

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Tuesday,
April 9, 2019
10:30 a.m.

BOARD MEMBERS:

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

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P R O C E E D I N G S

1
2 MR. DIETZ: Order. Okay. It is 10:30 a.m. on
3 April 9. And the Texas State Affordable Housing
4 Corporation Board meeting is called to order. We'll do
5 roll call. Bill Dietz, I am here.

6 Jerry Romero, Vice Chair?

7 MR. ROMERO: Here.

8 MR. DIETZ: Bob Jones?

9 MR. JONES: I am present, I think.

10 MR. DIETZ: Lori Cobos.

11 MS. COBOS: Present.

12 MR. DIETZ: Valerie Cardenas.

13 MS. CARDENAS: Present.

14 MR. DIETZ: Okay. We are all here, so we do
15 have a quorum. Now, if you will stand and join me in the
16 Pledge of Allegiance to the American and Texas flags.

17 (Whereupon, the Pledge of Allegiance was
18 recited.)

19 MR. DIETZ: And to the Texas flag.

20 (Whereupon, the Pledge to the Texas Flag was
21 recited.)

22 MR. DIETZ: Okay. Before we begin, is there
23 any public comment?

24 (No response.)

25 MR. DIETZ: Hearing none, we will go to the

1 President's report. Mr. Long.

2 MR. LONG: Thank you, Mr. Chairman, Members.
3 As always, your Board book contains the program reports,
4 fundraising report, and our financial reports, under Tab
5 Items A through D.

6 And while we did not have a March Board
7 meeting, I think you should have all received an email
8 from me that included the March update reports. So what
9 you have in front of you for this month is really just the
10 normal reports that we would have in the Board book on a
11 monthly basis.

12 Since the February Board meeting, the
13 Corporation actually did have its Loan Committee meeting
14 twice. We did meet in March, on the 13th, and we also met
15 yesterday, April 8. The Committee did not take any action
16 regarding any new loans and/or any decisions on any
17 existing loans.

18 However, the Committee did review and discuss
19 some items, including the redesign of some of our
20 reporting, financial reporting. So the Committee could
21 have a better flow-of-funds understanding, as well as just
22 looking at all the different existing loans outstanding in
23 the portfolio.

24 I will note that for the record, Ms. Cardenas
25 was on call, via telephone conference for both meetings.

1 And Mr. Romero attended the March meeting via telephone
2 conference and was here yesterday physically for the
3 meeting. Did I miss anything, you guys?

4 (No response.)

5 MR. LONG: Okay. Program updates --

6 MR. JONES: Oh, excuse me.

7 MR. LONG: Yes, sir.

8 MR. JONES: Report. Can you -- I haven't heard
9 anything about the portfolio. I mean, how are we doing
10 since this economic recovery upturn?

11 MR. LONG: Do you mean in terms of the loan
12 portfolio?

13 MR. JONES: Does it affect -- yes. Our
14 investments.

15 MR. LONG: Our investments. I'm sorry, Mr.
16 Jones.

17 MR. JONES: We have investments, right?

18 MR. LONG: Yes. We have financial investments.

19 MR. JONES: The portfolio?

20 MR. LONG: They are doing fine. I mean, I
21 don't -- there is a huge portfolio. I mean, if you are
22 talking about our financial investments --

23 MR. JONES: Yes. I just wanted an overview.
24 Does it look like, I mean, we are growing with this
25 growing, booming economy, or what?

1 MR. LONG: We are. Our portfolio, in our
2 single-family programs continue to be very robust. We
3 have a new single-family program I am going to mention in
4 my President's report. We just priced and released --

5 MR. JONES: So when is the next time the Board
6 gets that?

7 MR. LONG: The financial report?

8 MR. JONES: The overall investment.

9 MR. LONG: When we do our next investment
10 report with Linda here, Linda Patterson?

11 MS. SMITH: You mean, have her come here?

12 MR. LONG: Yes, ma'am.

13 MS. SMITH: Any time you like.

14 MR. JONES: When is she due?

15 MR. LONG: We don't -- we usually have her come
16 twice a year, and she can come in the summertime.

17 MR. JONES: And the last time she was here was?

18 MS. SMITH: I think it was about four months
19 ago, maybe five.

20 MR. LONG: She came during the -- when we do
21 the budget stuff.

22 MR. JONES: I think the Board would be
23 interested. Because with all that is going on -- oh.

24 MR. LONG: I am happy to have her come back at
25 any time.

1 MR. JONES: And I will probably be gone by
2 then. But okay. I am sure they are doing good.

3 MR. LONG: For Mr. Jones' consideration, what
4 we will do is, we will go ahead and talk to Ms. Patterson
5 and see if she is available to come back and give another
6 economic update to the Board --

7 MR. DIETZ: Great.

8 MR. LONG: -- at her earliest convenience. And
9 that way, we can get it on the agenda.

10 MR. JONES: Okay. Thank you.

11 MR. LONG: I'm sorry. I didn't have that -- I
12 didn't quite understand, and I apologize.

13 MR. JONES: No, you don't have to apologize.

14 MR. LONG: Okay. Well, as I mentioned a second
15 ago, on April 3, the Corporation launched a single-family
16 program. It's the first one we have done in quite some
17 time. It is the first new money program we have released
18 since 2010. So we are very excited to have our Homes for
19 Heroes Bond Program released. It is a \$40 million
20 transaction. The pricing was held on the 2nd of April.

21 And as a result of that, the Corporation will
22 be offering a 5.05 mortgage rate, with 4 percent down
23 payment assistance in the form of a grant. As I said,
24 this is the first time we have done a transaction since
25 2010.

1 And I thank all of our professionals, including
2 bond counsel, and general counsel and everybody else who
3 kind of took a little time to dust off the manuals and
4 figure out what we were doing. But I think we were very
5 pleased with the results.

6 I did want to go ahead and invite Tim Nelson
7 and Chris Spelbring to, maybe, come up for a second and
8 kind of give you an overview. These gentlemen both do a
9 lot of legwork on this transaction in conjunction with
10 disclosure counsel, Greenberg Traurig, Bill Gehrig.

11 There are a lot of documents. And I want them
12 to kind of give you a quick overview from the mechanics of
13 the deal, because this is the first one we have done in a
14 long time, so not everybody has had a chance to fully
15 understand how these deals get done, and exactly what the
16 components are and how we go about pricing.

17 So Chris or Tim, whichever one of you wants to
18 go first.

19 MS. CARDENAS: David, before you leave, I just
20 had a quick question.

21 MR. LONG: Yes.

22 MS. CARDENAS: Just to distinguish the Homes
23 for Texas Heroes is specific to a certain --

24 MR. LONG: Profession specific.

25 MS. CARDENAS: And the Home Sweet Home --

1 MR. LONG: That is not profession specific.

2 MS. CARDENAS: Okay.

3 MR. ROMERO: Eighty and below?

4 MR. LONG: Pardon?

5 MR. ROMERO: Eighty and below. Eighty and
6 below on that transaction was done as a bond program.
7 Right now, it is not.

8 MR. ROMERO: Okay.

9 MR. LONG: It is TBA.

10 MR. ROMERO: But this one will be.

11 MR. LONG: This one is 115 percent AMFI,
12 because it is a non-Hero. Hence, Hero Program.

13 MR. NELSON: Tim Nelson with Hilltop
14 Securities, financial advisor to the Corporation. As
15 David said, I think a phenomenal job done by the working
16 group.

17 When we all walked into our offices on January
18 2nd of this year, this transaction, if you will, was a
19 gleam in our eyes, and we started talking with staff.

20 Ultimately came to the Board in January to get
21 authorization to move forward. And so in that intervening
22 three-month period, we had really gone back and amended
23 your prior documents on origination and servicing, to
24 incorporate doing these bond loans, which was not part of
25 your program before, and getting all of the other

1 documentation put together.

2 Working with Bond Review Board, which, as David
3 said, hadn't really approved one of these deals for the
4 better part of a ten-year period. So they had a lot of
5 questions, a lot of work with staff and professionals to
6 get done, up to speed, get the approval.

7 And then to be able to go out in the
8 marketplace and be able to take advantage of what has been
9 an attractive market recently, to get the Corporation that
10 5.05 mortgage rate, which is substantially below what you
11 are offering in your TBA program. And I think
12 substantially below what TDHCA is offering on their bond
13 program money that is out there.

14 So overall, I think, a very successful
15 transaction for the Board. And again, I think you should
16 be very pleased with the results.

17 As David said, that program has been announced
18 to the lenders, and we will move forward with closing it
19 the first week of May. And so I'll turn it over to Chris,
20 if he wants to fill in any additional details.

21 MR. SPELBRING: I am Chris Spelbring with
22 Raymond James. Essentially, Tim's role is to serve as
23 your municipal advisor, and whereas, my role is to serve
24 as the underwriter of the transaction.

25 So I helped structure the transaction, along

1 with Tim, as well as to go out there and actually sell the
2 bonds to the public and actually bring the money to you
3 all.

4 Since it was the first transaction we have done
5 with you all since -- I believe 2011 was the last one that
6 we did, other than refunding in 2013, another reeducation,
7 reintroduction of TSAHC to the market, to the investors.

8 There are certain investors that purchased
9 municipal housing bonds, so we had to kind of let them
10 know who you are again, what the transaction is for. You
11 know, the uniqueness of the program; serving Texas heroes,
12 and essentially gain their interest and bring them to
13 purchase your bonds, ultimately.

14 So we also are very cognizant that when this
15 transaction was structured, that TSAHC made an investment
16 to the transaction. And we hope the way it is structured,
17 and if everything goes well with originations, this will
18 ultimately be an investment with returns back to the
19 Corporation as well. So not money not well spent, and
20 hopefully it will result in some good fortune in the
21 future as well for the organization.

22 MS. CARDENAS: So one of my questions -- and I
23 don't know that it is necessarily addressed to you two
24 gentlemen, you know. And David can certainly chime in.

25 So if I am looking at the reports, I don't have

1 the 2018. And I know those are provided. So we have the
2 report January 1 through February 28. And so the Homes
3 for Texas Heroes was at 14 percent versus Home Sweet Texas
4 at 86 percent --right? -- for those two months.

5 So how do we feel that this will help generate
6 more business in that category? More originations --
7 right? -- with this bond program, because that is a huge
8 disparity between what is originated in Homes for Texas
9 Heroes versus Home Sweet Home.

10 So you know, just to understand, are we going
11 to market it differently? Or what has been the big
12 determining factor that we have such a big disparity in
13 originations, in those categories?

14 MR. SPELBRING: Well, just to hit the top layer
15 of that, one of the reasons why you all went to the bond
16 market for the first time in all these years was because
17 it does offer more attractive financing than you can offer
18 through your TBA program.

19 As Tim said, it is a 5.05 percent mortgage
20 rate, versus a comparable product, it is a 5.75 percent
21 mortgage rate. So significant interest savings over the
22 life of the loan for folks, so that should be incentive to
23 get borrowers into it.

24 But as for other specific Homes for Heroes type
25 of marketing efforts, I will turn that over to David and

1 staff.

2 MR. LONG: We are going to be doing a lender
3 training that will specifically address this transaction
4 and making the funds available. There is several changes
5 we are making in our products, releasing some additional
6 pricing, rate structures. We are working with our Fannie
7 Mae products as well as this transaction.

8 So there is a significant lender training that
9 is scheduled to kind of be made available. And I think
10 Joniel can tell you. Was it over 500 that are signed up?

11 MS. CRIM: Yes. As of yesterday morning, we
12 had over 500 loan officers signed up. The training is
13 tomorrow morning.

14 MR. LONG: Right. So that training is
15 tomorrow. They will have over 500 lenders that will sign
16 in and register and then basically be listening to the
17 transaction, how they can market it and how they can do
18 it.

19 And then we also work with our realtor
20 partners, and they go out and market it as well. So the
21 strategy, we will be pushing this transaction rather
22 heavily. Not only to kind of add a little more volume to
23 the Heroes program, but also just to make sure that people
24 understand what a great opportunity it is to bring
25 borrowers in that may have not qualified previously.

1 MS. CARDENAS: So to me, the attractive piece,
2 too, is going to really be the down payment assistance.

3 MR. LONG: Correct.

4 MS. CARDENAS: Because with the market, with
5 rates dropping recently, in the last week and a half or
6 two weeks, you know, I think the emphasis is, a lot of
7 people, unfortunately, are cash poor coming to the table.
8 Right?

9 So you know, I want to make sure that we push,
10 also, the angle that it's got DPAP, right, attached to it.

11 MR. LONG: We always do. Yes.

12 MS. CARDENAS: Okay.

13 MR. LONG: And that is the biggest hurdle for
14 most home buyers, is the down payment assistance, the cash
15 needed to close. And so these structured programs always
16 try and offer some form of that.

17 MS. CARDENAS: Okay.

18 MR. LONG: Because we do know the borrowers we
19 are trying to serve, which is usually first time home
20 buyers or the borrowers who are looking to move in with a
21 FICO that is not premium, so they can't go out and get a
22 traditional market rate. DPA is really their biggest
23 hurdle that they are trying to overcome. And we'll be
24 trying to bring that to them so that they can become a
25 home buyer using our programs.

1 MR. DIETZ: Is this 500 lenders that are
2 associated with banks and mortgage companies that are
3 currently signed up with us?

4 MR. LONG: Most of them are. Yes. There may
5 be some new ones that are attracted because of this. I
6 don't know exactly.

7 MR. DIETZ: Okay.

8 MR. LONG: Because we have well over 150, 200
9 lender organizations, but the lender pool is huge.

10 MR. DIETZ: Yes.

11 MR. LONG: So the loan officer pool is huge
12 compared to that.

13 MR. DIETZ: Yes. Does it also represent an
14 opportunity to go out and attract more financial
15 institutions to --

16 MR. LONG: We sign up -- I sign new lenders to
17 the program almost every day, if not more than twice a
18 week.

19 MR. DIETZ: Really. Okay.

20 MR. LONG: There is a pretty heavy stream of
21 new lender organizations coming into the programs on a
22 regular basis.

23 MR. DIETZ: Okay.

24 MR. LONG: And I am sure it is not just us.

25 MR. DIETZ: Yes.

1 MR. LONG: All of the other issuers are
2 probably experiencing the same thing, because Texas still
3 does have one of the largest population growths in the
4 country.

5 MR. DIETZ: Yes.

6 MR. LONG: So we are continuing to see the
7 stream of new buyers. The question is, can we serve them?
8 As Ms. Cardenas said, can we serve them by providing them
9 the needs that they have to make the home buyer purchase
10 available to them?

11 So we hope the rate being 5.05, the down
12 payment assistance being available to them, and then the
13 trainings that we offer, not only the home buyer education
14 requirements, as well as making the lenders and the
15 realtors available and knowledgeable and trained in our
16 program, will advance that program now, quickly.

17 MS. CARDENAS: But correct me if I am wrong,
18 David. It is not just getting the approval with us,
19 right? It is also being approved with the servicer of
20 these loans? So TSAHC is one -- just answer Bill's
21 question, part of that process is they can become approved
22 with us, but they also have to become approved with the
23 servicer.

24 MR. LONG: Right. Right. You are right. Both
25 the lender -- both the issuer and the master servicer have

1 to approve it.

2 MS. CARDENAS: Right.

3 MR. LONG: But in most instances, we have not
4 found that to be a problem. And if there is, we would
5 obviously wait for that to happen.

6 MS. CARDENAS: Sure. Okay.

7 MR. LONG: Anything else?

8 (No response.)

9 MR. LONG: No questions for these guys?

10 MR. DIETZ: One more. So who is the buyer for
11 the bonds? Is it mainly institutional buyers? Is that --

12 MR. SPELBRING: Yes. The way this transaction
13 was structured, it is primarily institutional.

14 But the first, on 2030, we have serial bonds
15 that were in smaller chunks. And those were traditionally
16 sold to retail investors. But yes, all the term bonds
17 were effectively sold to institutional investors of some
18 kind. Yes.

19 MS. CARDENAS: Overall, it is great news.

20 MR. SPELBRING: It was.

21 MS. CARDENAS: We need to provide more
22 outreach. So I think this is great news, that we got a
23 low interest rate bond program out and obviously tied with
24 DPAP.

25 MR. SPELBRING: The timing couldn't have been

1 better.

2 MR. NELSON: We will take credit for that.

3 MS. COBOS: Thank you.

4 MR. LONG: Well, before I move on to my next
5 item, I want to commend the team, Hilltop Securities;
6 Raymond James; Norton Rose Fulbright, for bond counsel;
7 obviously Greenberg Traurig for being disclosure counsel
8 to the Corporation. And anybody else I missed.

9 The Bond Review Board was very good at working
10 with us, and helping, making sure that we were able to
11 communicate with them openly. And I think the whole
12 process was very well done. And I think that the
13 Corporation was very fortunate to have the team that we
14 had to help us kind of move this forward.

15 So like I said, we kind of got done dusting off
16 all the manuals and kind of got back into the groove. And
17 as these gentlemen just said, it really helped us come up
18 with a good program.

19 So anyway, if there are no further questions, I
20 will move on to a couple of other things in here.

21 (No response.)

22 MR. LONG: Staying on the single-family home
23 ownership theme, they have been continuing to do their --
24 conduct their down payment realtor classes, providing
25 training to 115 realtors since our last Board meeting, so

1 again, back to lender and realtor trainings. On March 7,
2 we participated as a trainer at the TAR Affordable Housing
3 Specialist Certification Training Program. We were able
4 to train an additional 17 realtors there to get their
5 certification. And approximately 320 lenders participated
6 in the corporation's online webinar training, required to
7 participate in our program.

8 So again, following back up with Ms. Cardenas'
9 question, about how we are marketing, we continue to have
10 the online trainings and everything else that make sure
11 that the realtors and lenders in the state are fully aware
12 of the programs we are offering.

13 MR. JONES: David.

14 MR. LONG: Yes, sir.

15 MR. JONES: The last subject that we talked
16 about, I think it is important, because maybe some of the
17 Board members don't know that the team of people that put
18 this together, our bond counsel is a minority-owned firm.
19 Right? One of our counsels. Which one of our counsels
20 that are involved with the transaction?

21 MR. LONG: Our bond counsel is not. It is
22 Norton Rose Fulbright. I am not aware that they're
23 minority owned.

24 MR. JONES: Were any --

25 MR. LONG: Mahomes Bolden on the multifamily

1 side is minority owned.

2 MR. JONES: Okay. But they only do the
3 multifamily?

4 MR. LONG: They are our multifamily. Yes, sir.

5 MR. JONES: Okay.

6 MR. LONG: Some other events: Obviously, we
7 continue to reach out. And we were in the Laredo area.
8 One of our home buyer staff attended the Neighborworks
9 Laredo Home Buyer Fair on March 30th and were able to
10 visit with approximately 200 potential home buyers.

11 Single-family rental program, I think we have
12 talked a little bit about this, but just to refresh, at
13 the last budget that the Board approved, you allocated
14 some additional funding for extending the single-family
15 rental program.

16 I think I mentioned to you, the Corporation has
17 been reaching out in the San Antonio area. We have
18 purchased a home, the last time we reported it. We have
19 actually closed on a second home in that area. It has
20 already been rented.

21 So unfortunately, we had two months go by, so
22 you didn't get to hear of the process. But we closed on a
23 home there, and that has been leased out to an affordable
24 home buyer -- home owner. So we are excited to have that
25 moving on.

1 The other thing I mentioned in my interim
2 report that I sent you in March was that we had purchased
3 a home in Georgetown. But we were selling an older home
4 in the portfolio that was in Leander, Williamson County.
5 And that actually closed since the last Board meeting as
6 well, so we sold that home.

7 And so we have a portfolio that consists of 20
8 properties, which is 21 rental units, which consists of 19
9 individual homes and one duplex.

10 Multifamily update: Cassandra Ramirez traveled
11 to Rio Grande Valley to visit the affordable homes of
12 South Texas, CDC Brownsville, and Harlingen CDC to tour
13 active home-building programs throughout the Lower Rio
14 Grande Valley.

15 What I might tell you is that if you don't
16 know, all three of those organizations are partners in our
17 developer-builder program. And these three partners are
18 probably our largest builders. And amongst the three of
19 them, they built and sold 94 homes to low-income families
20 since the ACT program -- in the ACT Program, in the last
21 five years. So we really appreciate the work that they
22 do.

23 And they each have a kind of a -- somewhat of a
24 subdivision access for us, and so they continue to build
25 out. And their products are really nice products, and we

1 are very pleased to have them as partners in our program.

2 Fundraising and business development: Katie
3 and Laura conducted site visits with Meals On Wheels in
4 Central Texas in La Grange on April 4th. That is part of
5 our HEART program where we make grant funds available
6 through the HEART program to assist borrowers who have
7 been affected -- home owners who have been affected by
8 Hurricane Harvey. So they went down and checked out some
9 of the repairs and access to the funding that they were
10 using in that area.

11 At the February Board meeting, I announced the
12 Corporation had been awarded a Capital Magnet Fund grant,
13 which is through the CDFI program. That program for those
14 funds will be used in support of our Housing Impact Fund
15 and allow us to make additional financing available to our
16 development partners building affordable housing.

17 I would like to announce that on April 5, we
18 actually got the money, so we now have \$3.75 million in
19 our account, separate account, available to make more
20 loans and develop housing for affordable borrowers.

21 We also launched an update on our website, to
22 create an online eligibility tool for to help lenders
23 determine if home buyers meet income and census tract
24 requirements to qualify them for our new programs that we
25 were offering. We were really excited to work with Mighty

1 Citizen on that.

2 And I commend the developments team staff,
3 Katie, Laura, and anybody else that was involved in that.

4 I know I missed names and everything else. But they do a
5 good job of working with them.

6 And I am glad we got them. The more tools we
7 offer, the better we can be at providing assistance to not
8 only our lenders but also to our borrowers. So I am
9 excited to have that program.

10 I will announce or let you know that that was
11 funded by our master servicer relay team. We are really
12 pleased that they stepped up and funded that website
13 development for us. And so we are really pleased to have
14 them as an ongoing partner.

15 Participation and things that staff has been
16 doing: I gave you some updates in the March report that I
17 sent out. But since then David, Cassandra, and Katie
18 attended the Texas Association of CDCs Conference which
19 was in San Antonio, last month.

20 On the 25th, the Corporation hosted a training
21 in Austin with a Local Initiatives Support Corporation, or
22 LISC, which focused on developing permanent supportive
23 housing. And then recently Katie, Cassandra and Laura
24 attended the Accelerated Community Investment in Austin
25 training.

1 And then lastly I would just note that just
2 last week, Katie and Laura attended the Association of
3 Professional Fundraising Annual Conference held in San
4 Antonio. So again, trying to continue to focus on ways
5 that we can not only raise money for our program, but also
6 ways that we can generate revenue -- excuse me, raise
7 money through grants and other programs that we can fund-
8 raise for.

9 Legislative update: We continue to attend and
10 track activities at both House Committee on Urban Affairs
11 and the Senate Committee on Intergovernmental Relations.
12 And we continue to monitor and track bills, which you
13 should be getting weekly reports on. I know Michael Wilt
14 will be providing you greater detail and review under Tab
15 Item 6, so I won't really need to go into that.

16 I always like to recognize the professionals
17 that are in attendance. Karen Kennard is here with
18 Greenberg Traurig, our General Counsel. You heard from
19 Tim Nelson, Hilltop Securities. And you also heard from
20 Chris Spelbring with Raymond James. I am sure I am
21 missing or leaving someone out. But if I am, I apologize.

22 Next scheduled meeting, Mr. Chairman, is
23 scheduled for May 8, Wednesday. You guys have asked to
24 meet on Wednesday. So that is the second Wednesday of the
25 month. And with that, I will conclude, unless there is

1 any further questions.

2 MR. ROMERO: I have a question on the
3 investment report. I just need verification. Maybe David
4 can help me.

5 Linda Patterson provided you a portfolio
6 analysis. Can you explain the bank rate? It shows that
7 there's core value of \$3.5 million, but that the yield on
8 it is zero.

9 MS. SMITH: That is our operating account. And
10 we use it to -- correct me if I am wrong, to pay the
11 expenses on the accounts. The interest that it has earned
12 are the credits that are earned on the account. That's
13 really the interest.

14 And we transfer that money directly into Logic,
15 where we are earning 2.6 percent, sometimes a little more,
16 lately. And probably caught us on the cutoff there, where
17 we hadn't gotten it all over there yet.

18 MR. ROMERO: Is it like a sweep account?

19 MS. SMITH: No.

20 MR. ROMERO: Not on that. Okay.

21 MR. LONG: Before I conclude, I would like to
22 point out -- I know Mr. Jones was asking about our
23 economic update. And Ms. Kennard pointed out to me that I
24 probably should remind the Board that in our Board packet
25 you get a quarterly update, and it is quarterly investment

1 report.

2 And so that might not be quite what you were
3 looking for, Mr. Jones, but it is -- it does give a pretty
4 thorough overview of what we have got in investments, and
5 where those are at.

6 MR. JONES: Yes. I saw that.

7 MR. LONG: Kind of the status of what has been
8 going on in the --

9 MR. JONES: Yeah, I saw that. I just wanted
10 to hear you say, Yeah, man, this thing is going well.

11 MR. LONG: Well, we are doing very well. But I
12 appreciate you asking me to bring Ms. Patterson in. We'll
13 do that.

14 MR. JONES: All right. Thank you.

15 MR. LONG: Okay. With that, Mr. Chairman, I
16 will conclude unless there is any further questions.

17 MR. DIETZ: Okay. Any questions or comments
18 from the Board?

19 (No response.)

20 MR. DIETZ: Okay. Let's move into our action
21 items for the meeting today. The first is the
22 presentation, discussion and possible approval of minutes
23 of the Board Meeting held on --

24 MR. JONES: I make the motion to approve the
25 minutes as written.

1 MR. DIETZ: Okay. It has been moved that we
2 approve the minutes for the Board meeting held on February
3 13, 2019. Is there a second?

4 MS. COBOS: Second.

5 MR. DIETZ: All in favor?

6 (A chorus of ayes.)

7 MR. DIETZ: Any public comment?

8 (No response.)

9 MR. DIETZ: No? Okay. The minutes of the
10 Board meeting held on February 13, 2019, are approved.
11 There you go.

12 Tab Item 2, presentation, discussion and
13 possible approval of a resolution to restate, ratify, and
14 affirm the officers of the Corporation, to appoint the
15 person to fill the position of Corporate Secretary, and to
16 designate and restate the signature and approval authority
17 of officers of the Corporation.

18 MR. LONG: Thank you, Mr. Chairman. For those
19 of you who haven't had a chance to meet, Rebecca DeLeon is
20 our newest employee. She fills the vacancy that we had of
21 Corporate Secretary level.

22 As with all staff changes, sometimes they
23 require a little bit of due diligence and review. And in
24 this case, we made a staff change, and Rebecca DeLeon is
25 available, was interviewed and selected to be our newest

1 staff member.

2 She has been here about a month. She has done
3 a phenomenal job, and as a result we are looking to name
4 her as Corporate Secretary for the Board.

5 To have consideration of that, we wanted to
6 bring this in the form of a resolution. We always do
7 this. And with this resolution, we always reaffirm all
8 the officers and the signature authorities as stated in
9 the resolution.

10 This has been prepared by counsel. So if you
11 have any questions, I am happy to answer any of them. If
12 you haven't had a chance to meet Rebecca, she's right
13 there.

14 MR. DIETZ: Welcome.

15 MR. LONG: Any questions or --

16 MR. JONES: I am going to be -- I don't see her
17 name here anywhere. It doesn't go in the resolution?

18 MR. LONG: It's in the resolution.

19 MR. JONES: Where? Am I missing something?

20 MR. ROMERO: Whereas it is resolved -- on the
21 second page. On the second page.

22 MR. LONG: You're looking at the minutes. Go
23 to the resolution page.

24 MR. ROMERO: Second page of the resolution.

25 MR. JONES: Oh, there's another page.

1 MR. LONG: It is the second resolved on page 2.

2 MR. ROMERO: Yes.

3 MR. JONES: I have got it. I went through this
4 too fast.

5 MR. LONG: Okay.

6 MR. ROMERO: Make a motion to approve the
7 resolution today.

8 MR. JONES: Second.

9 MR. DIETZ: Good. It has been moved and
10 seconded that we approve the resolution. Is there any
11 public comment?

12 (No response.)

13 MR. DIETZ: All in favor.

14 (A chorus of ayes.)

15 MR. DIETZ: Any opposed?

16 (No response.)

17 MR. DIETZ: Okay. The resolution to approve
18 and affirm the officers of the Corporation, et cetera, is
19 approved.

20 Tab Item 3, which is the presentation,
21 discussion and possible approval of a resolution regarding
22 an application for and the conversion of reservation for
23 allocation of private activity bonds to mortgage credit
24 certificates and containing other matters incident and
25 related thereto.

1 MS. CRIM: Good morning, Mr. Chairman and Board
2 members. I am Joniel Crim, the Director of the Home
3 Ownership programs.

4 The Board approved a resolution at the June 14,
5 2018, Board meeting authorizing the Corporation to apply
6 for additional 2018 volume cap for qualified mortgage
7 revenue bonds. A certificate of reservation was issued by
8 the Bond Review Board in the amount of 700 million on
9 August 22, 2018.

10 And at the January 10, 2019 TSAHC Board
11 meeting, the Board authorized a resolution for the use of
12 \$41,743,027.25 of the \$700 million carryforward for use in
13 the Corporation's single-family mortgage revenue bonds,
14 series 2019A, Texas Heroes Home Loan Program. That is the
15 program that our partners, Chris Spelbring and Tim Nelson,
16 were just up here giving an overview of.

17 And so in order to ensure that the eligible
18 home buyers continue to have access to our MCC program, we
19 are now asking you to approve the resolution under Tab
20 Item 3 that will authorize us to convert the remaining
21 amount of the \$700 million of private activity bonds, in
22 the amount of \$658,256,972.75, to MCCs.

23 So we ask your approval of this resolution.
24 And if you have any more questions, please let me know.

25 MR. ROMERO: What is the conversion amount on

1 the MCCs?

2 MS. CRIM: Very good question. So
3 approximately \$658 million in private activity bonds being
4 converted to MCCs is approximately 164 million.

5 MR. DIETZ: Great. Any questions, comments?

6 (No response.)

7 MR. DIETZ: Do I hear a motion?

8 MR. ROMERO: I make the motion to approve.

9 MS. COBOS: Second.

10 MR. DIETZ: It has been moved and seconded that
11 we approve the resolution for the application and
12 conversion of the private activity bonds to MCCs. Is
13 there any public comment?

14 (No response.)

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

16 (A chorus of ayes.)

17 MR. DIETZ: Any opposed?

18 (No response.)

19 MR. DIETZ: Okay. The resolution passes.

20 MR. ROMERO: Mr. Chairman, I have a question
21 real quick. Joniel, before you leave?

22 MS. CRIM: Yes, sir. I'm sorry.

23 MR. ROMERO: How much did we do in MCCs last
24 year? Do you know this off the top of your head?

25 MS. CRIM: I can look that up. Actually, I

1 have the Board report. I can give you that answer here in
2 just a second. The January or February Board report would
3 have that number.

4 MR. ROMERO: Is that year to date or for the
5 whole last year?

6 MS. CRIM: For whole of last year.

7 MR. ROMERO: Okay.

8 MS. CRIM: So I will give that to you guys in a
9 minute.

10 MR. DIETZ: All right. Tab Item 4 is the
11 presentation, discussion and possible approval of a
12 resolution regarding the submission of one or more
13 applications for allocation of private activity bonds,
14 notices of intention to issue bonds, and state bond
15 applications to the Texas Bond Review Board and
16 declaration of expectation to reimburse expenditures with
17 proceeds of future debt for the Pythian Manor.

18 MR. DANENFELZER: Good morning. David
19 Danenfelzer, Senior Director of Development Finance. Yes,
20 this is a new bond transaction that we received an
21 application last month on.

22 It is for a 76-unit apartment complex that
23 currently exists in Dallas, Texas. It is an older
24 property. It is a senior-assisted property and also has a
25 Section 8 rental assistance contract on it.

1 The developer, Steele Properties, has done two
2 other bond transactions with us, which actually included
3 three properties, the first being the St. James
4 Apartments, as well as the Peoples El Shaddai Apartments
5 in Dallas, Texas, which are just down the street from this
6 property. We did that about three years ago.

7 And last year, or I should say 2017, we closed
8 on a 50-unit property down in West Columbia, Texas, with
9 the Steele Properties, as well. All of the properties
10 that they tend to own and manage are acq/rehab properties
11 like this one. And the Brooks Apartments down in West
12 Columbia is also a senior property.

13 So they have a lot of experience with both
14 senior and the Section 8 properties that they own and
15 manage. The total development budget for this project is
16 around \$12 million, 7.9 of that coming from bond proceeds
17 at this point.

18 That is the estimate. We use this period,
19 though, to kind of work the numbers and also to kind of
20 figure out what all the financing is going to be.

21 So that you know, this resolution that you are
22 passing today just gives staff, particularly the
23 executives, authority to move forward with review of the
24 process, to apply for bond reservation or volume cap from
25 the Bond Review Board and go through all the necessary

1 steps to develop the legal documentation to actually close
2 on the bonds.

3 Staff will bring back the essential deal that
4 is made between the borrower, its lenders, and the
5 Corporation, in the form of a final bond resolution later
6 this summer. It takes around 100 days to get all that
7 stuff together.

8 The time line from when we do the reservation
9 to close cannot be any longer than 150 days. So we are on
10 a time clock once we do apply for the reservation after
11 this meeting.

12 But, you know, overall, we have had a good
13 track record with Steele Properties. Their properties do
14 run and operate successfully. We do think this is a
15 really good property to preserve as well. We know that
16 the city has a lot of investment in this area,
17 particularly along the Illinois Avenue, Kiest Boulevard,
18 and then Langford in South Dallas.

19 They have put a lot of money into light rail; a
20 lot of new development as far as economic development in
21 this area. And so we are happy to help preserve these
22 affordable units for the long term, and get a new kind of
23 life out of them for another 30 years.

24 I will leave that as my summary. And if you
25 have any questions.

1 MS. CARDENAS: So the request is just to do the
2 due diligence, or to entertain that, and then you will
3 come back?

4 MR. DANENFELZER: Right. So this -- yeah, so
5 this resolution that you are passing today gives us
6 authority to move forward with the process. There is also
7 some federal reasons, federal tax purpose reasons for
8 that.

9 It also starts a time clock for the bonds
10 themselves and the developer to be able to use those bonds
11 for certain expenses. So once we pass this today, they
12 can start now claiming certain expenses and pay for those
13 with bonds, once we do get to closing.

14 So there is a federal tax purpose for the
15 resolution at this point. But this resolution is also
16 required by the Texas Bond Review Board in order for us to
17 reserve the volume cap that we have available to us for
18 this specific project.

19 MR. DIETZ: We haven't seen this project
20 before.

21 MR. DANENFELZER: We've never seen Pythian
22 Manor before.

23 MR. DIETZ: What about Steele?

24 MR. DANENFELZER: But Steele has done other
25 properties with us.

1 MR. DIETZ: Okay.

2 MR. DANENFELZER: They did the St. James and
3 the Peoples El Shaddai property in Dallas, and then the
4 Brooks Apartments down in West Columbia. They did that
5 property previously. So we have done three different
6 transactions with them, or three properties with them, and
7 found them to be a very good partner in the past.

8 MR. JONES: The amount of the bond is
9 anticipated to be 7.9 million.

10 MR. DANENFELZER: Correct.

11 MR. JONES: So what is the difference between
12 the 7.9 and the maximum principal amount expected to be
13 issued for the project is 9.2 million?

14 MR. DANENFELZER: Yeah. And so the federal
15 rules are that once you put it in the inducement, you
16 can't go up.

17 So if we ask for 7.9 and they need 8, we can't.

18 If we go for 9.2, then anything below that is what we can
19 actually issue. And so we always do this in all of our
20 bond transactions for multifamily. We have a little over
21 a million dollars or about a million dollars for cushion.

22 On larger transactions, when we are looking at, you know,
23 a 20 to 30 million dollar deal, we might add two or three
24 million.

25 On a deal of this size, we add about a million

1 and a little extra, just to be sure that we have enough
2 volume cap to make any differences, because, again, one of
3 the things we are going to be working on is, while I
4 anticipate there will be about 7.9 million in bonds, they
5 could actually afford to issue about 8-1/2 financially.

6 But hopefully, they will get better tax credit
7 rates over the summertime, which means they will get more
8 equity for the transaction. They are also looking at
9 applying for money from the City of Dallas and other
10 resources.

11 And if those monies come in, then they might be
12 able to shrink the bond amount even further. But right
13 now, I am estimating about 7.9 is a reasonable amount,
14 based on the current bids that they have for their other
15 financing sources.

16 MR. JONES: Probably issue 9.2 -- get the
17 authority for 9.2.

18 MR. DANENFELZER: But I get the authority for
19 9.2 and I can issue anything below that. But I can never
20 go above it.

21 Once I lock that number, we would have to go
22 through this whole process again to get a higher number.
23 And that would reset a lot of clocks and cause more
24 problems for us.

25 MR. JONES: Thank you.

1 MR. DIETZ: Great. Any other questions?

2 (No response.)

3 MR. DIETZ: Is there a motion?

4 MR. JONES: I make the motion to approve as
5 written.

6 MR. ROMERO: Second.

7 MR. DIETZ: Okay. It has been moved and
8 seconded, that we approve the resolution regarding the
9 submission of the private activity bonds. Is there any
10 public comment?

11 (No response.)

12 MR. DIETZ: Okay. All in favor?

13 (A chorus of ayes.)

14 MR. DIETZ: Any opposed?

15 (No response.)

16 MR. DIETZ: The resolution passes.

17 MR. DANENFELZER: Thank you very much.

18 MR. DIETZ: Thank you. Tab Item 5, the
19 presentation, discussion and possible approval of a
20 resolution approving a loan from Frost Bank to the
21 Corporation in the amount of \$4 million to support the
22 Corporation's home ownership programs and/or the Texas
23 Housing Impact Fund, and authorizing the President and
24 Executive Vice President to execute all agreements and
25 documents necessary to implement such loan.

1 MR. LONG: Thank you, Mr. Chairman, Members.
2 The Board authorized the Corporation in 2017 to secure a
3 \$4 million loan with Frost Bank to be used solely in the
4 benefit of supporting our single-family down payment
5 assistance program, when we were funding the DPA to the
6 table and then getting reimbursement at the closing
7 transaction.

8 We held that loan through December of 2018.
9 During that time frame, the Corporation changed its model,
10 where we were not funding it that way. The down payment
11 assistance was funded via the lenders. And then they were
12 reimbursed through the transaction on their end, so we no
13 longer needed the upfront cash to do that.

14 However, as we started looking at ways we could
15 or could not use the \$4 million line of credit that we had
16 with Frost Bank, we have reached out to them and asked
17 them to see if we could utilize those funds both in
18 conjunction with the single-family program as well as
19 making loans under the Impact Fund, which we use for
20 making loans to our developer partners that Ms. Cobos sits
21 on when we do our Loan Committee.

22 They took a while to get back to us on that.
23 And as a result of that, they have decided that they are
24 willing to do that. The loan would be for \$4 million,
25 again.

1 It would incorporate both using it for single-
2 family programs as well as the Impact Fund. And it would
3 be in terms -- starting terms of 3.021 percent interest
4 rate for two years. And I'm sorry, Ms. Cobos, I didn't
5 know that up front.

6 MS. CARDENAS: Cardenas.

7 MR. LONG: For two years. So it would run
8 through April 10 of 2000 -- I'm sorry. Ms. Cardenas. Ms.
9 Cardenas.

10 MS. COBOS: They are similar, but not the same.

11 MS. CARDENAS: Yeah.

12 MR. LONG: Through 2021, April 10, so two years
13 from tomorrow, assuming the Board approves this loan.

14 At the end of the first year, there would be an
15 opportunity for the bank to revisit the rate and reset
16 that rate. But we don't have any idea where the rates
17 would go on that.

18 But the idea would have those funds available
19 for us. We like having a line of credit. There is an
20 expense associated with us reviewing this loan.

21 It is not a significant loan, given that it is
22 \$4 million. And the loan would be uncollateralized. So
23 it is really a pretty nice opportunity for us to have
24 liquidity facility available to us without really it being
25 a major cost.

1 I will say that General Counsel has reviewed
2 these documents. Mr. Gehrig has reviewed these documents
3 and blessed them going forward, should the Board consider
4 this for approval.

5 And with that, I will answer any questions.

6 MR. ROMERO: Is there any utilization fees
7 attached to this?

8 MR. LONG: Only interest associated when we
9 draw down funds.

10 MR. ROMERO: What do you anticipate drawing
11 down on it? Any idea?

12 MR. LONG: I couldn't tell you. Again, part of
13 that will come, Mr. Romero, from the demand in the lending
14 side in the Impact program, and then as a line of credit
15 for down payment assistance, depending on how much down
16 payment assistance we might need in terms of set-asides.

17 But it is an excellent cost for a warehouse
18 line of credit, and liquidity facility that, you know,
19 allows us to access to some funding that we may need in
20 the future without being collateralized.

21 MR. ROMERO: So the 3 percent is fixed for the
22 two-year term?

23 MR. LONG: No, it's one year, and then they can
24 reset at the end of the first year.

25 MR. JONES: I make the motion to approve it.

1 MR. ROMERO: Second.

2 MR. DIETZ: It is moved and seconded. We
3 approve the loan from Frost Bank in the amount of \$4
4 million. Is there any public comment?

5 (No response.)

6 MR. DIETZ: Okay. Hearing none, all in favor?

7 (A chorus of ayes.)

8 MR. DIETZ: Any opposed?

9 (No response.)

10 MR. DIETZ: Okay. The resolution passes.

11 Tab Item 6 does not require any action but is a
12 discussion of the 86th Texas Legislative Session.

13 MR. WILT: Good morning, Chairman Dietz, Board
14 members. I am Michael Wilt, External Relations Manager.
15 You should have the update in front of you.

16 And I would first note that this update is
17 outdated, even though it is only a few days old. And the
18 field track that we sent you on Friday and sent you
19 throughout the session is also outdated. And it is this
20 kind of session where things are moving very quickly, and
21 there are updates happening constantly.

22 As opposed to rehashing our activity, our
23 meetings and all of that, I am just going to go through
24 the bills that are of interest to us and tell you where
25 they stand, and what we anticipate are the next steps on

1 those.

2 The first bill that is of primary interest to
3 us is HB 1402 by Representative Walle. And we have been
4 calling that the TSAHC purposes bill.

5 It does a couple of things. The primary thing
6 it does is allows us to do limited economic development
7 activity. We have been looking at doing a healthy food
8 fund that this legislation would allow us to do that.

9 That bill is -- it was actually on a pretty
10 fast trajectory, coming out of the gate. It got a hearing
11 at the very beginning of March. It was voted out of
12 Committee in mid-March.

13 And on the House side, it actually has to go
14 through two Committees. It was sent to International
15 Relations and Economic Development, and it got out of
16 that. And then it has to go to the House calendars
17 committee.

18 And that Committee determines the calendar, the
19 general calendar for the entire House, the bills that they
20 will consider. And so that is where that bill is at right
21 now.

22 In the past, the past Chairman was Todd Hunter
23 from Corpus Christi, and he carried a lot of weight when
24 it came to setting bills.

25 And it is operating a little bit differently

1 now. The Chair is Four Price out of Amarillo, my area.
2 And he has given more authority to each of the calendar
3 Committee members to determine which bills will be set, so
4 all we can do is watch it from the sidelines.

5 We remain engaged with Representative Walle's
6 office and respond to any requests that they have to offer
7 assistance on the bill. And so right now, we are just
8 waiting for that bill to be set.

9 It does have a companion filed by Chairman
10 Lucio, Senate Bill 647. But it is their office's
11 prerogative to not move that bill. They would prefer that
12 we wait for the House Bill to get out of the House and to
13 come over, then they would carry the House Bill on the
14 Senate side.

15 MR. DIETZ: Is that bill specific to us?

16 MR. WILT: Yes, it is.

17 MR. DIETZ: Okay. Nice.

18 MR. WILT: Uh-huh.

19 MR. ROMERO: What are the limited economic
20 development activities?

21 MR. WILT: Basically it allows us to do -- it
22 is very broad in terms of economic development activity.
23 But it has to be in areas that otherwise wouldn't be
24 served by that type of economic development activity.

25 We wanted it to be -- the Representative, he

1 wanted to be very clear that any activities that we have
2 wouldn't be in conflict with other things that the State
3 is doing to promote economic development. The Governor's
4 Office has a big office to promote economic development.

5 So this would be pretty much where no capital
6 is going to, and we would provide capital in those areas.

7 MR. ROMERO: So I mean, it is pretty wide open.
8 I mean, a lot of the rural and border communities, stuff
9 that is not -- that is being done under those other
10 departments doesn't get to a lot of those communities.
11 And this is something that could achieve some successes in
12 those areas?

13 MR. WILT: There are four qualifiers on the
14 development activity. So it is limited. But at the same
15 time, it does allow the flexibility.

16 MR. JONES: Do you know what those are?
17 Because it seems like it opens the door for a number of
18 political entities to ask TSAHC to put money in places --
19 I know there is criteria. So what are those four
20 qualifiers?

21 MR. WILT: I don't have the bill in front of
22 me. I would have to go -- I could bring that back to you.

23 MR. JONES: Have you got any?

24 MR. WILT: Off the top of my head, I can't
25 remember them. I know that the main one is the otherwise

1 wouldn't be provided -- those economic development
2 activities.

3 And then it lists the statutory areas that it
4 can't be in conflict with, and those are in the Governor's
5 Office. So that is the second qualifier.

6 And then there is a third qualifier on -- it
7 has to be in the area that is either low or moderate
8 income, or is experiencing job losses, so to attract jobs.

9 MR. JONES: I mean, they have economic
10 development program to say they don't have a supermarket
11 in the neighborhood.

12 MR. WILT: Right.

13 MR. JONES: So we would fund somebody that
14 wanted to open a supermarket?

15 MR. WILT: That could be a potential activity,
16 yes, to attract healthy food options to an underserved
17 area.

18 MS. COBOS: So it is not limited to affordable
19 housing. It is pretty wide open, it sounds like?

20 MR. WILT: Uh-huh.

21 MS. COBOS: Okay.

22 MR. JONES: Is there a dollar limit on what
23 TSAHC is obligated to get involved? Is there some kind of
24 limit on what our involvement would be?

25 MR. ROMERO: I think, having read the bill

1 slightly -- I don't know how many changes have occurred
2 since he originally mentioned it -- as long as it doesn't
3 conflict with any other programs that the Governor's
4 Office has or that Economic Development has, it really is
5 pretty wide open. It is just we need to determine what
6 that is going to be, obviously.

7 MR. JONES: Okay. So the criteria for what we
8 would want to do would have to come to this Board?

9 MR. WILT: Yes. We would --

10 MR. JONES: And it couldn't be mandated by
11 somebody else?

12 MR. WILT: Right. We would set up -- we would
13 ask you to approve guidelines for any type of activity.

14 MR. JONES: Okay.

15 MR. LONG: Like any program we would set up,
16 you would authorize us as to how you want to utilize those
17 funds and where they would go.

18 MR. JONES: You wouldn't be in opposition to
19 anything like that anyway, right? Okay.

20 MR. LONG: And the other thing, Mr. Romero, I
21 might add, is that what it does, is it allows us, when we
22 do an economic development project like Ridgecomb where
23 you have mixed use, that retail space versus the housing
24 mitigates us from having to worry about the separation of
25 funds.

1 MR. ROMERO: I was also thinking about the fact
2 that it would help with the CDFI application when we get
3 to that point.

4 MR. LONG: Certainly.

5 MR. ROMERO: Because you can expand that now
6 from what we were just doing, trying to focus on housing,
7 and bring in some other components.

8 MR. LONG: Certainly.

9 MR. JONES: So where did the idea come from?

10 MR. WILT: We were approached last session by
11 the American Heart Association, who have been setting up
12 healthy food funds throughout the state on the county and
13 city level, and they want to take it statewide. And they
14 asked us if we would be an entity that they could partner
15 with to do that.

16 MR. JONES: And they set up the bill? Or did
17 we give any input into the bill, or did we give any input
18 into the bill or anything or no?

19 MR. WILT: Yes. We have had input into the
20 bill, based on the request of Representative Walle and
21 Senator Lucio.

22 MR. LONG: As a resource.

23 MR. JONES: Okay.

24 MR. WILT: And they are obviously interested in
25 seeing the bill pass as well, and so they are doing their

1 own activities to help move the bill along. We are silent
2 over that, to a certain extent. You know, we answer
3 questions for them and help out when we can.

4 MS. COBOS: So why would -- I mean, I am just
5 kind of curious the American Heart Association approached
6 TSAHC as opposed to like, HHSC, you know, the Health and
7 Human Services Commission, or some other state agency that
8 gets involved in, you know --

9 MR. WILT: They liked how we were creative in a
10 lot of the solutions that we offer. We are flexible.

11 We are able to fund-raise, was the most
12 important thing to them, because we were of the mindset
13 that we don't take any state appropriated funds. We would
14 not want to see any state appropriated funds go to this.

15 And, of course, that is a big political fight
16 that they didn't want a part of, either. And so they
17 really liked that we could fund-raise for it and that we
18 already have partnerships with foundations and financial
19 institutions.

20 MR. JONES: You know, I was -- some people that
21 have been talking, over in the Gregory-Portland, San
22 Patricio area, because it is a big housing thing that is
23 getting ready to bust open, because Exxon is coming in,
24 and we have got Cheniere and Voestalpine, and they have
25 got all these. So they are going to be needing 11,000 to

1 12,000 workers with permanent jobs of X number of
2 thousand. They are going to need a lot of houses.

3 So they have problems over there because they
4 went with windmills and stuff like that in developing it.

5 So they did get in touch with TSAHC.

6 I heard one of the people said to me that they
7 told somebody about TSAHC. Well, they didn't say TSAHC.
8 They said, we can do this. And if possible, we can do
9 that for affordable housing. And we can get the
10 government involved, you know, an entity. And they
11 started describing it.

12 I said man, come on. That is pie in the sky.
13 Can't nobody do that. And he mentioned it. He said, wait
14 a minute, did you say TSAHC? He said, oh yes. They are
15 the real deal. They can do it.

16 That was the comment. They can do it. They
17 are creative enough to be able to help in areas that
18 traditional methods, traditional funding, traditional --
19 can't be done. That is the reputation that is out there.

20 They said, no way. They said, those people are
21 blowing smoke at you. And they said, so what did you say?
22 TSAHC? Oh, no, they can do it; they are the real deal.
23 They can make it work. That is the reputation.

24 MR. LONG: Nice to hear.

25 MR. WILT: So I have the bill in front of me.

1 I didn't want to mention the qualifiers to the economic
2 development. It has to maintain or increase employment in
3 an area of high unemployment or an area with a
4 concentration of moderate, low, very low, and extremely
5 low income.

6 It has to constitute activities that would not
7 otherwise occur in the area, in the absence of economic
8 development. It has to support our public purposes. And
9 it cannot limit, impair or conflict with the purposes or
10 activities of the Texas Economic Development and Tourism
11 Office established under Chapter 41. That is in the
12 Governor's Office.

13 MR. JONES: That third one again is --

14 MR. WILT: Support our public purposes.

15 MR. JONES: Support our public purposes of
16 TSAHC. Okay.

17 MR. ROMERO: So, in essence, you could do a
18 small business initiative in these depressed areas,
19 because they would give you the opportunity to not only
20 maintain but also create additional employment
21 opportunities.

22 MR. WILT: Yes, we could.

23 MR. ROMERO: Okay.

24 MR. WILT: And we -- to be honest, we really
25 haven't gotten that far down the road on what it would

1 look like. We have researched other housing, statewide
2 housing entities that have gotten involved in this, and
3 there are some good models that can be replicated.

4 There is one in Colorado that they looked at.
5 But, you know, that would all be decided after this bill
6 has passed.

7 Any other questions on HB 1402?

8 (No response.)

9 MS. COBOS: Thank you for the background.

10 MR. WILT: Sure. The next one that has
11 consumed a lot of our session is Senate Bill 1474 by
12 Senator Lucio. And this is what we are calling the
13 omnibus private activity bond program bill.

14 As you know, we are one of the issuers,
15 statewide issuers under the private activity bond program.

16 And it is governed by Chapter 1372 of the Government
17 Code. And it has been opened up to revisit a lot of
18 different sections.

19 And any time you do that, all the issuers want
20 to be engaged in that process, and they have been, to
21 date, including us, as a stakeholder, and as an issuer of
22 bonds.

23 And it is really a credit to Chairman Lucio's
24 staff. Their staff has done a tremendous job of getting
25 the stakeholders together, gaining a consensus on this

1 bill, and all the changes to the program that are being
2 proposed.

3 It was in Committee three times in March.
4 Again, on April 1st, and then again yesterday. And Bill
5 1474 passed unanimously out of the Senate and
6 Intergovernmental Relations Committee yesterday. And its
7 next step will be in the full Senate. So I invite any
8 questions on that one.

9 (No response.)

10 MR. WILT: It is a fairly lengthy bill, so I
11 don't know if you want to go into everything that it does.

12 I would say that the biggest thing that it does is it
13 revisits each of the ceilings and allocations for
14 different issuers. And then it also increases the project
15 cap, which has been the biggest.

16 MR. ROMERO: Is that the \$20 million cap?

17 MR. WILT: Yes. And they would increase it to
18 \$50 million, and then it is also tied to an escalator to
19 where it would increase over time. And that has been the
20 biggest hurdle for issuers of multifamily housing bonds,
21 is you have to wait until the collapse date of August 15
22 before we can do those bigger issuances. And there is a
23 big bottleneck at that date. So this helps to keep it in
24 a more orderly fashion, getting those bond allocations out
25 the door.

1 The next bill is Senate Bill 1114. Also by
2 Chairman Lucio. This is the school district bill. And
3 basically it allows us to work with school districts to
4 develop housing on their surplus land.

5 MR. ROMERO: TSAHC.

6 MR. WILT: TSAHC or a qualified nonprofit.

7 MR. ROMERO: Okay. So it could be an HFC if
8 you were a qualified nonprofit.

9 MR. WILT: Uh-huh.

10 MR. ROMERO: Good.

11 MR. WILT: Basically, when a school district is
12 sitting on a surplus property, they have to go through a
13 competitive bidding process, and it typically goes to the
14 highest bidder.

15 This would create an alternative way for them
16 to dispose of property and to go through us, or like I
17 said, a nonprofit to develop housing.

18 And then it has set-asides in the bill, so that
19 the school board, the Board of Trustees would determine
20 set-asides for school district employees, teachers,
21 librarians, school nurses, things like that.

22 And then there is another optional set-aside
23 for a school district for people who qualify under our
24 Heroes Program. And then there is another option to set-
25 aside for any other profession that the Board thinks would

1 serve the community interests or community need.

2 MR. ROMERO: So if this bill passes, how could
3 the Corporation look at this program? Would it look at it
4 from the standpoint of working close to corporate
5 headquarters or would you be looking at a statewide?

6 MR. WILT: Well, as the bill is drafted, it was
7 statewide. But on the Senate side, Chairman Lucio
8 bracketed it to just -- so right now.

9 MR. ROMERO: The counties.

10 MR. LONG: Right now it is.

11 MR. WILT: It is the counties that are in his
12 district.

13 MR. ROMERO: I say that because in El Paso, we
14 are working with the school district and trying to get
15 some property so that we can convert to single-family
16 affordable housing. But they have a lot of surplus
17 buildings over there as well.

18 MR. WILT: Right. I would add, though, that we
19 have been talking to Chairman Lucio's staff about this.
20 And they did bracket it to their district to get it out of
21 the Senate, but they are open to expanding it to other
22 areas when it goes over to the House side.

23 MR. JONES: It sounds like create housing for
24 school district employees. It sounds like the company
25 store.

1 MR. LONG: It might be.

2 MR. JONES: Set up an apartment and the
3 teachers can rent them to be in the area teaching. They'd
4 deduct the rent from their salary. No, I don't know that
5 they'd go that far. Okay. Only for school employees.

6 MR. WILT: There would be a set-aside for
7 employees of the school district. And that is determined
8 by the trustees, the Board of Trustees.

9 MR. JONES: Uh-huh.

10 MR. WILT: So if they said 40 percent of the
11 housing has to --

12 MR. JONES: Instead of the 16-ton coal mine,
13 the school board now.

14 MR. WILT: Right. So that bill made it out of
15 Committee, and it is actually on the Senate intent
16 calendar for today.

17 This is the first day it has been on the Senate
18 intent calendars, and it might be on there a couple of
19 more days. But it should get considered by the full
20 Senate later this week and then sent over to the House
21 side.

22 And then lastly, Senate Bill 1116, also by
23 Chairman Lucio, is a state tax credit system that we would
24 administer to try to get more capital for permanent
25 supportive housing developments.

1 That bill is in the Senate Finance Committee.
2 And the longer it stays in there, the less likely it will
3 be to get out.

4 MR. ROMERO: Senator Lucio has been busy.

5 MR. WILT: I would also add that David
6 Danenfelzer was at the Senate IGR yesterday.

7 Two other bills are land banking bills; Senate
8 Bill 1115, and Senate Bill 1117, also by Chairman Lucio.
9 One allows counties to do land banking activities. The
10 other one cleans up the land bank for cities. And so
11 thanks to Dave.

12 And also, just thanks to David and Janie and
13 Katie, and we have been all hands on deck this session.
14 It has been a very busy session. I would guess that it
15 has been our busiest.

16 MR. ROMERO: A long time.

17 MR. WILT: A long time. And you have to be a
18 adaptable and very nimble, flexible. A lot of hurry up
19 and waiting and a lot of things that are just happening
20 really quickly all at the same time. So really, thanks to
21 everybody for being flexible.

22 MR. LONG: Michael is being rather modest. I
23 would also thank Michael for all his work. I mean, what
24 you see in front of you is just a portion of what he does
25 on a day-in and day-out basis.

1 He is at the Capitol rather regularly, not only
2 monitoring, but also meeting with and talking with the
3 advocates as well as the representatives and the staff
4 members to make sure that we are engaged at the level we
5 need to be, as a resource, as well as making sure that
6 there is, you know, a constant flow of information and we
7 can communicate with who we need to.

8 So thank you to Michael for that.

9 Any other questions?

10 (No response.)

11 MR. LONG: We will continue to keep you
12 informed. Michael has got his hands full. But we will
13 keep you informed as we go through the session.

14 MR. DIETZ: Thank you.

15 MR. WILT: Thank you.

16 MR. DIETZ: Good information. Okay. Tab item
17 7.

18 MR. LONG: Before do that, Mr. Chairman, if you
19 don't mind.

20 MR. DIETZ: Yes.

21 MR. LONG: I would like to go back.

22 Mr. Romero, you had a question for Ms. Crim.

23 MR. ROMERO: Yes.

24 MS. CRIM: And I think she has that information
25 that she wanted to at least provide you that before we

1 went into Tab Item 7, if you don't mind.

2 Sorry, Mr. Chair.

3 MR. DIETZ: Sure.

4 MS. CRIM: Joniel Crim. Mr. Romero, you asked
5 how much in MCC volume we utilized last year. In the
6 Board reports that we present to you every month, we
7 provide that as a report but using loan volume. That is
8 kind of how we track the balance.

9 So if we are looking at the Board report from
10 February, which includes all of the production for 2018,
11 you will see that we utilized \$404 million in loan volume.
12 That converts to MCC value at 161 million.

13 So when converting bonds to MCC to loan volume,
14 the formula is bond volume times 25 percent, which is the
15 MCC conversion rate, and multiply that by our credit rate,
16 which last year, our credit rate was 40 percent. So that
17 would have resulted in \$161 million in loan volume.

18 So this year we lowered our credit rate to 20
19 percent to maximize or stretch our volume cap to assist
20 more home buyers with MCC. And so this year, at 20
21 percent, that loan volume would be \$120 million. All
22 right?

23 MR. ROMERO: Thank you.

24 MR. DIETZ: Thank you. All right. For Tab
25 Item 7, in accordance with Texas Government Code 551.074,

1 covering personnel matters, we will go into Closed
2 Executive Session to discuss the duties and the evaluation
3 of the President of the Corporation. And it is 11:34.

4 (Whereupon, the Board recessed into Closed
5 Executive Session at 11:34 a.m.)

6 MR. DIETZ: So it is now 12:18, and we are back
7 in open session. No action was taken during the closed
8 session.

9 And Tab Item 8 in the open session is the
10 review, discussion and possible action relating to the
11 duties and evaluation of the President of the Corporation.

12 And I don't believe there is any --

13 MR. JONES: Do we need a motion to say no
14 activity taken? Or we just take no action?

15 MR. DIETZ: No. I just think we take no
16 action. So no action was taken, and there is none to be
17 taken. Any announcements or closing comments?

18 MR. LONG: Yes. I am sure you all know now
19 that Ms. Cobos will no longer be able to serve on our
20 Board. She has been given the opportunity to move on to
21 another position.

22 And while she has been here a short period of
23 time, we did want to recognize her. So before we were
24 able to do that, because the way we were doing this, we
25 have a framed couple of photos that we are going to give

1 Ms. Cobos as a parting gift.

2 But it requires each of you to sign the matting
3 before we frame it up. So it is in the back of the room.

4 So if you don't mind, before we leave -- and then we will
5 give it to you.

6 MS. COBOS: Okay. Thank you very much.

7 MR. LONG: I don't have a formal presentation
8 to give you.

9 MS. COBOS: Thank you so much, David. I really
10 appreciate it. I was nominated by the Governor to serve
11 in another position in late March.

12 MR. JONES: What?

13 MS. COBOS: Public Counsel for the Office of
14 Public Utility Council.

15 MR. JONES: Office of?

16 MS. COBOS: Public Utility Council.

17 MR. JONES: Oh, wow.

18 MS. COBOS: And so I am awaiting Senate
19 confirmation right now. And, you know, God willing
20 everything goes through, then this will possibly be my
21 last Board meeting.

22 MR. JONES: That sounds like a job.

23 MS. COBOS: Yes. It is a job. It will be a
24 job. Yes.

25 MR. DIETZ: It is a full-time paid position.

1 MS. COBOS: So I just wanted to kind of --

2 MR. JONES: Wouldn't you rather just volunteer
3 with us?

4 MS. COBOS: That is sometimes easier. Yeah,
5 right. So anyway, I am awaiting Senate confirmation right
6 now. This could likely be my last Board meeting.

7 So I really appreciate the recognition. And
8 before I -- if I don't have a chance to come back in May,
9 I do want to thank everybody for -- you know, thank David
10 and the staff at TSAHC for all the hard work that they
11 have provided over the last ten months that I have been on
12 the Board.

13 You know, this has been a new subject matter
14 for me. I have learned a lot. It has been a very
15 rewarding subject matter for me, and I have really enjoyed
16 working with each of you guys.

17 And to my fellow Board members, it really has
18 been a pleasure working with all of you guys. And I
19 couldn't have asked for a better first Board to serve on,
20 with such great, supportive, smart, intelligent Board
21 members, and so I am really appreciative of all that. And
22 I thank you guys for putting up with my minute revisions
23 and everything else.

24 But I really appreciate it, and thank you, and
25 it has been a pleasure serving with you guys. In case I

1 don't have a chance to say that later, I want to say it
2 now. So thank you so much. I appreciate it.

3 MR. ROMERO: And here I thought I was going to
4 leave the Board before you.

5 MS. COBOS: I was sort of thinking that might
6 happen.

7 MR. LONG: Thank you. Ms. Cobos, thank you
8 very much for your time and your due diligence and your
9 input on things that we have worked on. And it has been a
10 very short period of time, but I know we have accomplished
11 quite a bit. And we look forward to seeing you around,
12 and we wish you very much well in your new position, and
13 success as you move on.

14 MR. DIETZ: You have contributed a lot to the
15 Board just in ten months.

16 MR. JONES: A lot is not the word.

17 MR. DIETZ: And we really appreciate it. And
18 congratulations and best of luck.

19 MR. JONES: And may you not fall into Never-
20 Never Land like me and Jerry. They say goodbye to me
21 every month.

22 MR. LONG: Wow.

23 MS. COBOS: Thank you.

24 MR. LONG: Anyway, with that, Mr. Chairman, we
25 have no other comments unless there is something else.

1 MR. DIETZ: No.

2 MR. LONG: The next Board meeting is scheduled
3 for May 8th.

4 MR. DIETZ: The eighth. Yes.

5 MR. LONG: So --

6 MR. DIETZ: So all the Board members, remember
7 to go sign in the back. Sign in the back.

8 MR. LONG: Pens are back there.

9 MR. DIETZ: Great.

10 MS. CARDENAS: Okay.

11 MR. DIETZ: All right. We are adjourned at
12 12:23.

13 (Whereupon, at 12:23 p.m., the meeting was
14 concluded.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: April 9, 2019

I do hereby certify that the foregoing pages,
numbers 1 through 66, 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: April 12, 2019

(Transcriber)

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