

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,
February 13, 2019
10:31 a.m.

BOARD MEMBERS:

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

ON THE RECORD REPORTING
(512) 450-0342

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1
2 MR. DIETZ: It is 10:31 a.m. on February 13,
3 and the Texas State Affordable Housing Corporation Board
4 of Directors meeting is called to order.

5 Roll call. Bill Dietz, Chair, I am here.

6 Jerry Romero, Vice Chair?

7 MR. ROMERO: Here.

8 MR. DIETZ: Bob Jones, Member?

9 MR. JONES: Here.

10 MR. DIETZ: Lori Cobos, Member?

11 MS. COBOS: Present.

12 MR. DIETZ: Valerie Cardenas, Member?

13 MS. CARDENAS: Present.

14 MR. DIETZ: We are all present, there is a
15 quorum.

16 If you can join me in the Pledge of Allegiance
17 and the Pledge to the Texas Flag.

18 (The Pledge of Allegiance and the Texas
19 Allegiance were recited.)

20 MR. DIETZ: Before we begin, is there any
21 public comment?

22 (No response.)

23 MR. DIETZ: Hearing none, we'll go straight to
24 the president's report. Mr. Long.

25 MR. LONG: Good morning, Chairman Dietz,

1 members.

2 Program and financial reports, as always, are
3 under tab items A through D. I would add that also your
4 quarterly compliance and resident services report is under
5 tab item C.

6 The Loan Committee met yesterday, February 12.

7 The committee did not take any action regarding new or
8 existing loans, however, the committee did review and
9 discuss items related to the existing loan portfolio and
10 its standing reports.

11 Ms. Cardenas, Board member representative to
12 the Loan Committee, participated via telephone conference,
13 and Mr. Romero was in attendance at that meeting. For the
14 record, I was not able to attend. Michael Wilt and I were
15 at the Capitol.

16 Ms. Cardenas or Mr. Romero, do you have any
17 comments regarding the committee.

18 MS. CARDENAS: I have none at this time.

19 MR. LONG: Okay. All right.

20 I'll give a couple of updates on the program
21 areas. Since the last Board meeting the Homeownership
22 team conducted six Overcoming Down Payment Hurdle classes.

23 Three of those were in San Antonio, one in Dallas, one in
24 Austin and one in Pflugerville.

25 Under our Single Family Rental Program, the

1 Corporation serves families at or below 80 percent of area
2 median family income by providing below market rents in
3 high opportunity areas. In accordance with the Board's
4 approval to expand the Single Family Rental Program
5 several months ago, the staff began researching
6 opportunity to acquire homes in San Antonio which will be
7 the first time we've gone outside the major Greater Austin
8 MSA. As a result, we were able to acquire one home and
9 are currently under contract to purchase a second home in
10 San Antonio.

11 In addition, we are in the process of updating
12 the inventory for our Austin portfolio; we will be selling
13 one of our older homes. If you recall, one of the goals
14 in this was to maintain homes that were 15 years or newer
15 so that we didn't have major upkeep and repair, so we're
16 looking to sell one of our homes that was built in the
17 year 2000. The home is located in Leander and we'll
18 acquire a home in Georgetown that was built in 2013, so
19 we'll be swapping out as quickly as we can on that.

20 With the addition of homes in San Antonio,
21 we'll have a total of 21 properties, 20 of those are
22 single family residences, single family homes and one of
23 them is a duplex.

24 Under fundraising, the Corporation received
25 more than \$36,000 in grants and donations in support of

1 the upcoming Housing Connection Training in June for our
2 housing nonprofits. These funds included grants from
3 Wells Fargo, BBVA Compass, and Lone Star National Bank, as
4 well as individual donations and sponsorships from lenders
5 and Realtors. I do want to thank and recognize Valerie
6 Cardenas for her support and for Lone Star National Bank's
7 recent financial support in sponsoring this training. I
8 appreciate you joining us in that, and we think you'll
9 find it to be very, very positive for the people we serve.

10 I'm also extremely exciting to announce this
11 morning that the Corporation was notified that just this
12 morning we received a \$3.75 million dollar grant from the
13 Capital Magnet Fund, which is a grant program under the
14 U.S. Treasury's Community Development Financial
15 Institutions, or CDFI Fund. The grant will support the
16 Corporation's Texas Housing Impact Fund and will help
17 TSAHC provide additional financing for rental projects.
18 And since we just got this information, I think as we were
19 coming in here I actually got an email from the CDFI to
20 kind of go through some processes of how we go about
21 accepting that grant and some other things that we'll have
22 to do in order to finalize everything, but we'll keep you
23 informed as that goes along.

24 We're extremely excited about it, and I would
25 be remiss if I didn't recognize the fact that while a lot

1 of people put time into this -- I would imagine there was
2 close to 100 hours of staff time putting this grant
3 application together, we did work with the consultants to
4 get it done -- but I have to recognize Katie Claflin. She
5 was the spearhead on this, she led it, she managed it, and
6 I just think she deserves a lot of credit for the fact
7 that this thing was put together in a timely manner and
8 that we got it done. And I'm very excited that we got
9 awarded. We were the only -- as far as I can tell from
10 the award list, we're the only entity in Texas that
11 received an award under this, and this is a national scope
12 type of award that they give out. So I'm really thankful
13 for Katie's time and effort.

14 (Applause.)

15 MR. LONG: I don't want any of the other staff
16 members to get mad at me because I didn't mention their
17 name, but accounting, everybody had parts to play in this.

18 David Danenfelzer, everybody had to give input on it
19 because it will be impacting the Corporation across the
20 board. So thank you to everybody.

21 The Corporation recently launched new tools on
22 our website to assist lenders, Realtors and homebuyers to
23 better understand the benefits of the Mortgage Credit
24 Certificate, or MCC Program. These include a motion
25 graphics video to explain the MCC Program and the MCC tax

1 savings calculator to help homebuyers calculate their
2 cumulative tax savings with an MCC, and an on-demand
3 training webinar for lenders and Realtors.

4 We also have an opportunity coming up on
5 February 22. As you know, the Corporation awarded
6 Accessibility Housing Austin, or AHA!, \$995,000 in support
7 of their construction of 17 affordable units to serve
8 individuals with disabilities. The groundbreaking is
9 planned for February 22, and I'm pleased to announce that
10 Ms. Cobos has not only agreed to be there but she has
11 acknowledged that she will also speak on behalf of us, and
12 we greatly appreciate her being available to do that.

13 Some of the staff activities we've been
14 participating in. Katie and I attended a leadership
15 training in Dallas that was sponsored by BBVA Compass and
16 the training was provided through NeighborWorks. We
17 really had a good time up there and we also had a chance
18 to meet with Bob Dransfield while we were there, so we
19 appreciate the chance that we had to go to that training.

20 Michael Wilt attended the Urban Land Institute
21 Housing Opportunity Conference this last week, and Michael
22 Wilt also, just this weekend, made a presentation at the
23 Texas Association of Realtors winter meeting regarding
24 Community Land Trust. So thank you, Michael, for not only
25 having the opportunity but being available to do that.

1 On an update on the legislative session,
2 Michael will present the legislative update under tab 5.
3 I will note that Michael and I have been making the rounds
4 at the Capitol and have been able to meet with each of the
5 offices for the committee members on both Senate IGR and
6 for the House Urban Affairs, we've met all those office
7 members. We also met with the staff of Lieutenant
8 Governor Patrick's office and also Speaker Bonnen's
9 office. So I'd like to thank Michael for all his efforts
10 to get those meetings scheduled, not only so quickly but
11 we met with some really key people and I really felt
12 fortunate that we were able to get the opportunity to meet
13 with all of them. I also would note that Lori has made
14 herself available when we needed her for that opportunity
15 as well. So thank you, Lori.

16 I always like to recognize the professionals in
17 the audience. I know some of them are making
18 presentations, but I'll kind of run down, and if I miss
19 someone, I apologize. Bob Dransfield with Norton Rose
20 Fulbright, our bond counsel, is here; he'll be speaking
21 later. Tim Nelson, Claire Merritt and Michael Marz are
22 here from Hilltop Securities, our municipal advisory firm.
23 Chris Spelbring with Raymond James and Associates, our
24 underwriting firm, is here. Ryan Bowen with Chapman and
25 Cutler, he's working with us on the single family deal and

1 he's supporting Raymond James, the counsel on that. And
2 then Braxton Parsons, who's hiding in the back over there,
3 I had seen him when he came in, he's with the Texas Bond
4 Review Board, he's here. And then also, Karen Kennard and
5 Bill Gehrig are here with our general counsel firm,
6 Greenberg Traurig.

7 As I always like to do, Mr. Chairman, I mention
8 that our next scheduled meeting is tentatively set for the
9 second Thursday of March which is March 14.

10 And with that, I'll conclude, unless there's
11 any questions.

12 MR. DIETZ: Any questions or comments?

13 (No response.)

14 MR. DIETZ: On to tab item 1 which is the
15 Presentation, discussion and possible approval of minutes
16 of the Board meeting held on January 10, 2019. Has the
17 Board had time to review those, and if so, is there a
18 motion to approve?

19 MR. ROMERO: I make a motion to approve as
20 presented.

21 MR. JONES: Second.

22 MR. DIETZ: It's been moved and seconded that
23 we approve the minutes of the Board meeting held on
24 January 10, 2019. Is there any public comment?

25 (No response.)

1 MR. DIETZ: All in favor?

2 (A chorus of ayes.)

3 MR. DIETZ: Any opposed?

4 (No response.)

5 MR. DIETZ: Okay. The minutes from the Board
6 meeting held on January 10, 2019 are approved.

7 Tab item 2, the Presentation, discussion and
8 possible approval of the Texas State Affordable Housing
9 Corporation's 2019 Annual Action Plan.

10 MR. WILT: Good morning, Chairman Dietz, Board
11 members. I'm Michael Wilt, External Relations manager.
12 I'm here to present tab item 2, our 2019 Annual Action
13 Plan, and ask that you consider giving it its final
14 approval.

15 Per your action at the December Board meeting,
16 we posted a draft of this plan on our website and made it
17 available for public comment from December 13 to January
18 14. We also held a public hearing jointly with the
19 Department of Housing and Community Affairs. During this
20 public comment period we didn't receive any public
21 comments.

22 We did, however, make some minor modifications
23 to the draft plan. We always take a final look at the
24 homeownership numbers and the development finance activity
25 numbers to see if there are any updates. We did update

1 the homeownership numbers to reflect all of our 2018
2 activity because whenever you look at the draft it only
3 has numbers through the end of October. There weren't any
4 development finance updates so those numbers all remain
5 the same.

6 We also made some nonsubstantive corrections
7 per feedback that we got from general counsel, but those
8 were the only edits to the draft, and asking for your
9 final approval and I'll take any questions.

10 MS. COBOS: Michael, so now that the plan has
11 been subject to public comment, the joint hearing, then I
12 guess the next step is to combine it with the
13 Department's --

14 MR. WILT: State Low Income Housing Plan, and
15 they're presenting that at the next TDHCA Board meeting,
16 this upcoming one in February. So the draft has already
17 been sent over to TDHCA and TDHCA will include it in their
18 board book, and depending on your action today, I will
19 give them the final version.

20 MR. DIETZ: Great. Any other questions or
21 comments?

22 MS. COBOS: So once the plan goes to the
23 Department and they consider it at their February Board
24 meeting, assuming it gets approved, then it goes over to
25 the Governor's Office, Lieutenant Governor's Office and

1 Speaker's Office?

2 MR. WILT: Correct.

3 MS. COBOS: Sometime in -- like around what
4 time frame?

5 MR. WILT: In March.

6 MS. COBOS: Okay.

7 MR. JONES: I make a motion that we approve the
8 Texas State Affordable Housing Corporation's 2019 Annual
9 Action Plan.

10 MR. ROMERO: Second.

11 MR. DIETZ: It's been moved and seconded that
12 we approve the Texas State Affordable Housing
13 Corporation's 2019 Annual Action Plan. Is there any
14 public comment?

15 (No response.)

16 MR. DIETZ: Okay. Very good. All in favor?

17 (A chorus of ayes.)

18 MR. DIETZ: Any opposed?

19 (No response.)

20 MR. DIETZ: Okay. The Texas State Affordable
21 Housing Corporation's 2019 Annual Action Plan is approved.

22 MR. WILT: Thank you.

23 MR. DIETZ: Thank you.

24 On to tab item 3, the Presentation, discussion
25 and possible approval of a resolution approving a master

1 servicing and sale agreement related to Bond Finance
2 programs, a master mortgage origination agreement and an
3 amendment to the master mortgage origination agreement
4 relating to bond financed single family loan programs, and
5 containing other matters incident and related thereto.

6 MS. CRIM: Good morning, Mr. Chairman and Board
7 members. My name is Joniel Crim, and I'm the
8 Homeownership Programs director.

9 I would like to introduce Bob Dransfield here
10 from Dallas. He is our bond counsel, the Corporation's
11 bond counsel. He is with Norton Rose Fulbright, and he
12 will be presenting tab item number 3 for us today.

13 MR. DRANSFIELD: Mr. Chairman, members of the
14 Board, good morning. Welcome to all of you and welcome to
15 have an opportunity to chat a little bit about this
16 upcoming single family program. So the next two items
17 that you have on your agenda are related to this single
18 family program which will be the first time you've done a
19 financing like this really since 2007, so it's been a
20 little bit of a hiatus in this thought process.

21 The first resolution you have before you is to
22 orient the Board to the mechanics of the program that also
23 go beyond just this upcoming bond issue, so this
24 resolution, the first one that you have, is tab 3 where
25 we're referencing the ability to enter into a master

1 servicing and sale agreement as well as an origination
2 agreement.

3 So remember how these programs generally work:
4 you provide money to ultimately go ahead, in this case,
5 buy mortgage backed securities. Mortgage backed
6 securities ultimately become the securities for the bonds,
7 but you're providing money to make homes available to
8 first time home buyers that also meet the certain
9 criteria. This is your Heroes program, so remember,
10 that's for the firefighters, police officers and
11 professional educators. Years ago you combined those
12 programs statutorily under one scenario.

13 This first item, though, will be to provide
14 master agreements for the origination of loans and the
15 servicing of those loans in that particular action item.
16 Independent of that, tab number 4 is going to be more
17 directly related to the bond mechanics, if you will, in
18 terms of trust indenture, purchase contract, continuing
19 disclosure agreement.

20 So with that, what you have in front of you, we
21 have a projected \$40 million bond issue out of your single
22 family authority that's coming out, so the Bond Review
23 Board provides a volume allocation to you for that and
24 we'll access that. Now, you have actually more volume
25 allocation available, but we're going to do this

1 particular financing at around a \$40 million number. The
2 resolution you'll see will have a not to exceed \$42
3 million number in it. That's to give you a little bit of
4 a cushion there, take into account the premium and things
5 like that should that be necessary.

6 But the first item that you have in front of
7 you, this resolution really just authorizes to enter into
8 those two different documents, or three different
9 documents, really: the servicing agreement, there's an
10 amendment to that, and then the origination agreement. And
11 then like all these resolutions, they provide for the
12 ability to make final changes as you get closer. We're
13 not quite ready to do the financing yet but get these
14 papers approved in substantially final form. That gives
15 the Board the ability to go forward and get ready to go
16 and access the market at the right time.

17 You have an existing relationship with a lot of
18 lenders. That's going to continue to go forward in this
19 process. Part of that origination thought process and
20 cycle will be with these original lenders that you have,
21 and there are around 170 in numbers, what I understand.

22 So with that, I'll be happy to try and answer
23 any questions you have about that, but adoption of this
24 resolution takes care of the first part associated with
25 origination and then the servicing of those loans.

1 MS. CARDENAS: So as it pertains to the -- just
2 to clarify or make sure I understand, the participating
3 lenders, right, which the average consumer or customer
4 would go and seek financing, they must be -- the servicing
5 is one thing, right, because once it comes to TSAHC,
6 Lakeview would be the master servicer, but the
7 participating lender would have to be approved as an
8 originating lender?

9 MR. DRANSFIELD: Right. And they've got to
10 make sure that they're originating the loans to qualified
11 mortgagors, because obviously since these are tax-exempt
12 bonds, you've got certain restrictions that you have to
13 make sure you're adhering to, first time home buyer being
14 one of them, income limits being another one, purchase
15 price of the home being another one. So they have to kind
16 of make sure that they, as originators of the loans are
17 mindful of those requirements, then they're in a position
18 to sell those ultimately to the servicing part of it in
19 place.

20 And then as a result of that, when you get
21 ready to issue bonds and have the money which comes in,
22 you'll take that money and use those proceeds that are to
23 be deposited with the trustee to use that to acquire
24 mortgage backed securities that really will be a security
25 for the bond issue. And the cash or mortgage backed

1 securities, there's a circuitous route you could get to
2 the mortgages if you needed to but that's pretty unlikely
3 that you would get that far because you have the mortgage
4 backed securities plus the guarantee behind that, and this
5 particular program is going to be restricted to Ginnie Mae
6 government mortgage backed securities only, instead of
7 Fannie Mae and Freddie Mac.

8 MS. CARDENAS: So these would just be?

9 MR. DRANSFIELD: Just Ginnie Mae.

10 MS. CRIM: Well, these particular agreements
11 are master agreements.

12 MR. DRANSFIELD: For the bonds. Now, this
13 agreement, this resolution talks about master concepts, so
14 it will be beyond just this 2019A bond issue, so the
15 servicing agreement we're talking about and the
16 origination agreement we're talking about have application
17 to you for other bond issues and other activities beyond
18 this 2019 bond issue. So that will have the ability to
19 have Fannie Mae, Freddie Mac and Ginnie Mae loans too if
20 they go that route.

21 MS. CARDENAS: Okay. I'm sorry, I got a little
22 lost. So from the participating lender, right, because
23 I'm just used to the bond programs where you can sell it
24 to, you know, Fannie, Freddie, Ginnie, right, and the loan
25 is going to meet the overlay of underwriting requirements,

1 right, that TSAHC has, aside from the investor, right, you
2 know, your agency investor having those underwriting
3 guidelines. But in this case you're saying that one will
4 be allowed for just government loans and the other one
5 will be for your -- I'm sorry.

6 MR. DRANSFIELD: No. What item number 3 is
7 going to authorize is the ability to enter into some
8 master agreements and they will give you, as the
9 interaction with those providers, the ability to do the
10 full array of things, Ginnie Mae, Fannie Mae, Freddie Mac,
11 other types of things that are associated with that
12 process. In addition to that, though, tab 4 is really
13 going to be more towards the 2019A bonds. Those bonds
14 will only have access to and be secured by Ginnie Mae
15 pass-through certificates.

16 That's not to say that the 2019B or the 2020 or
17 those down the road don't have additional access to other
18 structures, but the relationship that you're going to have
19 with the master originator and the master servicer kind of
20 thought process is to provide you that flexibility to go
21 forward, and then as you'll add to detract lenders that
22 are going to be in the process of originating mortgage
23 loans, you will be able to do that more efficiently. This
24 takes away -- it doesn't necessarily tie this to a bond
25 issue.

1 Remember, the original structures we use to
2 have had an origination, sale and servicing agreement and
3 that was tied to a particular bond program only. Because
4 what you all have been doing in the past, it's a little
5 bit more broad than that, so we thought that if we would
6 end up with having these master agreements, you would have
7 flexibility to provide not only associated with bond
8 programs but other programs that may be of interest or
9 need to the Corporation.

10 MR. DIETZ: So the last time we did this, it
11 was tied to a specific program. This is kind of new that
12 we have this master agreement.

13 MR. DRANSFIELD: That's exactly right. So
14 remember, the last time you did a single family bond issue
15 was in 2007, and it was all tied to one particular bond
16 program, period, the end. This is intended to be more
17 broad to give you the ability to have origination and
18 servicing concepts independent of the bond program but
19 used by the bond program when the bond program comes into
20 play.

21 MR. ROMERO: So Bob, this is like the governing
22 document for future bond dates and so forth.

23 MR. DRANSFIELD: Correct. I mean, it's
24 intended to be a master agreement with an amendment to it.
25 You know, you entered into an agreement a while back, now

1 that's why you've got the amendment here to update that,
2 but this is intended to be a master -- think of it as a
3 program or single family program without regard to a
4 housing bond issue that's going to be available to the
5 Corporation.

6 MR. JONES: So if these agreements are
7 approved, how long will they last?

8 MR. DRANSFIELD: Well, kind of how long you
9 want them to last.

10 MR. JONES: I mean years?

11 MR. DRANSFIELD: Yes. It's a multi-term
12 concept for you, so you've got flexibility. Like all
13 professional agreements you have, you can make
14 terminations if you need to make terminations, but if
15 everything is rocking along fine, this could go on for
16 quite a long time.

17 MR. DIETZ: There's not an expiration date.

18 MR. DRANSFIELD: There's not.

19 MR. DIETZ: It's just until such time as we
20 decide.

21 MR. DRANSFIELD: When you don't need those
22 services.

23 MR. ROMERO: The market turns again.

24 MS. COBOS: So in the recent past we changed
25 our master servicing agreement to Lakeview. Right? And

1 so we have an existing agreement that includes certain
2 kinds of programs, as you mentioned, but we're just
3 basically amending the agreement to accommodate the single
4 family bonds and allowing for Ginnie Mae.

5 MR. DRANSFIELD: Effectively, I think that's
6 right. You know, we've separated the bond issue from
7 these mechanics so that you have the ability to use these
8 mechanics for other programs beyond this 2019A bond issue
9 but it's intended to give you that flexibility to deal
10 with it. Again, just like you've changed participants in
11 the past, you have that ability to do that going forward
12 as well. So it's clearly related -- items 3 and 4 are
13 very interrelated so you've got to be thinking about those
14 all together, one and the same.

15 Any other thoughts, questions?

16 MR. DIETZ: Is it just the Heroes program or
17 this is all single family?

18 MR. DRANSFIELD: Well, the ability to do the
19 masters, these agreements you talk about in tab 3 are
20 broader than the Heroes program. The financing that we'll
21 talk about in tab 4 is just the Heroes program.

22 MR. DIETZ: Gotcha.

23 Any other questions?

24 (No response.)

25 MR. DIETZ: Is there a motion?

1 MR. ROMERO: I move to approve tab item 3 as
2 presented.

3 MR. JONES: I'll second it.

4 MR. DIETZ: It's been moved and seconded that
5 we approve the master servicing and sale agreement related
6 to bond financing programs, a master mortgage origination
7 agreement and an amendment to master mortgage origination
8 agreement relating to bond-financed single family loan
9 programs and other matters incident and related thereto.
10 Is there any public comment?

11 (No response.)

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

13 (A chorus of ayes.)

14 MR. DIETZ: Any opposed?

15 (No response.)

16 MR. DIETZ: Okay. It passes unanimously.

17 Thank you.

18 On to related tab item 4 which is the
19 Presentation, discussion and possible approval of a
20 resolution authorizing the issuance, sale and delivery of
21 the Texas State Affordable Housing Corporation's Single
22 Family Mortgage Revenue Bonds, the Texas Heroes Home Loan
23 Program, Series 2019A, (Non-AMT); authorizing a trust
24 indenture official statement bond purchasing agreement and
25 continuing disclosure agreement relating to such bonds,

1 making certain findings and determinations; authorizing
2 the execution of documents and instruments necessary or
3 convenient to carry out the Texas State Affordable Housing
4 Corporation Texas Heroes Home Loan Program relating to
5 such bonds; and containing other matters incident and
6 related thereto.

7 MS. CRIM: Good morning again. Joniel Crim.

8 I would like to introduce Tim Nelson. Tim is
9 our financial advisor, the Corporation's financial
10 advisor, he is with Hilltop Securities, and he will be
11 presenting tab item number 4.

12 MR. NELSON: Thank you. Good morning, Mr.
13 Chairman, members of the Board. As Joniel said, my name
14 is Tim Nelson with Hilltop Securities, and we are your
15 financial advisor.

16 The item that we have before you today, as Bob
17 briefly outlined, is the final approval on this 2019A
18 Heroes tax-exempt bond program. The Board may recall at
19 your January meeting you gave us preliminary approval.
20 What that allowed us to do was to go to the Bond Review
21 Board, make a request for the \$42 million in bond cap that
22 we're looking to use for this deal. It also authorized us
23 really to begin working with staff and the working group.

24 And I believe, Mr. Jones, you asked last month
25 who all works on these deals. This is the group of people

1 here. That does include, as I think David mentioned,
2 Norton Rose as your bond counsel, Hilltop Securities as
3 your FA, Raymond James as your underwriter, we're working
4 with Moody's as a rating agency, so there are as I like to
5 tell people, it not only takes a village to raise a child,
6 it takes a village to put a bond deal together, and when
7 you look at this, you can clearly see that's the case.
8 And most of those people have lawyers which makes the list
9 even longer. But we have been working diligently over the
10 last month to not only put together the documents that you
11 just approved in the last agenda item but to put together
12 all of these documents for your proposed 2019 deal.

13 To give the Board an idea and I think I
14 reviewed this at the last meeting as well but assuming
15 that we get approval here, we would move forward and the
16 items that we would look at going forward, we would have a
17 public hearing, commonly referred to as a TEFRA hearing,
18 on March 8, that allows people to give public comment. We
19 would make application to the Bond Review Board and we
20 would be at the Bond Review Board planning session on
21 March 12 to be able to answer any questions that they
22 would have on the proposed transaction. We would then go
23 to the BRB Board Meeting, the voting meeting, on March 21.

24 Assuming that we received approval at that meeting, we
25 would then move forward, actually price our bond issue on

1 April 2. You can see that we strategically avoided April
2 1 for obvious reasons.

3 (General laughter.)

4 MR. NELSON: And after pricing the bonds, which
5 at that point we would actually set a mortgage rate that
6 would be the rate for your program, we would then move
7 forward to close the bond issue on May 9, and at that
8 point make the funds available.

9 And as Bob briefly sort of commented on, what
10 makes this transaction so historic, if you will, we've not
11 seen one of these in a while -- you did do actually an
12 NIBP program in the '09 to '13 time frame but that was a
13 heavily subsidized and supported by the U.S. Treasury, so
14 really the last market-driven program that you did was in
15 the fall of 2007, so almost 12 years ago.

16 Why haven't we seen deals in the interim?
17 We've seen a lot of turmoil in the financial markets which
18 everybody, obviously, lives through on a daily basis. We
19 had Fannie Mae and Freddie Mac both exit the market for
20 us, and even back when the markets were going well, Fannie
21 Mae and Freddie Mac bought 70 percent of all the housing
22 bonds created, not only in the State of Texas but in the
23 country, so you can see having them leave the market very
24 catastrophic.

25 We saw a drop in the level of interest rates,

1 and obviously we're doing a tax-exempt program so if you
2 have a benefit of say 10 percent to market rates and rates
3 are one percent, you have much less advantage to the
4 market than if rates were 10 percent, and we've seen those
5 rates drop dramatically, that reduces our advantage.
6 We're now seeing those rates go back up so we're starting
7 to see our advantage increase.

8 We also had the Federal Reserve out supporting
9 the market -- or at least that's the term they used -- and
10 that had a tendency to drive taxable mortgage rates down
11 to the point where really it sounded silly but you could
12 get a taxable mortgage rate at a better rate than you
13 could with a tax-exempt bond issue. We're now seeing
14 those trends sort of reverse. I heard a number the other
15 day that some economists were talking about that if the
16 Fed -- which has a couple of trillion dollars, I think,
17 still of this paper on their balance sheet -- if they
18 completely got out of all that paper, you would see rates
19 change to the tune of 50 basis points. So you can see,
20 that just gives you an idea of how much distortion, if you
21 will, there's been in the marketplace over the past ten
22 years.

23 So we have this tax-exempt bond issue that
24 we're asking for you to approve, and as Bob said, that you
25 have to meet certain guidelines. You need to be a first-

1 time home buyer which means you've not had an ownership
2 interest in a principal residence in the last three years.
3 You need to meet certain income and purchase price
4 restrictions. To give you an example, statewide income
5 limits range from \$68,800 to \$79,120, in the Austin area
6 that's \$86,000 to \$120,400, so you can see it varies
7 dramatically to where you're located in the state.
8 Statewide purchase price limit is \$253,809 up to \$310,211,
9 and similarly, the Austin purchase price limits are
10 \$353,646 up to \$432,235, so again, those vary depending
11 upon where you're located in the state.

12 And then as Bob also pointed out, you need to
13 meet this definition of being a hero which I think he
14 summarized. I brought with me, if anyone is interested, a
15 two-page listing of who all meets that definition, and I
16 also brought all of the income and purchase price limits
17 if you would like to know what the limits are in your
18 local community or where your mom and dad live or
19 whatever.

20 And then also, as Bob pointed out, while your
21 general master documents allow you to do a lot of
22 different products, this 2019A deal we're just limiting to
23 Ginnie Mae products which is the FHA, VA, USDA loans.

24 Some further details of the program we're
25 asking you to approve today, as Bob said, \$40 million

1 program, we're asking you to authorize up to \$42 million
2 for bond premium and other items. We estimate that would
3 allow you to assist 230 first-time home buyers, so that's
4 the proverbial bottom line, if you will. Looking to offer
5 4 to 5 percent grant assistance. We're still wanting to
6 leave some flexibility there. And in today's market,
7 remember we're not going to set your rate until April 2
8 but in today's market you would be looking at a 5-1/4 to
9 5-3/8 rate. That's about a 50 to 75 basis point
10 improvement over TBA pricing.

11 So in the end here -- and I'll conclude my
12 comments here in a second -- what would the program cost
13 and how does TSAHC benefit from this. In order to launch
14 a program of this type we need to have the issuer make an
15 investment in the program. We're estimating that
16 investment to be somewhere between \$2.1 and \$2.5 million.
17 And you might ask what does that comprise. You've got to
18 pay cost of issuance, all the lawyers and the folks that
19 are listed here putting your program together all need to
20 be paid. That's about \$605,000 what we're currently
21 estimating. That's in line with what the Corporation has
22 paid on these prior programs that you did back in the '06
23 and '07 time frame. You need to fund capitalized
24 interest, we're estimating that's going to be about
25 \$607,000. And then lender compensation and other related

1 mortgage costs of somewhere between \$900,000 and \$1.3
2 million, so that comprises your entire investment. So
3 that's sort of the bad news, if you will.

4 The good news is that we estimate today that
5 TSAHC would expect to earn about a 6.11 percent return on
6 the investment of that money, so you're going to get that
7 money back plus additional monies. And to put that into
8 perspective for the Board, you might recall, a couple of
9 members who were on the Board at that time, when we
10 restructured some of your older deals and you retained
11 some of the MBS's in those deals, we were showing you an
12 expected return in the 4 to 5 percent range, so this is
13 basically 50 percent higher than the expected return on
14 that investment, if you will, which that investment was a
15 great investment, so this we believe is a great
16 investment.

17 I'll conclude my comments at this point and I'd
18 be willing to answer any questions, and ask the Board for
19 approval.

20 MR. JONES: Is there a possibility to get
21 copies of those documents distributed to all the Board
22 members?

23 MR. DIETZ: Specifically what you're referring
24 to --

25 MR. JONES: Well, he named three, especially

1 the names of those who are part of the working group, so
2 that they can have a glance. You brought a list and said,
3 here's the working group members.

4 MR. NELSON: Yeah. Well, I've got multiple
5 copies of this, I only have one copy of this, but staff
6 can certainly get it sent around to the Board.

7 MR. DIETZ: Great. Thank you very much.

8 MS. CARDENAS: Just for information purposes,
9 what was the reasoning to just restrict the Texas Heroes
10 to just Ginnie Mae or government financing?

11 MR. NELSON: I don't know. I could give you my
12 view on that, but I think we thought the government
13 program offered a greater advantage. You're already
14 offering an excellent product in your TBA program for
15 conventional. I think there was also a concern that your
16 master servicer, it's the first bond program that they've
17 undertaken so we wanted to sort of have a kind of
18 simplified approach for them. I think we fully intend to
19 probably open that up as we move further into the 2019B
20 and beyond, but I think it was sort of this is your first
21 bond deal in 12 years, let's sort of keep it simple
22 stupid, for a lack of a better term.

23 MS. COBOS: And I thought it was helpful to
24 kind of get a little background on where that up to \$42
25 million, what that figure represented in the greater

1 scheme of the bond cap. My understanding -- and David,
2 correct me if I'm wrong but our total bond cap for TSAHC
3 adjusts every year from what we got and from what the
4 State of Texas gets from the federal government, and then
5 a portion of that is set out for housing that's divided
6 between TDHCA, TSAHC and local governmental entities, and
7 so for this year TSAHC has \$84 million, so that up to \$42
8 million is about 50 percent that we're going to use for
9 single family housing and the rest will be used for
10 multifamily?

11 MR. NELSON: Well, actually here, in addition
12 to the \$84- that you get in your annual set-aside, you
13 have \$700 million in carryforward. We're actually funding
14 this \$42 million out of that \$700 million in carryforward,
15 so the remainder of that \$700-, plus the \$84- that you
16 have, would be available for future single family
17 programs. You can't use your single family set-aside for
18 multifamily; you have a separate set-aside for that.

19 MS. COBOS: Right. So there are two different
20 buckets, and the single family is up to \$42- which would
21 represent about 50 percent of the \$84-.

22 MR. ROMERO: Only the set-aside.

23 MR. NELSON: Only the set-aside amount. Again,
24 you have \$700 million that you carried forward from 2018
25 so that is another --.

1 MS. CRIM: For single family.

2 MR. JONES: Mr. Chairman, would you let David
3 weigh in directly?

4 MR. LONG: Let me just explain. Originally
5 when we first started this --

6 MR. DIETZ: Introduce yourself.

7 MR. LONG: I'm sorry. David Long, president of
8 the Texas State Affordable Housing Corporation.

9 When we first put out this transaction, we were
10 uncertain if we would be able to utilize the \$700 million
11 carryforward for this transaction, and we were looking to
12 submit an application utilizing the annual allocation we
13 got for 2019 for the Heroes program, which as Ms. Cobos
14 said, was about \$84 million and some change and this was
15 about half of it. As we've moved forward, the allocation
16 that we had of the \$700 million is available, and as the
17 Bond Review Board would tell you, it's kind of a
18 first-in/first-out mentality, and since that \$700 million
19 is available for beyond the MCC product we originally used
20 it for, they're asking us to take \$42 million out of that
21 \$700 million first. We still would then have intact the
22 \$85 or \$84 million for the annual allocation in '19 but
23 we're just taking it out of a different pocket, because
24 originally it was not available and we were going to use
25 \$42- of the first 85 or \$84 million.

1 That's correct. So you were right in that
2 scenario, it's just that as we moved forward in some of
3 the requests we made we had to change that model up so
4 that we're utilizing the \$700 million first.

5 MS. COBOS: And that \$700 million carryforward
6 is a pot of money that's being carried forward from 2018
7 that wasn't used up in mortgage credits?

8 MR. LONG: We could use it for anything we need
9 to, both bond activity, MCCs, whatever it needs to be for
10 single family.

11 MS. COBOS: Okay.

12 MR. DIETZ: Any other questions?

13 So basically we're getting \$40 million of
14 capital to use for the Heroes program, and we've been
15 doing the Heroes program all along, and so that's just
16 been coming from other --

17 MR. NELSON: From the TBA markets, so you've
18 been funding that through the taxable product that I was
19 saying for the longest time that actually produced a lower
20 rate, a more attractive rate, and now we're just seeing
21 that the markets are turning around the other way. So
22 you're still going to have TBA, a hero could still get a
23 TBA loan, it's just that's going to be offered at a higher
24 rate, if you will, and then you'll have this bond product
25 that is also available and you just have to meet these

1 additional restrictions in order to access that pot of
2 money.

3 MR. JONES: And you said in effect it will
4 provide 230?

5 MR. NELSON: I think I used \$170- or \$175,000.

6 MR. JONES: So it's 230.

7 MR. NELSON: Yes.

8 MS. CRIM: Borrowers, based on our average on
9 loan amount.

10 MR. ROMERO: Tim, a hero who owned a home
11 wouldn't qualify for this new bond program. Is that
12 correct?

13 MR. NELSON: That is correct, unless they were
14 trying to get a loan in a targeted area.

15 MS. CRIM: Or a veteran.

16 MR. NELSON: Or a veteran. If you're a
17 qualified veteran, the first-time home buyer is waived.

18 MS. COBOS: And I guess just to sum up where I
19 was coming from was basically that because we are taking
20 advantage of the carryforward \$700 million, that leaves
21 the other \$84 million accessible to either single family
22 or whatever.

23 MS. CRIM: Well, it's all single family.

24 MR. NELSON: It would be single family, either
25 bond or MCC.

1 MS. COBOS: Okay. Right, right. That's great.

2 MR. DIETZ: That's a great program, I think.

3 That's one of the things that we do that I'm most proud
4 of, and if I understand correctly, the list of who can
5 qualify, that's defined by the legislature. Is that
6 correct?

7 MS. CRIM: That's correct.

8 MR. NELSON: That's correct.

9 MR. DIETZ: I'll be interested to see that.

10 Well, good. Any other questions or comments?

11 MR. JONES: I would move that we approve tab
12 item 4 as written. You can do the reading.

13 (General laughter.)

14 MS. COBOS: And I'll second that as written.

15 MR. DIETZ: Okay. It's been moved and seconded
16 that we approve a resolution authorizing the issuance,
17 sale and delivery of the Texas State Affordable Housing
18 Corporation's Single Family Mortgage Revenue Bonds for the
19 Texas Heroes Home Loan Program, Series 2019A (Non-AMT);
20 authorizing a trust indenture, official statement, bond
21 purchase agreement and continuing disclosure agreement
22 relating to such bonds, making certain findings and
23 determinations; authorizing the execution of documents and
24 instruments necessary or convenient to carry out the Texas
25 State Affordable Housing Corporation Texas Heroes Home

1 Loan Program relating to such bonds; and containing other
2 matters incident and related thereto.

3 Is there any public comment?

4 (No response.)

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

6 (A chorus of ayes.)

7 MR. DIETZ: Any opposed?

8 (No response.)

9 MR. DIETZ: Okay. It passes unanimously.

10 Thank you.

11 MR. NELSON: Thank you.

12 MS. CRIM: Thank you.

13 MR. DIETZ: We should really have auditions for
14 the chair role.

15 (General laughter.)

16 MR. DIETZ: Tab 5, discussion of the 86th Texas
17 Legislative Session. This is not an action item, this is
18 just a discussion. Is that correct?

19 MR. WILT: That's correct.

20 Good morning, Chairman Dietz, Board members.
21 I'm Michael Wilt, again, External Relations manager. Per
22 your request, we're going to provide monthly updates on
23 what's happening at the Capitol during the 86th
24 Legislative Session, and a lot has happened between the
25 last update I gave you in December and now.

1 Starting on the House side, Representative
2 Dennis Bonnen was elected Speaker of the House unanimously
3 on January 8. On January 23, Speaker Bonnen released the
4 committee assignments. We monitor House Urban Affairs
5 because it's the committee that typically considers all
6 the housing related bills. Representative Angie Chen
7 Button, of Garland, was appointed chair of the Urban
8 Affairs Committee; this is the first session she'll be
9 chairing that committee. There are nine members now on
10 Urban Affairs, up from seven from last session, and every
11 member on the committee is brand new, so there is no
12 holdover from last session to this session and so there's
13 a lot of institutional knowledge that will need to be
14 replaced on that committee. There's still one vacancy on
15 the committee and that will be filled by the winner of a
16 runoff election in House District 145 in Houston. Governor
17 Abbott just announced the run off date of March 5, he
18 announced that yesterday, so we're waiting for that final
19 vacancy to be filled.

20 The Urban Affairs Committee will have an
21 organizational committee meeting tomorrow at 8:00 a.m.
22 We've been invited to testify to give kind of an overview
23 of our organization, our programs, our activities at that
24 meeting and answer any questions they'll have, so we'll be
25 there, David and I, tomorrow morning.

1 On the Senate side, Lieutenant Governor Dan
2 Patrick announced committee assignments on January 18.
3 Senator Eddie Lucio retained his chairmanship of
4 Intergovernmental Relations; that's the Senate committee
5 that we follow. There are three new members of the
6 committee, including Senator Alvarado, who was the chair
7 of House Urban Affairs last session but is now in the
8 Senate, so that committee has retained a lot of the
9 knowledge that they have for housing issues from last
10 session to this one.

11 As David mentioned in his president's report,
12 we've been meeting with all the offices on both these
13 committees. We've had 14 of those meetings so far. We've
14 also met with the Speaker's office, we did that yesterday.

15 Before session we met with Chairman Lucio's office
16 several times, we've met with the Governor's Office
17 multiple times, we've met with the Lieutenant Governor's
18 Office. We've been at the Capitol a lot; we've got the
19 step counts to prove it. We've been all over the halls,
20 up and down, and are excited that we've gotten these
21 meetings finished, actually, so quickly at the beginning
22 of the session.

23 Every Friday I've been sending you the list of
24 bills that we're tracking. It's a pretty exhaustive list,
25 we're up to about 80 bills right now. That bill track

1 will continue to grow every week until the bill filing
2 deadline of March 8. And if you have any questions about
3 any of these bills, we're happy to answer them. It is an
4 exhaustive list, we have lot of different topics that are
5 included in our bill track, some of the bills we're
6 following more closely than others.

7 I would point out that there are a couple of
8 fairly important bills that I want to highlight, and one
9 of them impacts us directly and it's Senate Bill 647 by
10 Chairman Lucio. The House companion bill is House Bill
11 1402 by Armando Walle. This legislation expands our
12 purposes to allow us to engage in economic development
13 activity and it also expands the income categories that we
14 can serve to include moderate income households. These
15 two changes go hand in hand, as conducting economic
16 development activity is contingent upon being able to
17 serve up to moderate income households.

18 This bill, it didn't come as a surprise to us,
19 we knew about it, we've been in discussion with both
20 offices about them filing it. It builds upon some
21 legislation from last session that didn't pass. Late last
22 session we were approached by the Heart Association to see
23 if we would be interested in addressing what they call
24 food deserts. You may know about food deserts as well.

25 MR. JONES: About what?

1 MR. WILT: Food deserts, areas where residents
2 don't have access to healthy food options. A lot of times
3 they are going to a 7-Eleven for their food or a place
4 that just has low quality food that may be high in sugar
5 or fat, or basically they don't have fresh produce and
6 they're limited in the decisions they can make, and a lot
7 of times they're in low to moderate income communities.
8 And so what some cities in Texas have done is they've set
9 up a loan fund and it is a way to attract healthy food
10 retailers to those underserved areas. They can help a
11 retailer expand their operations if it is a small corner
12 store, so expand operations to offer healthy food options,
13 or it could help attract a new retailer into an
14 underserved area.

15 The Heart Association asked us if we would be
16 interested in setting up a loan fund like that. I know
17 intuitively you might have some questions that it may not
18 be a housing-related activity, but we did a lot of due
19 diligence over the past year and a half and what we
20 discovered was that it's fairly common for statewide
21 housing entities in other states to have economic
22 development activities as part of what they do with their
23 programs, and it's fairly common for them to include this
24 healthy food fund loan program. Specifically, we looked
25 at the Colorado Housing and Finance Authority's program

1 and discovered that it's something that could be easily
2 replicated here in house in terms of its initial setup and
3 administration. Of course, before any of that could be
4 done, those changes to our enabling statute would have to
5 be made and that's what those bills seem to accomplish.

6 I'd also note that the two bills as filed have
7 a significant problem in them, and mistakenly the terms
8 extremely low income and very low income were removed from
9 the purposes section. We've been told that that came from
10 Leg Counsel and the drafting attorneys over there were
11 under the misperception that low income was kind of a
12 catchall for very low income, extremely low income and low
13 income. We have been in discussion with the two offices
14 that filed the legislation and have told them that that
15 needs to change, that extremely low income and very low
16 income to be added back in. So if you're looking at that
17 bill and wondering why those were stricken, it was a
18 mistake and something that we're on top of and trying to
19 get corrected and it would be corrected in the committee.

20 The other bill that I want to draw to your
21 attention is Senate Bill 233 by Senator Menendez. It's a
22 positive piece of legislation for entities like us that
23 issue private activity bonds to finance multifamily rental
24 projects. It increases the per project cap from \$20
25 million to \$30 million due to increased development costs.

1 Issuers, including us, are saying development costs are
2 coming in well in excess of that \$20 million cap and that
3 cap hasn't been adjusted in a long time, so this would
4 increase it to \$30 million.

5 With that, I'm happy to take any questions. I
6 know y'all probably have some.

7 MR. ROMERO: Michael, on the House Bill 1402,
8 did they give the specific type of economic development
9 that would fall under that bill?

10 MR. WILT: Yes. There is language -- it
11 doesn't say the type of economic development, it says that
12 it has to be in areas that wouldn't have this type of
13 economic development activity otherwise, and it also
14 clearly states that it will not interfere with any of the
15 economic development activities that the Governor's Office
16 engages in. So we wanted to be clear that we weren't
17 stepping on any toes. We've talked to the Governor's
18 Office, we've shared the language with them. Basically it
19 is in these underserved communities where they're not
20 going to be able to draw capital into that area unless
21 there was an instrument like ours to go in there.

22 MR. ROMERO: So that could include up to
23 creations of some more loan programs?

24 MR. WILT: It could, yes. Micro-lending is
25 what some housing organizations call it. Yes.

1 MS. COBOS: That's interesting, and I haven't
2 looked at the bill but I will. So it's just basically a
3 broad economic development initiative.

4 MR. WILT: There are four qualifiers that are
5 enumerated in the language about economic development
6 activity that limits the type of activity that we could
7 engage in.

8 MS. COBOS: Okay. I'll take a look.

9 So that's separate and apart from the food
10 desert issue.

11 MR. WILT: They're combined.

12 MS. COBOS: They're combined. Okay.

13 MR. WILT: Yes.

14 MS. COBOS: That's maybe one piece of the
15 economic development.

16 MR. WILT: Yes. A healthy food loan fund would
17 be an economic development activity.

18 MR. JONES: Loan?

19 MR. WILT: Loan, loan fund.

20 MR. JONES: What would make you think in an
21 area that destitute that they could pay it back?

22 MR. WILT: We've seen it successful in other
23 areas as part of the research study we did. We wanted to
24 make sure that these weren't loans that were going to be
25 defaulted on. The way you vet the applicants is part of

1 that and underwrite the loan, we want to make sure that
2 they are quality applicants and the numbers will pencil
3 out and that they'll be successful in the retail option
4 that they set out.

5 MR. JONES: As opposed to a grant.

6 MR. WILT: Yes. The first healthy food fund
7 was primarily a grant program. It actually started in New
8 Orleans, Katrina money was used and it was all grant
9 funding, but since then everybody has moved to a loan
10 model, including the Colorado program which is the one we
11 most closely looked at.

12 MS. COBOS: So through this fund, assuming this
13 legislation passes and TSAHC's, I guess, responsibilities
14 or funding mechanisms are expanded to cover this area that
15 includes the food deserts that would be covered through
16 our existing budgeting process, we'd just take some of the
17 money we have and use it?

18 MR. WILT: We would fund raise for this
19 separately. And I should amend what I told you, Mr.
20 Jones. Depending on the type of investment that we have
21 in this fund, it was from a foundation and it was a grant,
22 then we could pass that on as a grant, but if it was a
23 CDFI we worked with or a financial institutions through a
24 PRI or something like that, then it would be a loan fund.
25 But we haven't come up with machinations of this program

1 yet, but my assumption is that we would fund raise for it
2 separately, that would be our intent.

3 MR. ROMERO: But the Board could also commit
4 dollars to this program?

5 MR. WILT: That would be within your
6 prerogative, yes.

7 MS. COBOS: It's very interesting because as
8 you think about some of these potential food deserts out
9 there in extremely remote areas, I think about a lot of
10 small towns out in West Texas like Valentine. I think
11 Marfa by now probably has some healthy food options
12 because it's very trendy. I'd like to throw Marathon in
13 there but they've kind of got in the trendy route, so I
14 guess just Valentine for now. But it would be incumbent
15 upon the local grocer to learn about this program and
16 potentially get funds to be able to bring in this food,
17 because Valentine is located about 45 minutes from Marfa,
18 so it's just one example. I think there's some probably
19 in the north central area going towards like maybe
20 Lubbock, that Coleman area is also very desolate. All
21 around Texas there's a lot of areas, but I'm just thinking
22 of places I've driven through.

23 MR. WILT: What we discovered in researching
24 this is that a lot of the funds start in urban areas but
25 they're desperately needed in rural areas, and whenever

1 there's a statewide fund that's available, it's
2 predominantly used for those rural areas.

3 MR. JONES: So the idea is if you provide it,
4 they'll buy it and eat it.

5 MR. WILT: Correct.

6 MS. COBOS: Maybe we can get some of those
7 folks to eat kale.

8 (General laughter.)

9 MR. WILT: And I should mention that we have a
10 partnership with the Health and Human Services Commission
11 and increasingly over the past two years, the intersection
12 of health and housing has come up numerous times, and I
13 think a lot of people in the housing community recognize
14 that housing isn't just about the roof that you live
15 under, a lot of your outcomes are determined in your
16 neighborhood and what's around you.

17 MR. JONES: I don't disagree, I'm just looking
18 at all of the healthy food school kids throw away every
19 day that they just won't eat.

20 MR. WILT: Right. Well, I mean, we certainly
21 can't dictate consumer choice but we can encourage people
22 to have that option.

23 MR. JONES: At least make it available.

24 MR. WILT: Right.

25 MR. ROMERO: And this is just one program that

1 you're using as an example. Correct?

2 MR. WILT: That's correct.

3 MR. DIETZ: Great. Well, we'll look forward to
4 hearing how that bill progresses through the legislature.
5 I assume you'll keep us apprised.

6 MR. WILT: Yes, every month.

7 MR. DIETZ: Great. Any other questions for Mr.
8 Wilt?

9 (No response.)

10 MR. DIETZ: Thank you for that update. That's
11 very informative and helpful.

12 Okay. Tab item 6 is a closed executive session
13 pursuant to Texas Government Code 551.074, regarding
14 personnel matters. We will enter a closed executive
15 session to discuss the possible approval of the annual
16 performance review of the president of the Corporation.
17 Any objection, question or comment before we enter closed
18 executive session?

19 (No response.)

20 MR. DIETZ: Hearing none, the time is 11:27,
21 and we are in closed executive session.

22 (Whereupon, at 11:27 a.m., the meeting was
23 recessed, to reconvene this same day, Wednesday, February
24 13, 2019, following conclusion of the executive session.)

25 MR. DIETZ: It is 12:56 and we are now back in

1 open session. The Board was in closed session to discuss
2 tab item 6 related to the annual performance review of the
3 Corporation's president. No action was taken during
4 closed session.

5 We are now going into tab item 7 which is
6 Review, discussion and possible approval of the annual
7 performance review of the president of the Corporation and
8 related actions. Is there a motion that we move forward
9 with the conversation?

10 MR. JONES: I move to approve the annual
11 performance review of the president of the Corporation.

12 MS. CARDENAS: Second.

13 MR. JONES: And related actions.

14 MR. DIETZ: Okay. There's been a motion and a
15 second to approve the annual performance review of the
16 president of the Corporation and related actions,
17 including adjustments to annual salary. Is there any
18 public comment?

19 (No response.)

20 MR. DIETZ: Then hearing none, all in favor?

21 (A chorus of ayes.)

22 MR. DIETZ: Any opposed?

23 (No response.)

24 MR. DIETZ: Okay. Great. And I'll provide
25 detail to the CFO of the organization about those

1 adjustments.

2 MR. LONG: Thank you very much.

3 MR. DIETZ: Thank you. Thank you for your
4 leadership of this organization. As I said to you in
5 closed session, it's an organization I'm very proud to be
6 a part of and a lot of that is because of your leadership
7 that you've provided to the organization historically.
8 We've grown a lot, it's a much more complex organization
9 than it was when I first got on the Board, and I think
10 that it's really admirable what you've done and what your
11 staff has done as well in terms of serving the Great State
12 of Texas and specifically the people that our organization
13 is geared to serve. So thank you very much for your
14 leadership.

15 MR. LONG: Thank you.

16 MR. DIETZ: Great. Is there any other action
17 item that we need to take up?

18 MR. LONG: Actually there is. We would like to
19 recognize Mr. Jones for his participation on our Board.
20 This is kind of an awkward scenario because Mr. Jones has
21 been on our Board for quite some time and I have been
22 working with the Governor's Office and it's my
23 understanding that this may be Mr. Jones's last meeting,
24 it may not be.

25 MR. JONES: Politics.

1 (General laughter.)

2 MR. LONG: But in anticipation of it being your
3 last meeting, it was suggested to me that this would be a
4 great meeting to provide recognition of you, and this is a
5 little difficult because you've been here so long, there's
6 a lot of recognition that should go to you. And I want
7 you to know just how much I appreciate all that you've
8 done in the various roles that you've played as a member,
9 as the chairman for many years. So I'm just going to kind
10 of read you a little backdrop that we put together, and
11 it's not bad, there's no jokes included.

12 So Mr. Jones, of Corpus Christi, was appointed
13 to the Texas State Affordable Housing Corporation's Board
14 of Directors on May 14, 2008 by then Governor Rick Perry.

15 The following year, on April 20, 2009, Mr. Jones was
16 appointed as chair of the Board for the Corporation. You
17 served as chair for nine years until July 18 and continues
18 to serve as a member of the Board through -- and I'll
19 leave that blank for right now, February of 2019 might be
20 wrong.

21 For those of you who don't know or have not
22 noticed, Mr. Jones is a professional radio talk show host
23 in Corpus Christi, commands the 6:00 a.m. to 10:00 drive
24 time. Is that correct?

25 MR. JONES: Prime time drive time.

1 MR. LONG: There you go -- slot for 1440 KEYS.

2 In Mr. Jones's tenure on the Board he attended
3 numerous legislative office meetings and hearings at the
4 Capitol. I know he can tell you numerous stories about
5 that, and we know he has some great memories, hopefully
6 they're good memories, about those late night committee
7 hearings that we attended with him there.

8 Mr. Jones has always been a staunch supporter
9 and advocate of the Corporation and for affordable housing
10 across the state. The Corporation has seen many changes
11 during his tenure and almost doubling the staff size, the
12 acquisition of our current office building, the expansion
13 or creation of programs serving affordable housing needs
14 of Texans across the state, and not to mention just a
15 variety of other things that we've been able to experience
16 during your leadership and time on the Board. He has been
17 truly a big part of our vision and success of this
18 organization, and I have a lot of what I am today to be
19 thankful for your participation.

20 We are greatly thankful for your commitment and
21 the years of service to the Corporation. Bob has been an
22 outstanding chairman and member of the Board, and we would
23 like to thank you for your leadership, support and
24 dedication to not only this organization but to the
25 citizens of the State of Texas in your role of helping us

1 achieve that role of a housing provider across the state.

2 So with that, we'd just like to let you know
3 we're going to miss you when you do leave, and that we are
4 very, very appreciative of all that you've done for us
5 over the years and we'd like to provide you some parting
6 gifts.

7 MR. ROMERO: Bob, if you come back next month,
8 you've got to bring the gifts back.

9 MR. JONES: Normally you take your name plate
10 with you when you go; I'll have one next month made out of
11 cardboard.

12 (General laughter.)

13 MR. LONG: By the way, before we all leave to
14 go to lunch, which has been waiting for us, we do want to
15 take a Board member picture.

16 (Pause for photos.)

17 MR. LONG: So we have a few parting gifts for
18 Mr. Jones.

19 MR. JONES: Can I get a picture of me and Mr.
20 Dietz? Taught him everything he knows.

21 (General laughter; pause for photos.)

22 MR. LONG: We wanted to let Bob know just how
23 much not only we think of him but what the Governor's
24 Office wanted to say, so I'll let you read that on behalf
25 of Mr. Jones.

1 MR. DIETZ: Okay. This is from the Governor of
2 the State of Texas.

3 "To all to whom these presents shall come,
4 greetings. Know you that this official recognition is
5 presented to Robert E. Jones in recognition of and
6 appreciation for your years of meritorious service to the
7 State of Texas as Board chair and member of the Board of
8 Directors for the Texas State Affordable Housing
9 Corporation, 2008 through 2019. In testimony whereof, I
10 sign my name and caused the seal of the State of Texas to
11 be affixed in the City of Austin, this the 28th day of
12 December 2018." And it's signed by Governor Gregg Abbott.

13 (Applause; pause while Mr. Jones opened gifts;
14 general talking and laughter.)

15 MR. LONG: Thank you very much. We appreciate
16 your service.

17 MR. JONES: Thank you, appreciate it. And
18 thank all y'all. You made me look good, you did. Thank
19 you.

20 (Applause.)

21 MR. JONES: But the one thing I'll say, walking
22 the halls of Congress, our State Legislature, Janie walked
23 them with high heels and I'm forever impressed by that,
24 because I had on boots and I got shin splints walking on
25 that hard floor. But I remember testifying at 12:30, 1:00

1 in the mornings, and then driving three hours back to
2 Corpus, stopping at truck stops, parking in front of the
3 window so I could take a nap so I could get back right to
4 the radio station because I come on at 6:00 in the
5 morning -- at that time I was coming on at 5:30, so I had
6 to drive right back to the radio station. But we did it,
7 didn't we? We got a 12-year extension and they didn't
8 want to give us any.

9 (Applause.)

10 MR. JONES: But again, the staff, I've seen you
11 grow, I've seen you develop, I've seen it all, and one
12 thing I can say, we leave TSAHC in good hands with the
13 staff, with the president, but we also leave it with an
14 excellent new Board. Take my word for it. Thank y'all so
15 much. God bless each and every one of you.

16 (Applause.)

17 MR. JONES: Stop trying to make me cry.

18 (General laughter.)

19 MR. DIETZ: On a personal note, I'd like to
20 thank Mr. Jones for his mentorship and advice and counsel
21 that he provided to me, and most importantly, his
22 leadership by example. I hope the governor has the good
23 sense to name somebody to replace him with a sense of
24 humor and a sense of style, because otherwise we'll be
25 deficit in those two areas.

1 MR. LONG: And just again, we'll look to March
2 14 as our next Board meeting unless something changes.

3 MR. DIETZ: And I will not be available on that
4 particular day.

5 MR. ROMERO: You're going on your vacation.
6 Right?

7 MR. DIETZ: That happens to be Spring Break for
8 all the Waco schools.

9 MR. LONG: Well, we can certainly change the
10 date again. It's at the Board's discretion to change that
11 date. As you know, we set it up the second Thursday of
12 every month.

13 MR. DIETZ: That full week I'm gone, so if we
14 don't need to meet then, then the next week maybe?

15 MR. LONG: We can consider that, and I would
16 also mention -- I know she's not here now but I think Ms.
17 Cardenas had mentioned to me that she has an overlapping
18 meeting every once in a while which is why she can't make
19 the Loan Committees and that the Board might want to
20 consider as a group discuss in the future maybe a
21 different date than the second Thursday of every month,
22 which I'm fine with that. So whatever you guys would like
23 to do, we'll accommodate that.

24 MR. DIETZ: And I'll get with you on that.

25 MR. LONG: With that.

1 MR. DIETZ: Well, it is 12 minutes after one
2 o'clock, and Olive Garden is waiting, so the Board is
3 adjourned.

4 (Whereupon, at 1:12 p.m., the meeting was
5 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: February 13, 2019

I do hereby certify that the foregoing pages,
numbers 1 through 59, 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: February 19, 2019

(Transcriber)

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