. So for the record, it's currently scheduled for October 18. And with that, Mr. Chairman, I'll conclude my remarks, unless there's any questions.

MR. DIETZ: Any questions or comments from the Board? Well, let's move into the action items for our open meeting. The first is Tab 1, which is the "Presentation, Discussion and Possible Approval of the Minutes of the Board Meeting held on August 16, 2018."

MS. COBOS: Yes. So I just have some clarification questions. We have a detailed transcript of our discussion last meeting, and really, what I wanted to do is to provide David with some clarification language on some of the important items on there, just for purposes of -- you know, some of these items are very important for the Corporation, and I just wanted to make sure they're transparent and clearly stated.

So basically, just highlighting that Jerry and I serve on the audit committee, and we had evaluated the operating budget. I don't think that's real clear there, and that I had had questions regarding the budget line items, including the variances between the budget and actual amounts between 2018 and 2019.

I just want to be real clear on that, because oftentimes, you know, if folks want to kind of go and look back at items, these are kind of the bigger-ticket items that I think it's very important to be clear on. And then in addition, on the general counsel RFP, just include the

deadlines in the minutes for their response in selection time line.

I think it's important. That way, folks can go back and see it kind of delineated out there. So really just -- oh, and then one more on Tab 5 regarding the discussion with Mr. Danenfelzer. And I just want to add a sentence in there about, you know -- basically that I had just, you know, asked about our outreach efforts in developer interests in the rural communities in west Texas.

That's important to me. I know TSAHC has a statewide focus on affordable housing, but one of the reasons that I was asked to serve on this Board was because of my background in rural communities, and I want to make sure I get that in the record when I can --

MR. DIETZ: Okay.

MS. COBOS: -- by my efforts.

MR. DIETZ: So it sounds like -- do I understand correctly -- we have three recommended modifications to the minutes?

MS. COBOS: Three. Yes, three. So Tab Item 2, with respect to the operating budget, clarification language there. Tab Item 3, clarification or addition of the deadlines with respect to the general counsel RFP, and

then Tab 5, an additional sentence regarding my questions about outreach efforts and developer interest in rural communities in west Texas.

That's it. And I mean, it's all delineated out in the transcript. I just kind of want to add a little bit more teeth in the minutes.

MR. DIETZ: Yeah. So probably what we need to do -- correct me if I'm wrong, counsel -- just if you can give us the exact language that you would like inserted in those three places, and that way, we can approve the minutes with those modifications. Is that --

MS. COBOS: Sure. That's fine.

MR. DIETZ: That would be great.

MS. COBOS: So basically -- let's see here. If I can read my own writing, because I did kind of -- David, do you have something that you can read out?

MR. LONG: I did. Under Tab Item 2, she would like it to read, the first sentence, "Ms. Smith provided the Board with an overview of the fiscal year 2019 operating budget. Mr. Romero noted that he and Ms. Cobos" -- and you wanted to add in there -- "who serve on the Corporation's audit committee" -- so that there was clarification as to why they were asking questions --

MR. DIETZ: Yes.

MR. LONG: -- and why it was noted in the minutes that they specifically had questions. And then also further down under -- "Ms. Cobos noted that" -- "the audit committee had evaluated the operating budget, and that she had asked for more information on each of the line items, including variances between budget and actual for 2018 and 2019."

So just some clarification on that for her specificity --

MR. DIETZ: Great.

MR. LONG: -- related to what she was asking. Under Tab 3, next-to-last sentence -- "Mr. Long asked the Board's approval to release the RFP with the timelines for responses and selection outlined in the RFP" -- and what she would like to do is change that "time line for responses and selection outlined in the RFP" -- specifically, deadline being September -- last Friday -- September -- I can't remember the exact date now, but whatever the last Friday was, which was stated in the RFP.

And then lastly, on Tab 5 -- very -- at the bottom of the page, the last sentence reads, "Mr. Danenfelzer spoke further about outreach efforts being conducted for developers in rural areas. Ms. Cobos asked about outreach efforts and developer interest in rural

communities in west Texas."

MR. DIETZ: Great.

MR. DIETZ: It's clarifying the question that you asked. Correct?

MS. COBOS: Yes, and I also asked that David make any -- you know, if we were -- the Board was good with David making any changes to grammatical errors as such, as he goes back to add those sentences, so I didn't spend a lot of time looking at it.

MR. DIETZ: Sure.

MS. COBOS: I just wanted --

MR. DIETZ: Great. Great. So thanks for --

MR. LONG: So those were the three changes that she referenced earlier --

MR. DIETZ: -- yeah, thanks for --

MR. LONG: -- and I have that verbiage written down.

MR. DIETZ: -- it sounds like you've got -- well, all the verbiage. Are there any questions about those modifications from the Board? Is everybody clear on this? Great. So I think it would be appropriate for someone to make a motion that we accept the minutes with those modifications.

MR. ROMERO: I'll make a motion to accept the

minutes with the modifications.

MS. CARDENAS: Second.

MR. DIETZ: Okay. It's been moved and seconded that we accept the minutes of last month's Board meeting with the modifications proposed by Ms. Cobos. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The motion passes. The minutes from August 16, 2018 with the modifications are approved. Tab Item 2, the "Presentation, Discussion and Possible Approval of a Resolution Regarding Conversion of Reservation for Allocation of Private Activity Bonds to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto."

MS. CRIM: Yes. Good morning, Mr. Chairman and Board members. I'm Joniel Crim, the director of the Homeownership Programs. In addition to our annual allocation, the Board approved two resolutions at the June 14 Board meeting authorizing the Corporation to apply for additional 2018 volume cap of qualified mortgage

revenue bonds.

One application was for 225 million, to be submitted to the Bond Review Board after August 6 and before August 15, 2018. The Bond Review Board accepts applications on a first-come, first-served basis, so in preparing for an unknown outcome with that \$225 million applications, the second resolution was approved for an amount up to 925 million, with that application to be submitted after August 14.

Both resolutions included approval to convert the bond allocation to mortgage credit certificates. A certificate of reservation was issued by the Bond Review Board in the amount of 225 million on August 7, and 700 million on August 22, totaling 925 million.

So in order to ensure that our eligible homebuyers continue to have access to our MCC Programs, we are asking you to approve the resolution under Tab 2 that will authorize us to convert the amended amount of 700 million of private activity bonds to MCCs.

Please let me know if you have any questions, and I ask your approval of this resolution.

MR. DIETZ: We approved this, really, once before, but just not with the exact amount?

MS. CRIM: Correct, correct. We had approved

it at 925 million --

MR. DIETZ: Right.

MS. CRIM: -- but because we received the 225 in the first class that we had hoped for, we're now amending that to 700.

MR. DIETZ: Right.

MS. CARDENAS: Can you just, just for educational purposes --

MS. CRIM: Sure.

MS. CARDENAS: -- explain how the mortgage credit certificate would impact, right -- obviously in a positive manner to the homeowner --

MS. CRIM: Sure.

MS. CARDENAS: -- how it would benefit them?

MS. CRIM: So an MCC and how that benefits the homebuyer is, the homebuyer has the opportunity to receive an income tax credit of up to \$2,000 a year every year for the life of the loan, as long as they're living there, so by reducing their income taxes, you in turn increase their net income by up to \$167 a month.

MS. CARDENAS: Thank you.

MS. CRIM: Uh-huh.

MR. ROMERO: And Joniel, is this dollar for dollar, true dollar for dollar?

MS. CRIM: Correct. Yes. So a difference between a tax deduction versus a tax credit is a tax credit actually reduces that bill, dollar for dollar. So if their income tax bill were to be \$10,000 a year, they now only have to pay \$8,000 a year.

And that is an up-to amount, meaning not everyone qualifies for the full \$2,000. It's based on the amount of mortgage interest they paid that year.

MR. ROMERO: It's also based on them having an actual tax liability.

MS. CRIM: Correct. So if they don't have a tax liability, the MCC would not be a benefit to them. So someone on Social Security would not benefit from an MCC.

MR. DIETZ: Right. Any other questions? Very great questions. Is there a motion?

MR. ROMERO: I make a motion to approve the resolution to convert private activity bonds to the mortgage credit certificates.

MS. CARDENAS: Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve Tab Item 2, which is the approval of a resolution regarding conversion of reservation for private -- allocation of private activity bonds to mortgage credit certificates and containing other matters

incident and related thereto. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The motion passes.

MS. CRIM: Great. Thank you.

MR. DIETZ: Thank you very much. Tab Item 3, which is the "Presentation, Discussion and Possible Approval of a Resolution Regarding the submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with proceeds of future debt for the Hamilton Valley, Texas Portfolio."

MR. DANENFELZER: Good morning. David Danenfelzer, senior director of Development Finance. Before you is a full write-up, as well as the resolution and some other support materials.

This is an inducement resolution, and to clarify -- the inducement resolution is really our first

chance to come to the Board, present an application that is requesting bond financing from the Corporation, and your approval of the resolution today will allow the staff as well as our professionals, our bond counsel and others, to begin working with the developer and their finance team on developing all the necessary documents to support the bond issue in the future.

So this is not approval of the transaction at this time. We'll actually come back and this is one of those rare meetings where I have one of each on the agenda, so it's really nice, because this is perfectly organized, and this is the first step.

The next agenda item will talk about another transaction where it's the final step. But we will bring this transaction back to you in the future and get your final approval on issuance of the bonds. So what we do know now about the transaction, though, so far, is that Hamilton Valley Management, the developer, will be taking 25 properties that are currently in their portfolio and refinancing all of these properties, bringing in new funding to do capital expenditures or improvements and rehab to the properties, change up their existing financing to also stretch out the life and affordability on these properties, and it's, you know, by no small

feat -- this is 25 properties well spread out across the state of Texas.

There's 957 total units with total development costs of about 77.3 million. The bond request right now is at 39 million. This is a maximum amount request. As we go through this process, the developer, along with all the reviewing agencies, will sort of refine the request, bring that down probably a little bit.

But with bonds, we do need to request a maximum amount initially, because once we do this inducement, we can't ask for more without reissuing a new inducement. So what we're doing is -- we've got a little bit of cushion here.

You'll see that there's some bond totals for each of the projects, and those do include some cushion in there, where we got the 39 million. Likely, when we bring this back, the amount of total bonds needed will be just a little bit under 39 million, and there'll be some cushion there.

All the financing sources including new tax credits, new USDA guaranteed loans, as well as loan assumptions, will round out all the sources. I'm going to actually allow Dennis Hoover, who is sitting next to me, who's the principal at Hamilton Valley Management, to

provide any questions or background that you guys would like to ask him, and Dennis, if you'll introduce yourself?

MR. HOOVER: My name is Dennis Hoover. I'm president of Hamilton Valley Management and we, through the years, have developed primarily USDA 515s, which are multifamily properties out in the rural parts of the state, and you know, provide housing to probably the -- some of the lowest of the low income and the hardest-to-reach areas of the state, as compared to other vehicles.

And we're a family business. My dad started this and built his first deal there in our hometown of Burnet in 1972, and has been doing somewhat ever since. And so this is trying to get some rehab funds for all those properties.

And I can go on forever if you want me to.

MR. DANENFELZER: So yeah. Just basically turn it back over the Board. Are there any questions for Dennis or myself about the project and its unique aspects?

MR. JONES: I do. I have one.

MR. DANENFELZER: Yeah?

MR. JONES: Under market conditions, since staff has begun the process of underwriting, but a full and accurate underwriting cannot take place until USDA and the developer finalize the scope of work for each property

in the portfolio --

MR. DANENFELZER: Right.

MR. JONES: -- this is approved prior to completing it?

MR. DANENFELZER: Correct.

MR. JONES: So is there any kind of -- it's an if-then? Is this part of an if-then situation? If anything glitches in there, what happens?

MR. DANENFELZER: Correct. So -- right. And you know, again, this is the first time we get you guys to get involved, but what we will do over the next several months, and frankly, this one -- this transaction, we do anticipate taking much longer than most, predominantly because of its size, and what those notes mean is that all of these transactions are also being presented to USDA's Rural Development team.

They will also underwrite and they will probably a little bit more thoroughly than we require -- USDA actually does have a lot of physical improvement standards and construction standards that they'll enforce, and we're not going -- we're going to do a good amount of the underwriting now, but we're going to have to kind of wait until USDA comes back and says exactly what needs to be done to each of these properties.

So typically, I would have a pretty good idea of what was going to be done to a property, how much was going to be spent, and they have a lot of good research already, the developer, Hamilton Valley, and their consultants, but traditionally, USDA will come back with a lot more comments than most other funders would.

So we're going to start our underwriting process, but we won't really finalize it until USDA comes back with their reports and says, this is exactly what we expect for replacement reserves, for repairs and rehab to each of the properties.

And at that time, we'll then do a real full underwriting. And we won't bring this back to you if USDA doesn't approve it. We'll notify you that the transaction's likely been cancelled. All of it will be contingent on both the USDA guaranteed loan as well as the loan assumptions being approved before we even apply for tax credits and we bring this back for bond -- and the final bond resolution.

MR. JONES: Henceforth as inducement?

MR. DANENFELZER: Correct.

MR. JONES: Okay.

MR. DANENFELZER: Exactly.

MR. JONES: Got it.

MR. DANENFELZER: So --

MR. DIETZ: And you said the actual properties are spread kind of throughout the state?

MR. DANENFELZER: Yeah. There's a map in the Board write-up which gives you a good idea. I --

MR. JONES: Ninety-one properties in 65 cities.

MR. DANENFELZER: Yeah. That's what Hamilton Valley currently owns and manages. I had to laugh when I first talked to the consultant about it, because you know, we were talking about some of the properties, and they had told me, well, there is a property near Hobbs.

I said, well --

MR. ROMERO: New Mexico.

MR. DANENFELZER: -- isn't Hobbs in New Mexico? And I said, you know we can only do deals in Texas. And like, oh, yeah, it's just across the border. But -- so that kind of shows these properties range all the way from north Texas down to the Valley, all the way to the Houston market and anywhere in between, and they are all qualified USDA rural development properties.

So many of these cities have not changed or in some cases many of them have shrunk since these properties were actually originally built, but they really do serve a critical need within the communities, particularly the

senior units, where there really is no other choice for rental housing for seniors in these communities.

And Hamilton Valley, I've known them for all of my career and know that they provide excellent services to all of their tenants, regardless of the community that --

MR. DIETZ: Have we worked with Hamilton Valley before or --

MR. DANENFELZER: We've never induced any bonds with Hamilton Valley, but we -- but I -- you know, as far as direct involvement in a project, no, the Corporation has not directly worked with them. However, they've been critical in the development of our Rural Rental Housing Academy that we just wrapped up last month.

Dennis and his staff and team have come to pretty much every one of those trainings. His role as a board member in past -- are you current president or past president?

MR. HOOVER: Past.

MR. DANENFELZER: Past president of the Rural Rental --

MR. HOOVER: Long past.

MR. DANENFELZER: -- yeah -- Rural Rental Housing Association has been really helpful to that relationship, and I personally in previous employment have

funded projects that Hamilton Valley has done, when I was at the Department of Housing.

So I am very familiar with their track record.

MS. CARDENAS: So I read somewhere that 96 percent of your properties, right, serve -- or are affordable. So is it just those -- not 96 properties -- 96 percent of the properties, right, owned by or managed by Hamilton qualify as affordable, so would the other 4 percent not be included in this bid, or --

MR. DANENFELZER: Well, we're -- this is actually just a subsection of all the properties they have. For the purposes of this -- well, I would thank them for not submitting all 91 of their properties to do.

But this -- based on their assessment as well as their consultant, this was a good, unique group of properties to try to bring through the process at this time.

The hopes -- I will say the hope is, from what I understand, we will hopefully bring back in another year or two another group of properties to do a similar transaction to upgrade and rehab those properties. This is a large ask or a large transaction, but at the same time, it's large in the sense that it's 25 properties, but you know, we've done transactions like this before, not as many properties, but as many units, and so the pool

transactions can work.

It's just never been done with essentially --

MS. CARDENAS: But the ask is only, obviously,  
on --

MR. DANENFELZER: Right.

MS. CARDENAS: -- the affordable ones. Right?

MR. DANENFELZER: Yeah. I mean -- yeah,  
exactly.

MS. CARDENAS: That was my question.

MR. DANENFELZER: Yeah. This particular ask is  
only for affordable units.

MS. CARDENAS: Okay.

MR. HOOVER: There's -- if I can -- if I may?  
There's a bunch of those USDA 515s across the state, and  
you know, the primary vehicle heretofore has been the  
90 percent tax credits, but there is very few of those to  
go around, you know, and there's -- I think the need  
exceeds the amount there by about 10 times, and so you  
know, we generally every year will go get tax --  
90 percent tax credits on one or two deals, and you know,  
we need to do -- I think we started out with a group of 50  
on this one, and whittled it down to 27 -- actually, 25,  
when a couple of them are combined --

MR. DANENFELZER: Right.

MR. HOOVER: -- and I don't know that we would bring any more, because not all of our properties will fit in this type of financing. Primarily, the ones that have a lot of rental -- these have a lot of rental assistance in it, you know, which is good, because that reaches down to the 30 percent income, the extremely low income.

Most of them are seniors. Most of them are in the Rio Grande Valley. They're scattered out across the state, but hopefully there will be -- hopefully will be a model for other folks to come along and do the same thing in the future, although you know, you've got to have quite a few -- it doesn't have to be this big, but it needs to probably be a big bunch of properties in order to spread all of the transaction costs out -- is one of the reasons that nobody has done it before.

But groups are doing it all across the United States -- not all across, but you know, the Graystone folks, who is our consultant, have been at it for quite a long time. I've been talking to them for five years before we decided to do this, you know, trying to -- will this deal work?

You know, so they finally got me there.

MR. ROMERO: Just a quick follow-up to the actual question. So 96 percent of the units under

management are affordable. Are the other 4 percent market rate?

MR. DANENFELZER: Yeah. Dennis?

MR. HOOVER: They are and --

MR. ROMERO: Okay.

MR. HOOVER: -- we've got a couple of properties, I guess, that are market rate, but they're not included in this --

MR. ROMERO: Okay.

MR. HOOVER: -- bond portfolio.

MR. DANENFELZER: Right.

MR. ROMERO: Okay.

MR. HOOVER: We own about 80 of them, and manage 10 or 12 for other owners, and -- but this is just 25 -- or 27, actually, of just the USDA 515s that are -- they're all low income, very low income, extremely low income.

MR. ROMERO: Okay.

MR. DIETZ: So Hamilton Valley doesn't refer to a geographic area?

MR. HOOVER: No.

MR. DIETZ: It's --

MR. HOOVER: It's just -- it's the old town -- it's the old name for Burnet --

MR. DIETZ: Okay.

MR. HOOVER: -- and that's just, you know --

MR. DIETZ: That's interesting.

MS. COBOS: And did you mention that -- oh, I'm  
sorry.

MR. DIETZ: No. Go ahead.

MS. COBOS: Did you mention you work with a  
consultant to identify these units, and I guess --

MR. HOOVER: Well --

MS. COBOS: -- or areas?

MR. HOOVER: -- you know, to get all the  
paperwork done through the underwriting, the third party  
reports -- the USDA is probably the bigger part of it.  
They really underwrite financially the thing, and you  
know, they look at the plan.

They approve the plans. They approve the scope  
of work, et cetera. So that, plus the bonds. We had  
never done bonds before. I mean, I had kind of tried to  
notice, but I didn't have much experience in it. Going to  
get the tax credits, the -- going to get the 538 USDA  
guaranteed financing -- that's a huge bunch of work.

You know, if you've got a great, big staff,  
maybe, but we didn't, and we'd never done bonds before,  
and this Graystone group had been doing it with other USDA

developers across the United States now for five or 10 years, and we sat back there in the bushes and watched for a long, long time, and finally decided that -- it got -- they knew what they were doing.

MR. DIETZ: Any other questions, comments?

MR. JONES: Has a motion been made yet?

MR. DIETZ: There has not.

MR. JONES: I move to approve -- I'll make a motion that we approve, as presented.

MR. ROMERO: Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution regarding the submission of one or more applications for allocation of private activity bonds, notices of intention to issue bonds and State bond applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with proceeds of future debt for the Hamilton Valley, Texas portfolio. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The motion passes.

MR. HOOVER: Thank you.

MR. DANENFELZER: Thank you, guys.

MR. HOOVER: Yeah.

MR. DIETZ: On to Tab Item 4, which I believe is also Mr. Danenfelzer's, the "Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Note (the Walnut Creek Apartments) Series 2018, a Funding Loan Agreement, a Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Note; and other provisions in connection therewith."

MR. DANENFELZER: Thank you. David Danenfelzer, senior director of Development Finance. As I noted in the previous presentation, this was a nice bookend. This is a transaction that the Board looked at early in the summer, late spring.

We induced at that time, and we've been working with the development team and their finance team since then to develop all of the necessary bond documents to underwrite this transaction and walk through all of the regulatory hurdles.

At this point, the summary of the transaction, which is also in front of you, I'll note, is -- it's a 98-unit apartment complex here in Austin, Texas. All but one of the units receives Section 8 housing assistance. That one unit is an on-site staff unit.

It can be either used for maintenance or leasing staff. The total amount of the bonds is approximately 15 million, and we won't lock in that exact number, again, until we get to pricing, which will be -- happen about five days before the actual closing date.

At that time, we'll lock the interest rate, the total amount of the bonds, and a number of other figures at that time, and then be ready to close. So the staff will continue to monitor this transaction to make sure it rides within, sort of, our buffer zone of feasibility requirements and other standards.

The project does meet our preservation of affordable housing. It is an existing Section 8 contract property, and it will maintain that status for the next 15 to 20 years. They did -- they have received a commitment from HUD to extend the contract for another 20 years.

While the bonds will last 35 years, or the affordability period and bond period will be 35 years, it is possible they'll look at a refinancing in 15 to

20 years, and then we may get another chance to look at this, or my replacement at that time, hopefully.

FEMALE VOICE: You're not that old.

MR. DANENFELZER: Well, maybe I can retire early. Anyway, I do have the development team member here. Sarah André with Structure --

MS. ANDRÉ: Development.

MR. DANENFELZER: -- Development. And she is the consultant for the transaction. The developer, Levy Affiliates [sic], is based out of California.

They didn't have a staff person that was able to come to this transaction today, but Sarah has been, from the very beginning, looking and working on all the documents, paperwork and walking this through the transaction hurdles that we have, and so she's really the best person to answer your questions, and I'll turn it over to y'all for any questions that she may have -- or you may have for Sarah.

MR. JONES: Well, knowing the growth of Austin, I can see why the City Council gave you a resolution to keep something here affordable.

MS. ANDRÉ: Yes, sir. Once again, just for the record, my name is Sarah André. I'm with Structure Development, and I represent Levy Affiliated, which is the

developer for this project. You brought up the one point I was hoping to make today, which is, if you follow Austin growth and affordable housing in Austin, you will note that this is on Springdale Road.

It is an area that is rapidly gentrifying, and we are really in danger in Austin of displacing people, like those that live at Walnut Creek right now, and so it is my hope that by refinancing this transaction and committing to affordability for the next 30 years, that we are going to be able to maintain working-class families in this part of the city.

MR. JONES: Yeah. If you want to see how bad it can get, look at San Francisco. Most of the homeless lived in apartments and stuff in that area, but they just got gentrified. They can't afford it. So I can see why the City Council backed this.

MR. DIETZ: So the intent in the refinance is really just to extend the length, rather than an interest rate differential of --

MS. ANDRÉ: Well, there are a number of things. So it's owned by one owner right now, who is liquidating his portfolio or much of his portfolio. You know, he's been in these transactions for 20, 30 -- there are various transactions around the state.

And so he is disposing of his properties, and you know, he has options. He can let them fall out of affordability or he can sell them to someone who wants to refinance them with these same restrictions --

MR. DIETZ: Got you.

MS. ANDRÉ: -- and that's what he's doing in this case. So the new owner's goal is to renovate the property, bring it up to current standards. We'll be adding some additional accessible units as well, and that's a requirement, once again, through the City of Austin, and then it will be held in their portfolio for the affordability period.

MR. DIETZ: Okay.

MS. CARDENAS: So I was confused -- oh, I'm sorry -- how this is a refinance versus a purchase or acquisition to a new owner?

MR. DANENFELZER: Well, it's actually -- it is a -- it's an acquisition and rehabilitation. It's not a refinance, but we are -- I may have --

MS. CARDENAS: Only because I kept hearing the term, refinance.

MS. ANDRÉ: I probably misspoke and --

MS. CARDENAS: Okay.

MS. ANDRÉ: -- excuse me. I've had a lot going

on, so I'm not on the top of my game --

MS. CARDENAS: Okay.

MS. ANDRÉ: -- but yeah, I probably called it a refinance.

MS. CARDENAS: Okay.

MS. ANDRÉ: It's not for the same owner.

MS. CARDENAS: Okay.

MS. ANDRÉ: It's a new transaction for this owner --

MR. DANENFELZER: Right.

MS. ANDRÉ: -- but it's sort of a re-up --

MR. DANENFELZER: Yeah.

MS. ANDRÉ: -- if you will, of the affordability.

MR. DANENFELZER: One thing that is continuing like a refinance is that the property currently has a Section 8 housing contract, housing assistance contract, which provides -- pays the differential between what HUD determines is a market rent and what the individual household can afford.

HUD has renewed that contract for this property with the new property owner coming in, so it acts somewhat like that. The great news is that regardless -- HUD has increased the rents, which is great. For the owner-

operator, it allows them to operate it at more consistent rent rates.

But the tenants will continue to only pay 30 percent of their annual income. Regardless of whether their income goes up or down, they pay 30 percent, but the owner will receive the differential between the market rate and that -- what that individual pays on a monthly basis.

So that kind of -- to us tells that this has got, kind of, sort of, guaranteed feasibility.

MR. JONES: The difference between the market rate or the HUD-approved rate?

MR. DANENFELZER: Well, it is -- HUD calls it, the fair market rate --

MR. JONES: Okay.

MR. DANENFELZER: -- so unfortunately, it's easy to just kind of cut that "fair" off once in a while, when you're talking. But it is FMR, or fair market rate is what HUD calls it. So we tend to try to truncate it and say market rate, but it really is not market. It's HUD's --

MS. ANDRÉ: And those are published by HUD each year --

MR. DANENFELZER: Right.

MS. ANDRÉ: -- the standard, and they can go up or down. In Austin, they've typically gone up.

MR. JONES: Uh-huh.

MR. DANENFELZER: Right.

MS. CARDENAS: But I think what you were trying to clarify is that is this something determined by HUD versus just an independent, right --

MR. DANENFELZER: Correct.

MS. CARDENAS: -- appraiser --

MR. JONES: Right. Exactly.

MS. CARDENAS: -- giving market -- fair market value or --

MR. DANENFELZER: Exactly. Yeah.

MS. CARDENAS: -- fair market rate.

MR. DANENFELZER: No. HUD sets that and they do a lot of market research. They look at incomes in the area as well as actual market rents. In a market like Austin, I would say the fair market rate is probably trailing a little behind what the actual market rate is, but it is -- as Sarah noted, it does go up and down.

HUD does a lot of research, that whole team that researches every market, major market in the United States.

MR. DIETZ: So we've seen this for inducement.

Pretty easily --

MR. DANENFELZER: We've seen this for inducement, and so today, what we're asking is, for your final approval. We have all the bond documents ready. Mr. Dietz, in particular, will have a lot of signatures if you approve this.

Mr. Dransfield is in the back of the room with all of the paperwork. But yes, we are ready to close. We anticipate closing around October 15 or the week of October 15. And the last two little approvals after you guys sign off on it today, the Bond Review Board, Texas Bond Review Board will have to review and approve it, as well as the Attorney General's Office.

But by giving your authority today, we'll submit all of the transcripts and documents for this to the AG's office tomorrow, and then move forward with that process.

MS. CARDENAS: So this transaction can happen prior to the new owner acquiring it or --

MR. DANENFELZER: Well, what will happen is when we actually -- what I call closing on the bonds is when the new owner will purchase the property --

MS. CARDENAS: Okay.

MR. DANENFELZER: -- and then all the funds

that come through the bond will actually come to the closing table. There will be a regular title closing. The one difference is we'll have large tables full of paper to make sure we meet all the federal requirements for the bonds.

MS. CARDENAS: So a simultaneous close --

MR. DANENFELZER: It will all --

MS. CARDENAS: -- is basically --

MR. DANENFELZER: -- be simultaneous.

MS. CARDENAS: Okay.

MR. DANENFELZER: We'll close on the bonds as well as the real estate at the same time. Everything will be recorded, and our bond counsel does an excellent job of managing all that for us, and so that's how it works. Yeah.

MS. CARDENAS: Okay.

MR. JONES: I'll make the motion to approve, as it's listed in Tab 4.

MR. DIETZ: Is there a second?

MS. CARDENAS: Second.

MR. DIETZ: Okay. It's been moved and seconded to approve the resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Note for the Walnut Creek Apartments,

Series 2018, a Funding Loan Agreement, a Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Note; and other provisions in connections therewith. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The motion is approved.

MR. DANENFELZER: Thank you very much.

MR. DIETZ: Okay. Tab Item 5, which is the "Presentation, Discussion and Possible Approval of the 2018 Texas Foundations Fund Nonprofit Partners."

MR. WILT: Good morning, Chairman Dietz, Board members. I'm Michael Wilt, external relations manager. I'm here to present Tab Item 5, which asks you to consider and possibly approve the 2018 Texas Foundations Fund Nonprofit Partners.

The 2018 round of Texas Foundations Fund is structured just like our last round in 2016, in that we

match public and private funds raised by selected partners. Partners are selected for a two-year term with matching grant funds available each year.

To qualify as a partner, applicants had to meet certain threshold requirements, which are outlined on page 1 of the write-up included in your Board packet. The 2018 application opened in April and we accepted applications until Friday, June 1.

We received 24 applications. We did a thorough review to make sure that organizations met the threshold requirements, and we determined that all 24 of our applicants did in fact meet those requirements to be a partner.

We've included a brief description of each of the partners in your Board packet so you can see what program they run that the grant will support, the funding priority to be served with the grant, and the counties that they serve.

You can also see the new partners that we're working with this go-round, denoted by an asterisk. Fourteen of the partners offer critical home repair, and 10 of them offer supportive services. The total funding available in our approved budget is \$348,000.

That equals \$14,500 per partner for this year.

If approved, the next steps are to execute an agreement with each partner. They have six months to access their matching grants. Any funds not accessed during that initial six-month period are combined into a statewide pool and offered up to the partners that have used all their funding.

A partner has to use 100 percent of its matching grant and submit a brief summary documenting the use of that grant by the end of the first year, before accessing funds for next year. With that, I'll take any questions.

MR. ROMERO: So Michael, all those that have asterisks are brand-new to the program. The other ones are in their second year of funding?

MR. WILT: The -- well, their -- now would be their third year. They've completed a two-year grant period, the existing ones.

MR. ROMERO: Okay.

MR. WILT: The new ones with the asterisks are new to this matching grant structure. Some of them have applied in the past to Texas Foundations Fund, when we had the competitive process.

MR. ROMERO: Okay.

MR. JONES: When you say, average out to

14,000 --

MR. WILT: 500.

MR. JONES: -- 500, so regardless of the need, everybody's going to get the same amount?

MR. WILT: That's correct. Yeah. When we had it on a competitive basis, the grant amounts --

MR. JONES: Right.

MR. WILT: -- would fluctuate.

MR. JONES: That's right. Some would get more, because --

MR. WILT: Right.

MR. JONES: -- of the need and the overall costs and whatnot, but now you just chop it right down the middle?

MR. WILT: Correct.

MR. JONES: Okay. I didn't know if you were just saying the average, or that was actually what everybody is getting.

MR. WILT: Uh-huh.

MR. JONES: Okay. Which became the conclusion -- 14.5 is better than none.

MR. WILT: Yes --

MR. JONES: For --

MR. WILT: -- 14.5 for everybody, as opposed to

zero for some and more for others.

MR. JONES: Right.

MR. DIETZ: So is the -- can you speak to -- is the new -- somewhat new. I guess we've been doing it this way for two or three years now?

MR. WILT: This is the second cycle we've done it this way.

MR. DIETZ: This is the second cycle.

MR. WILT: Correct.

MR. DIETZ: So is this working and kind of accomplishing -- I think our -- one of our primary goals was to try to expand it to maybe people that didn't have the resources for professional grant-writing --

MR. WILT: Right.

MR. DIETZ: -- because our old system, you know, tended to lean that way? Is this working and accomplishing that goal, or --

MR. WILT: I believe it is. It's less work for us. We don't have to review as much. It's less work for them. All they have to do is meet the threshold requirements, and we get to partner with more organizations and new organizations.

So we're definitely having a bigger impact in terms of our reach and the number of people we're working

with, but in terms of the impact per organization, it's a little bit diluted under this system, but it's how we chose to go, and we're completely happy with it.

MR. DIETZ: Are we turning people down? Do we have a lot of people that are applying that don't meet whatever criteria or --

MR. WILT: We did. The last cycle, people weren't familiar with our new system, and then we had some people who had run a program, but not for two years, and the example, I think it was Fort Bend Habitat who had just gotten into the home repair area.

But we didn't turn anybody down this time. Everybody that submitted, they met the threshold, so we're excited about that as well.

MS. CARDENAS: So the funding cycle amount for this year, the total amount was 348,000. Does it change from year to year?

MR. WILT: It does. The last time, I believe it was 305,000. This is the highest it's been, 348, but in the past it's been around 300,000.

MS. CARDENAS: And how was that -- how was the amount set, I guess? What determines the amount?

MR. WILT: The Board determines it and it's rolled into our budget, so it's --

MS. CARDENAS: Okay.

MR. WILT: -- at your discretion.

MS. CARDENAS: So it's part of our operating budget review every year?

MR. WILT: Uh-huh.

MR. ROMERO: It's \$300,000. Right?

MR. WILT: It's 348 this year.

MR. ROMERO: No, but it's \$300,000 the Board committed, and then --

MR. LONG: 348 that --

MR. WILT: The Board committed the entire 348. In the past, we have fundraised for it, but we don't do that anymore.

MR. ROMERO: Okay.

MS. CARDENAS: And last year, it was 305?

MR. WILT: I'd have to double-check that.

MS. CARDENAS: Yeah. I mean, I'm just kind of -- it doesn't matter.

MR. WILT: I'm probably incorrect. Katie ran the program last cycle. Do you know the exact amount?

MS. CLAFLIN: I think it was about 302.

MR. ROMERO: But it has been 300,000 for a number of years?

MR. LONG: For a number of years. It started

off at 250, and the Board has generously allowed us to see that grow a little bit every year, and we continue to use all the funds. I mean, it is certainly in demand, demanded program since its grants.

MR. WILT: You actually authorized 350, but 14.5 was a round number, so --

MR. ROMERO: In David's presentation, where you had the map of all the different properties --

MR. LONG: Uh-huh?

MR. ROMERO: -- it would be interesting to see how much of an impact we've had across the state over the years with this Foundations Fund.

MR. WILT: I'd be happy to do that.

MR. LONG: Okay. We can provide that to you at the next Board meeting. We can include it in the report section if you would like.`

MR. ROMERO: Perfect.

MR. LONG: Okay.

MR. DIETZ: Good idea. Any other questions or comments?

MS. CARDENAS: I think it would be great to -- I know you mentioned critical services and supportive services. Like, maybe getting an idea of what specifically those are.

MR. WILT: Well, the critical services are just critical home repair --

MS. CARDENAS: Okay.

MR. WILT: -- and typically, it's accessibility modifications, like adding a ramp in front of the house. These --

MS. CARDENAS: For elderly or disabled folks?

MR. WILT: Uh-huh. The supportive services are only for permanent support of housing developments, and so these are typically people who have experienced homelessness and are now in permanent supportive housing, and sometimes it supports a staff member who's caseworker, the staff salary.

Sometimes it supports after-school programs. There are a lot of different things. We have a pretty broad definition of what supportive services can mean, but they are in permanent supportive housing developments.

MS. COBOS: Permanent supportive housing for homeless folks in some cases, or most cases?

MR. WILT: In most cases, they are people who have been chronically homeless or have experienced homelessness at some point, but there are, like, women's shelters. Bethany House in Laredo is an example. The Woman's Home in Houston that we funded. So -- but all

under the umbrella of permanent supportive housing.

MS. COBOS: Have any of those nonprofits been interested in sort of temporary homeless, transitional homeless --

MR. WILT: We have at least one partner who has done transitional housing. I will say that because of HUD funding for homelessness programs, they're strongly encouraging that people move away from transitional housing, and they're funding now basically permanent supportive housing to the detriment of other transitional housing programs.

MS. COBOS: Okay. Thank you.

MR. ROMERO: So maybe as part of that map showing all of the different places we've impacted, we could just put further down at the bottom, of the supportive services that are provided --

MR. WILT: Yes.

MR. ROMERO: -- to these clients?

MR. WILT: Absolutely.

MR. ROMERO: Okay.

MR. LONG: Okay.

MS. CARDENAS: I may have missed this along the way. Just for informational purposes, so this is 24, right, that we've said are approved or have met -- how

many applications did --

MR. WILT: We had 24 applications --

MS. CARDENAS: That was it --

MR. WILT: -- and they were all approved.

MS. CARDENAS: -- total?

MR. WILT: Uh-huh.

MR. DIETZ: How is this --

MS. CARDENAS: It seems like -- it just seems like very few in comparison to the entire state of Texas, so --

MR. WILT: Well, they --

MS. CARDENAS: -- I didn't know if there was some that just didn't meet the criteria, right, and --

MR. WILT: There probably are. This is -- to find out what to fund, we asked a lot of different stakeholders what the biggest needs were, and people identified these areas: critical home repair or supportive services.

You have to service people that are 50-percent-or-below incomes, and very low income, and they have to be in a rural area or have a disability. So when you narrow it down to that close of a focus, then you're going to limit the number of organizations that can participate.

MS. CARDENAS: Okay.

MR. JONES: Or even apply?

MR. WILT: Correct.

MS. CARDENAS: Yeah.

MR. DIETZ: And it's a two-year --

MR. WILT: It's a two-year grant period.

MR. DIETZ: -- grant period?

MR. WILT: This is a two-year partnership, so it's -- but you're only approving the fund for this -- the amount for this year or --

MR. DIETZ: Yeah. We review it annually --

MR. WILT: Correct.

MR. DIETZ: -- but you're committing to the organizations for a two-year period.

MR. WILT: Right.

MR. DIETZ: Yeah. Got you.

MR. JONES: So if they --

MR. DIETZ: And how -- oh, go ahead.

MR. JONES: -- if they complete everything, then they get another 14.5 next year?

MR. WILT: Well, whatever you approve next year. You know, we hope it's at least 14.5.

MR. JONES: If it stays at 350?

MR. WILT: Correct.

MR. ROMERO: So Michael, based on the input

that we received from the stakeholders -- back to Valerie's point -- are we missing -- are there some organizations that we're not touching because specifically we're tying this to critical repairs or supportive services?

MR. WILT: There probably are.

MR. ROMERO: So what can we do to bridge that gap?

MR. WILT: We'd be happy to survey people again and see if the need has changed, if maybe -- natural disaster recovery or something like that, even though we have a separate grant program covering that. But if there were other needs that we're missing, we're happy to send another survey out.

MR. ROMERO: Because to your point, 24 --

MR. JONES: But at the same time, Jerry, you know, you can't be everything to everybody with a limited budget of just \$350,000.

MR. ROMERO: No. And that's true, but we also need to look back at our list, and we have funded these organizations. Some organizations have been funded more than once --

MR. WILT: Uh-huh.

MR. ROMERO: -- and they take the time off, and

then they come back and they reapply, because they understand the process of trying to get that approval. So maybe expanding our reach by seeking those that have never been funded before, and maybe extend the time frame between those that have been funded to two-year period or three-year period at some point.

MR. JONES: Or --

MR. LONG: You mean, where they would be excluded?

MR. ROMERO: Right.

MR. LONG: Okay.

MR. WILT: I see.

MR. JONES: Or change the RFP and address some areas on the next round.

MR. ROMERO: Yeah, and --

MR. WILT: Right.

MR. ROMERO: -- that will be part of the strategy.

MS. COBOS: So it's part of our RFP process that you post on your website, and that's how you get the word out about these grants?

MR. WILT: Yeah. Well, we put it on the website. We advertise it in the newsletter. And we don't technically call it an RFP or a NOFA or anything like

that. We just say, applications are open.

MS. COBOS: So as a nonprofit, you have to know to go look on the TSAHC website?

MR. WILT: Uh-huh, but most of them do.

MS. COBOS: Yeah. Okay. Because I'm just thinking about, you know, nonprofits, as to your point, Valerie, that, you know, we've got nonprofits throughout the state, and some of them just maybe not -- don't even know about TSAHC or any kind of the programs they have to offer, so they never apply, and the ones that are a little bit more savvy are, you know, accessing the funds over and over again, taking time-outs --

MR. WILT: Right.

MS. COBOS: -- and coming back. So figuring out a way to maybe kind of push the word out to maybe some other areas that are maybe not as knowledgeable about the Corporation, I think, would be a good idea. I think, like the survey idea, to kind of make sure we're hitting some focus areas, but making sure -- we're not talking about a lot of money, but this could be a lot of money out in certain communities that need the help, so --

MR. WILT: Sure. And I would say that we've -- historically, we've had strong geographic representation.

MS. COBOS: Okay.

MR. WILT: There are partners -- this cycle, there are missing partners that we've had in past cycles that are from the Panhandle. We've had more partners from El Paso, from east Texas, from west Texas, from the Valley.

So the geographic dispersion is pretty laudable and it changes from cycle to cycle, but this is a pretty strong geographic representation as well.

MR. DIETZ: But if we only had \$350,000 devoted to this in a future year, and we have 50 applicants, then everybody's getting half as much?

MR. WILT: Right.

MR. DIETZ: Right. So we have to balance that --

MR. WILT: And then people may not -- may be deterred from applying if it's just \$7,000.

MR. DIETZ: Right.

MS. CARDENAS: Or we go back to fundraising.

MR. ROMERO: Fundraising. Hand over --

MS. CARDENAS: For part of it.

MR. LONG: Or the Board approves a larger amount of our budget.

MS. CARDENAS: Or the Board -- yeah, I was going to say, or the Board approves a --

MR. LONG: Yeah.

MS. CARDENAS: -- larger amount, right?

MR. WILT: Yeah.

MR. LONG: Right.

MS. CARDENAS: And I mean, that's part of doing an annual budget, to see where --

MR. WILT: Yeah.

MR. LONG: Correct.

MS. CARDENAS: -- our programs are --

MR. LONG: That's correct.

MS. CARDENAS: -- services are needed. So --

MS. COBOS: Setting more parameters on how often you can come back --

MR. LONG: That -- I agree.

MS. COBOS: -- kind of shake it up.

MR. LONG: Yeah.

MR. DIETZ: And when will we -- do we look at the specific grant criteria at some point in time during the year.

MR. WILT: You approved the threshold criteria in April.

MR. DIETZ: And -- okay. So we'll look at it again?

MR. WILT: You won't look at it again until

2020.

MR. DIETZ: Next April?

MR. WILT: No, two years --

MR. DIETZ: Two years? Oh --

MR. WILT: -- because it's approved --

MR. LONG: For a two-year cycle.

MR. DIETZ: -- because two year -- okay, okay.

Got you.

MR. ROMERO: I mean, we can't change the rules in the middle of a game?

MR. WILT: You can do whatever you want. It's Board prerogative.

MS. CARDENAS: Retroactively apply.

MS. COBOS: So the 350 or -- is to cover two years?

MR. WILT: No, just one year.

MR. LONG: One year. Annually --

MR. JONES: 350 a year for two years.

MR. LONG: -- for our next year's budget, you'll approve it again.

MR. WILT: Right.

MS. COBOS: Right. But --

MR. DIETZ: We'll approve the budget every year, but we only approve the criteria every two years.

Right?

MS. CARDENAS: So wouldn't we have, like, a reserve, if we're only dispensing this -- oh, okay. So they're locked in for two years. So they get 350 this year, which --

MR. WILT: Uh-huh.

MS. CARDENAS: -- is the 14.5 --

MR. WILT: Right.

MS. CARDENAS: -- and the next year, again --

MR. LONG: The Board will approve another budget.

MS. CARDENAS: -- let's say, it's 350. They get another -- okay.

MR. WILT: Right.

MS. CARDENAS: I was already thinking of a reserve account.

MR. ROMERO: So the agreement they sign with us does specify that it's based on funding from the Corporation?

MR. WILT: Yes.

MR. ROMERO: Because if the Board came back next year and said, you know, but we're only going to put 250 this time, it obviously is not going to be 14.5 --

MR. JONES: Suppose the --

MR. WILT: Yeah, but we --

MR. JONES: -- Board comes back and said, we're going to 400 this year --

MR. ROMERO: Yeah.

MR. JONES: -- do they get more?

MR. WILT: They do.

MR. LONG: Yes.

MR. WILT: We sign a one-year --

MS. CARDENAS: Yeah.

MR. WILT: -- grant agreement with them.

MR. ROMERO: Okay.

MR. JONES: Okay. So you sign one year, and you'd have to --

MR. WILT: And then they report on how they used the funds for this year, and then we sign another grant agreement, this time next year, and then they report on how they used those funds.

MR. JONES: You would hope it wouldn't be less, but it could be more.

MR. WILT: You would hope it wouldn't be less. Correct.

MS. CARDENAS: And if it was more, they'd get the benefit of that on year two?

MR. WILT: Correct.

MS. CARDENAS: Right? If it was --

MR. JONES: The next year's budget.

MS. CARDENAS: -- even if it was \$200 more --

MR. WILT: Uh-huh.

MS. CARDENAS: -- in their allocation?

MR. DIETZ: Or if somebody didn't follow through the way they represented, then they might be crossed off the list for the --

MR. WILT: Uh-huh.

MR. DIETZ: -- second year and everybody would get -- divide the pie up?

MR. WILT: And sometimes organizations don't use all their funds. That happened in March, and so we had about -- almost \$5,000 that we were able to give out to -- \$5,000 per organization to 10 partners. So we had about \$50,000 that was unused that we were able to re-disburse.

MR. DIETZ: Good questions. Any other questions or comments? Is there a motion?

MR. ROMERO: Do you need a motion? Are you looking for a motion?

MR. DIETZ: Yes.

MR. LONG: Yes, yes. We --

MR. ROMERO: I'll move to approve.

MS. COBOS: Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the 2018 Texas Foundations Fund Nonprofit Partners. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. It is approved with all five in favor.

MR. WILT: Thank you.

MR. DIETZ: And zero opposed. Okay. Tab Item 6 calls for us to go into closed session, so we will go into closed session to take up one item pursuant to Section 551.072 of the Texas Government Code. We will discuss real estate issues that affect the value of the property to be purchased, as Corporation headquarters, located at 6701 Shirley Avenue in Austin, Texas.

Is there any objection to going to executive session?

MR. ROMERO: Mr. Chair, can we just get a five-minute break before we start the session?

MR. DIETZ: Yes, we can.

MR. ROMERO: Okay.

MR. DIETZ: Yes.

MR. ROMERO: Thank you.

MR. DIETZ: Yeah, great.

MR. ROMERO: Okay.

MR. DIETZ: We'll take a five-minute recess.

(Whereupon, at 11:28 a.m., there was a short recess, and at 11:33 a.m., the Board went into executive session.)

12:01 p.m.

MR. DIETZ: Okay. Are you ready? Okay. Great. It is now 12:01 p.m., Apple time, on -- and on Thursday, September 20, and we are now back in open session. We'll call the meeting back into order. We went into closed session. We discussed real estate issues affecting the value of the property to be purchased, as Corporation headquarters, located at 6701 Shirley Avenue in Austin, Texas.

We took no action during closed session, and we are here back in open session to discuss Tab Item 7, the discussion and possible approval of a resolution approving the purchase of property located at 6701 Shirley Avenue, Austin, Texas, to be used as the headquarters of the Corporation, and authorizing the development of plans and

a budget for the renovation of the property and other matters incident and related thereto.

MR. JONES: Mr. Chairman --

MR. DIETZ: Yes.

MR. JONES: -- I make a motion, that since they've been given prior authorization, that we approve Tab Item 7 as it is written.

MR. ROMERO: I second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution that was just read. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The motion passes with five in favor, and zero against. Okay. Is there any further business or any other announcements or questions that we need to discuss?

MR. LONG: Mr. Chairman, that should conclude any information we have. Again, just a reminder that the next Board meeting is on the 18th of October.

MR. DIETZ: Great, great. Any other comments?

Okay. Then we are adjourned at 12:03 p.m.

(Whereupon, at 12:03 p.m, the Board meeting was adjourned.)

C E R T I F I C A T E

MEETING OF: TSAHC Board  
LOCATION: Austin, Texas  
DATE: September 20, 2018

I do hereby certify that the foregoing pages, numbers 1 through 70, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas State Affordable Housing Corporation.

DATE: September 23, 2018

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(Transcriber)

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