

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,  
October 16, 2019  
10:34 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair  
VALERIE V. CARDENAS, Vice Chair  
COURTNEY JOHNSON-ROSE, Member  
LALI SHIPLEY, Member (absent)  
ANDY WILLIAMS, Member

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	4
PUBLIC COMMENT	none
PRESIDENT'S REPORT David Long	4
Tab A: Homeownership Finance Report	
Tab B: Development Finance Report	
Tab C: Monthly Financial Reports	
ACTION ITEMS IN OPEN MEETING:	
Tab 1      Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on August 14, 2019.	13
Tab 2      Presentation and Discussion of the Fiscal Year 2019 Annual Financial Audit.	13
Tab 3      Presentation, discussion and possible approval of a resolution authorizing the issuance of Texas State Affordable Housing Corporation Collateralized Revenue Bonds (Hamilton Valley Rural Development Portfolio) Series 2019, a Trust Indenture, a Loan Agreement, a Bond Purchase Agreement, a Preliminary Official Statement and a Final Official Statement, authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Bonds, and other provisions in connection therewith.	15
Tab 4      Presentation, Discussion and Possible Approval of a Loan to HVM Portfolio, LLC in the Amount of \$3,000,000 for the Hamilton Valley Texas Portfolio Project.	
Tab 5      Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the East Texas Seniors	42

Tab 6	Apartments Project. Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax-Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2020.	48
Tab 7	Presentation and Discussion of the Texas State Affordable Housing Corporation's Fiscal Year 2019 and 2020 Strategic Plans.	58
CLOSED SESSION		none
OPEN SESSION		--
ADJOURN		95

P R O C E E D I N G S

MR. DIETZ: It's 10:34 a.m. on Wednesday, October 16, and the Texas State Affordable Housing Corporation Board meeting is called to order.

We'll do roll call. I'm Bill Dietz, Chair. I am here.

Valerie Cardenas, Vice Chair?

MS. CARDENAS: President -- present.

(General laughter.)

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Present.

MR. DIETZ: Lali Shipley is absent.

And Andy Williams?

MR. WILLIAMS: Present.

MR. DIETZ: Okay. We do have a quorum. If you'll join me in the Pledge of Allegiance.

(The Pledge of Allegiance was recited.)

MR. DIETZ: And to the Texas Flag.

(The Texas Pledge was recited.)

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

(No response.)

MR. DIETZ: Hearing none, we'll move right into the President's report from Mr. Long.

MR. LONG: Thank you, Mr. Chairman, Board

1 members.

2 Good morning. While we didn't have a Board  
3 meeting in September, the Board should have received your  
4 monthly president's report and accompanying program and  
5 financial reports. So, the October Board Book includes  
6 information, since those September reports, with findings  
7 under Tab Items A through C.

8 The Loan Committee did meet yesterday. The  
9 committee took up action regarding a new loan to the, to  
10 the Hamilton Valley -- in relationship to the Hamilton  
11 Valley project, and that one will be discussed later in  
12 the Board Book under Tab Item 4, so I won't go into great  
13 detail.

14 The Board also went over some reports and some  
15 other information relative to the programs that we are in,  
16 the loans we currently have outstanding.

17 But other than that, Mr. Williams, do you have  
18 any additional comments or anything you want to add?

19 MR. WILLIAMS: No.

20 Mr. Long: No?

21 MR. WILLIAMS: No.

22 MR. LONG: Mr. Williams joins us on those  
23 meetings as the Board representative, so thank you for  
24 doing that.

25 On program updates -- Homeownership Program

1 update, the Corporation's single-family Homeownership Team  
2 continues to conduct lender trainings, hosting five  
3 Overcoming the Down Payment Hurdle Classes and one United  
4 Texas Class in partnership with the Texas Association of  
5 Realtors. Those classes accommodated 110 realtors.

6 The Corporation also continues to offer its  
7 online lender trainings to learn about Homeownership Down  
8 Payment Assistance Programs, and we signed up six new  
9 mortgage companies that were approved and began offering  
10 our single-family programs.

11 Development Finance: I know there's a report  
12 in the board book as well in one of the tab items, but  
13 just wanted to recognize that Pythian Manor Apartments  
14 closed on September 24. That project utilized \$8.3  
15 million in bonds issued by the Corporation to acquire and  
16 rehabilitate 76 units of affordable housing in Dallas,  
17 Texas.

18 Fundraising and Development: Corporation  
19 submitted an application to BBVA Compass for \$10,000 in  
20 support of our 2020 training initiatives, including The  
21 Housing Connection and training to develop permanent  
22 supportive housing.

23 The Corporation also met with representatives  
24 with of some of the Corporation's major funding partners,  
25 including Meadows Foundation, Wells Fargo, and Austin

1 Community Foundation. We discussed similar funding  
2 options for 2020.

3 Under Asset Oversight and Compliance, as you  
4 know, the Board, the last several years, has authorized  
5 the Corporation to acquire additional single-family rental  
6 properties.

7 The last several properties we've purchased  
8 have been in San Antonio, and utilizing this year's  
9 budgeted money, the Corporation has been reaching out to  
10 purchase new homes, and we closed on two homes; one on  
11 September 27, and one on October 10.

12 Both of those were in San Antonio. The homes  
13 are located in northwest San Antonio. I'm not going to  
14 get in great detail on them, but the purchases were right  
15 at about \$200,000 for each home, and we'll be able to  
16 offer those at well below market rents to families meeting  
17 our income limits. So, we're very pleased to have that  
18 additional properties that we can rent to low-income  
19 families in high-opportunity areas.

20 The other thing I would note is Rollins Martin,  
21 which is the multifamily property that we own over here in  
22 East Austin, that's 15 units of very affordable housing.  
23 We've been working over the years since we've owned that  
24 to kind of upgrade each of the units. And in the last  
25 month or so, we've decided that we needed to make some

1 additional renovations besides all the things we've done  
2 up until now, and one of the things we decided we would do  
3 is redo the siding on all the buildings.

4 So, we're working on having 100 percent siding  
5 and new windows put in each of the buildings throughout,  
6 and we're working on that right now. In fact, they're  
7 doing it right now. They finished a building, putting up  
8 the siding and they're painting it this week, and they're  
9 already starting on building two. We hope to have those  
10 done by the middle of next month. It might be done sooner  
11 than that, but I'm just going to tell you.

12 And I'm really pleased to see that property has  
13 come a long way. We've done a lot of renovations. We  
14 renovated, I think, eight of the 15 units completely. And  
15 now we've had new air conditioning units and hot water  
16 heaters and the renovations throughout the units, which  
17 includes new appliances. And now we'll be doing the  
18 outside and some exterior stuff.

19 So, we're very pleased with the way that  
20 property's come along, and I appreciate the Board  
21 supporting that, because I think it really does allow us  
22 to offer very low-income families opportunities to live in  
23 a very close proximity to the major metro area.

24 Under our legal RFPs, if you recall, last month  
25 the Board offered us the opportunity -- not last month; in



1 August -- the Board authorized us to go out with RFPs and  
2 for me to make selections, utilizing the new RFP process.

3 So, we went out and offered up a bond -- legal  
4 counsel services RFPs for five services: bond counsel,  
5 disclosure counsel, general counsel, general partner  
6 counsel, and issuer counsel.

7 The Corporation received responses from five  
8 firms with four of the five firms compliant to two or more  
9 of the RFPs we released. After staff review, scoring  
10 follow-up calls, and contacting some references, I'd like  
11 to announce the following firms that were selected to  
12 represent the Corporation in each of these areas.

13 Norton Rose Fulbright will serve as bond  
14 counsel. Ballard Spahr will serve as disclosure counsel.  
15 Coats Rose will serve as general counsel. Coats Rose will  
16 also serve as general partner counsel. And Norton Rose  
17 Fulbright will serve as issuer counsel.

18 I'd like to thank everybody that responded.  
19 I'd like to thank the staff. This was an extensive amount  
20 of work put in to make this happen. Michael Wilt did a  
21 really good job of making sure we stayed on track of  
22 everything.

23 If you remember, he was the single contact in  
24 responding to the RFPs. So, he kind of kept everything  
25 under one formal and uniform process, and I'd like to

1     thank Michael for his work on that.

2             During the transition, the Corporation will  
3     coordinate and complete the projects and transactions that  
4     we have with existing relationships. However, any new  
5     business will be coordinated with the firm selected  
6     through the RFP process.

7             And I know Mr. Dietz asked me earlier this  
8     morning what the time frame was on that. I would like to  
9     tell you November 1, but I'm not going to be able to tell  
10    you exactly until we have all the engagement letters in  
11    place, but we certainly hope no later than the next Board  
12    meeting, which would be November. So, we'll go from  
13    there.

14            In light of a lot of material that we're going  
15    to go over, including the strategic plan, I'm not going to  
16    go through each of the activities some of the staff went  
17    through, in terms of trainings and conferences they  
18    attended.

19            I just want you to know staff continues to be  
20    extremely involved in activities throughout the state,  
21    including attending homebuyer fairs, trainings throughout.

22            Michael and I attended conferences, and I know everybody  
23    else is doing the same thing. So, I just want you to know  
24    we're staying active outside the office as well as inside  
25    the office, along with the trainings that I mentioned

1 earlier.

2 So, I'll skip to that and go on the fact that I  
3 also like to recognize when Board members attend events  
4 with us, and I know you guys --

5 Andy, you were able to attend the realtor  
6 conference and met by the staff at one of the booths. I  
7 think, Courtney, did you --

8 MS. JOHNSON-ROSE: Yes.

9 MR. LONG: You went to that as well.

10 MS. JOHNSON-ROSE: Yes.

11 MR. LONG: So, I want to thank them for that.  
12 I think the staff really appreciates it when they get a  
13 chance to see people, and I sure appreciate the fact that  
14 the Board goes out and meet with the staff and says hi.  
15 So, thank you very much for doing that. And if we're ever  
16 in your area, feel free to join us. We're happy to have  
17 you join us.

18 In addition, I always like to recognize our  
19 professionals who are in attendance. Aaron Gregg is here  
20 with Greenburg Traurig, as general counsel, and I think --

21 FEMALE VOICE: Bob's here.

22 MR. LONG: Oh, yeah. Bob Dransfield is here  
23 with Norton Rose Fulbright. He'll actually be presenting  
24 one of the presentations.

25 FEMALE VOICE: Maxwell.

1 MR. LONG: Oh, yeah.

2 MR. LONG: Sorry, guys. Sorry. Usually it's  
3 people that make the presentations. I didn't get heads up  
4 who was here, so I apologize. So, we'll have  
5 presentations from our professionals later.

6 I would like to lastly note that the next  
7 scheduled Board meeting is -- I'd like to schedule it for  
8 November 20, if possible. I know we try to meet around  
9 the second Wednesday of the month. There's a lot of  
10 conflict on that for, specifically, me, and I would like  
11 to see if the 20th works for everybody.

12 If it doesn't, we can certainly accommodate  
13 around that, but if that works, we'll kind of put it as a  
14 tentative calendar note. And we'll go from there and we'll  
15 reach out to everybody after the fact.

16 But is that okay with you, Mr. Dietz?

17 MR. DIETZ: I think so.

18 MR. LONG: All right. With that, I'll  
19 conclude, unless there's any questions or comments.

20 (No response.)

21 MR. LONG: No? All right. Thank you.

22 MR. DIETZ: All right. Thank you, Mr. Long.

23 Now on to the action items we'll discuss today in our open  
24 meeting. Tab 1 is the Presentation, Discussion, and  
25 Possible Approval of the Minutes of the Board Meeting Held

1 on August 14, 2019.

2 Has everybody had a chance to review those?

3 MS. JOHNSON-ROSE: Yes. I make a motion that  
4 we approve them.

5 MR. DIETZ: Is there a second?

6 MR. WILLIAMS: I'll second.

7 MR. DIETZ: It's been moved and seconded that  
8 we approve the minutes from the Board meeting held on  
9 August 14. Is there any public comment?

10 (No response.)

11 MR. DIETZ: Hearing none, all in favor.

12 (A chorus of ayes.)

13 MR. DIETZ: Any opposed?

14 (No response.)

15 MR. DIETZ: Okay. The Board minutes are  
16 approved.

17 Tab Item 2 is the Presentation and Discussion  
18 of the Fiscal Year 2019 Annual Financial Audit.

19 MS. SMITH: Good morning. My name is Melinda  
20 Smith, and I'm the CFO. Our enabling legislation requires  
21 that we have a -- well, that we do two things: one, that  
22 we submit an Annual Financial Report in November, and the  
23 second thing is that we have an Annual Financial Audit,  
24 and that is due December 20.

25 So, the individual who manages our audit,

1 Veronica Lomas Day, with Maxwell Locke and Ritter, is here  
2 this morning to just speak to you, just very briefly,  
3 about the audit process.

4 MS. LOMAS DAY: Hi. Good morning.

5 FEMALE VOICE: Good morning.

6 MS. LOMAS DAY: So as Melinda had said, I'm the  
7 manager on the engagement. We do have -- the partner will  
8 be continue, Jimmy Romell, who's been out here for the  
9 past two years, so he will continue to be the partner on  
10 the engagement. And he sends his apologies for not being  
11 able to come today.

12 And then we are also retaining the same staff  
13 that will be out here, Ashley Smith. So that helps with  
14 efficiencies and going through that process of being able  
15 to board through the testing.

16 So as Melinda said, we're going to be starting  
17 the audit at the end of October. We will be here for  
18 around four weeks where we go through the process and look  
19 at compliance and look at our selections that we're doing.

20 And then, from there, we will issue the report  
21 in December. Along with it, we also have -- there are  
22 some HUD requirements, as well as, also maintaining  
23 compliance with the Public Funds Investment Act. We do  
24 all that process during that time.

25 If there's any questions or if you have any

1 concerns or anything that you would like to discuss with  
2 us, then you're more than welcome to, and if there's  
3 anything that would rise to the level that has to be  
4 communicated to governance, then we would do that during  
5 that December meeting.

6 MS. JOHNSON-ROSE: Okay. So, you mentioned  
7 that the due date is December 20, but will this be  
8 prepared before the December Board meeting?

9 MS. SMITH: Yes, ma'am.

10 MS. JOHNSON-ROSE: Okay.

11 MS. SMITH: Yes. We will bring it before it's  
12 due so that the Board can review and look at the audit  
13 report.

14 MS. JOHNSON-ROSE: Okay. Excellent.

15 MS. SMITH: Definitely.

16 MR. DIETZ: Perfect. Any other questions?

17 (No response.)

18 MR. DIETZ: Thank you very much.

19 MS. JOHNSON-ROSE: Thank you.

20 MS. LOMAS DAY: You're welcome. Thank you.

21 MS. SMITH: Thank you so much.

22 MR. DIETZ: That requires no action from the  
23 board, at this time.

24 So we'll move on to Tab Item Number 3, which is  
25 the Presentation, Discussion, and Possible Approval of a

1 Resolution Authorizing the Issuance of Texas State  
2 Affordable Housing Corporation Collateralized Revenue  
3 Bonds for Hamilton Valley Rural Development Portfolio  
4 Series 2019, a Trust Indenture, a Loan Agreement, a Bond  
5 Purchase Agreement, an Asset Oversight Compliance and  
6 Security Agreement, Regulatory Agreements, a Preliminary  
7 Official Statement and a Final Official Statement  
8 Authorizing the Execution of Documents and Instruments  
9 Necessary or Convenient to Carry Out the Issuance of the  
10 Bonds, and other provisions in connection therewith.

11 MR. DANENFELZER: Good morning. David  
12 Danenfelzer, Senior Director of Development Finance.

13 MR. DIETZ: Present.

14 MR. DANENFELZER: I believe all of our eye  
15 teeth are covered up today.

16 Anyway, I'm here to present a final bond  
17 resolution on the Hamilton Valley Portfolio. This is a  
18 project we've been working on for over a year, now. We  
19 actually, originally induced it last year and have  
20 continued to go through the steps getting it ready for  
21 final approval and closing.

22 We anticipate the closing will happen the first  
23 or second week of December. So, there is a few more steps  
24 we have to take, but this is the last real official step  
25 that the Board needs to take on this project to approve



1 this resolution and give staff authority to go forward  
2 with closing.

3 This is, as you can see from the write-up, a  
4 very large project in the sense that it is 22 different  
5 properties in many, many different cities across the  
6 state.

7 I have been to about 15 of the properties, to  
8 date. We held multiple hearings -- local hearings down in  
9 the Valley, in west Texas, down near the Houston area, and  
10 in north Texas. So, we've visited a lot of the locations  
11 and gave opportunity to the public to speak up and ask us  
12 questions.

13 I will note, for the record, there was no  
14 attendance at any of the public hearings. So, the  
15 transcript does reflect that, but at the same time, that  
16 doesn't mean that we haven't heard back from the  
17 communities.

18 We do have numerous letters of support from the  
19 local officials in these communities. Every one of the  
20 communities has passed, or will pass within the next week,  
21 a resolution approving these transactions to occur within  
22 their communities, as well. So, these are broadly  
23 supported projects.

24 Everywhere we did meet -- in particular, the  
25 hearings where we did meet with some of the residents at

1 some of those properties and locations, they were very  
2 excited to see and hear that their properties were going  
3 to get, you know, a lot of new things. These are older  
4 properties, many of them built in the 1990s -- some  
5 earlier than that, but it is a significant amount of rehab  
6 for all the properties and will extend the life of these  
7 for many years to come.

8 As far as the project overall, and I think you  
9 got a summary of the underwriting sheets in all of these.  
10 I did not include my full underwriting report, as I  
11 typically do, partly because just of the massive number of  
12 having to do 22 separate reports.

13 We did review each of the operating budgets for  
14 all of the properties, as proposed, as well as the income  
15 projections for the properties. So, they have undergone  
16 all of our full underwriting process. It just -- it does  
17 save about three pages times 22 in the Board Book. So, I  
18 wanted to cut that down and save a few trees in any case.

19 I'll open it up for any questions that the  
20 Board may have at this time.

21 MS. JOHNSON-ROSE: Mr. Chairman, I do not have  
22 any questions.

23 MR. DIETZ: Questions or comments from the  
24 Board? No. It's pretty thorough information we've got  
25 here.

1 MS. CARDENAS: This is probably in there, but  
2 how did they determine -- I saw a list of all the  
3 properties --

4 MR. DANENFELZER: Yeah.

5 MS. CARDENAS: -- which I think is great,  
6 because from the part of Texas that I represent, I see a  
7 lot of them in south Texas, but how did they --

8 MR. DANENFELZER: Yeah.

9 MS. CARDENAS: -- determine what counties? Or  
10 was it just --

11 MR. DANENFELZER: Yeah. So, the owner does  
12 have many, many properties across the state. In fact, I  
13 believe they own more than 90 properties throughout the  
14 state of Texas.

15 These 22 properties all kind of lined up for a  
16 number of reasons. Most importantly, as noted in the  
17 write-up, there were 25 properties, originally. The three  
18 properties that fell out -- there were concerns by USDA on  
19 the rental agreements and the amount of rent increases  
20 that they could provide. So those three properties fell  
21 out for those reasons.

22 Certainly, the rehab costs per property is one  
23 of the major considerations on these, and most of these  
24 properties are all within about a five- to six-year period  
25 of first date of construction. So, they're all very much

1 in the similar state of rehab needs.

2 I do understand that the developer, in  
3 particular, is starting to look at the next portfolio they  
4 would like to bring through. We hope they bring it back  
5 through and do the bonds with us in the future.

6 But again, as noted, this was well over a year-  
7 long project for us -- I know about a three-year project  
8 for them. So, we'll look forward to getting that back in  
9 front of you at a future date for more properties to come  
10 back. I think just the age, in particular, was the key  
11 factor for these 22 properties.

12 MR. DIETZ: All right. Any other questions?  
13 Comments? And we are looking for approval of this, at  
14 this time. Is that correct?

15 MR. DANENFELZER: That is correct.

16 MR. DIETZ: Okay.

17 MS. JOHNSON-ROSE: Motion to approve.

18 MR. DIETZ: Okay.

19 MS. CARDENAS: Second.

20 MR. DIETZ: Okay. It's been moved and seconded  
21 that we approve the Resolution. Is there any public  
22 comment?

23 MR. GUAJARDO: Hello. My name is Fernando  
24 Guajardo. I am from the Rio Grande Valley. You said the  
25 valley, so I'm assuming the --

1 MALE VOICE: Could you move up to the front --

2 MR. GUAJARDO: Good morning.

3 MS. JOHNSON-ROSE: Good morning.

4 MR. GUAJARDO: My name is Fernando Guajardo.

5 I'm from the valley, and I heard 20 projects. So right  
6 off the bat, what's concerning is the lack of public  
7 input. So that would be my question.

8 MR. DIETZ: Okay.

9 MR. DANENFELZER: Okay.

10 MR. GUAJARDO: Thank you.

11 MR. DIETZ: Thank you. Thanks.

12 MR. DANENFELZER: All I would say to that is  
13 that I know that all of the tenants were notified of the  
14 public hearings. The public hearings are published on our  
15 website, as well as in the Texas Register, and they are  
16 fully reviewed by our legal counsel -- bond counsel to  
17 meet all of the federal requirements under Section 142 of  
18 the IRS Code.

19 We do find that, oftentimes, we don't get a lot  
20 of interest in the properties. One thing, in particular,  
21 with rehab properties is that the tenants do know that  
22 they're getting rehab, and they're very excited about  
23 those rehabs, in general.

24 So, we don't see that there's often, sort of, a  
25 desire for them to come out. Often times they do ask

1 questions and we do answer those questions, but there's  
2 not generally much involvement from them beyond that.

3 As far as other, you know, public input, we're  
4 always open. Our website notes that they can communicate  
5 with us by email or phone and we're always happy to get  
6 more information and comment from the public, at any time.

7 MS. CARDENAS: I mean, this is rehabilitation  
8 so, this --

9 MR. DANENFELZER: Correct.

10 MS. CARDENAS: -- is to improve the property,  
11 which would obviously -- I mean, I don't know if it's as  
12 simple as improving quality of life, right? Improving  
13 values.

14 MR. DANENFELZER: Right.

15 MS. CARDENAS: So, if I heard you earlier, you  
16 said that there was no one at the public hearings. Right?

17 MR. DANENFELZER: Yeah. I will correct that  
18 one. In the Tomball hearing, we did it at the property  
19 location, and so there was about 30 tenants that were  
20 involved, but no one asked any questions or provided any  
21 public comment on the record.

22 MS. JOHNSON-ROSE: I have a follow-up question  
23 to that. So, when the notices for the public hearings  
24 that's posted on our website, is anything posted at the  
25 property for the tenants to be able to know that it's --

1           MR. DANENFELZER: Yes. The properties do have  
2 postings put up at the property sites, and then the  
3 tenants are to be informed by the leasing agent or  
4 managers.

5           MS. JOHNSON-ROSE: Okay.

6           MR. DANENFELZER: My understanding is that a  
7 letter or notice went out to every single tenant in the  
8 portfolio.

9           MS. JOHNSON-ROSE: Good.

10          MR. DIETZ: Is there any other requirement that  
11 we -- newspaper or in a vicinity around the project or  
12 anything like that?

13          MR. DANENFELZER: No. We used to do some  
14 newspaper postings before. The IRS Code and requirement  
15 has changed recently and so, it's partly because just that  
16 the level of involvement of local newspapers -- what we  
17 generally found that there was no -- a lot of people just  
18 didn't look at the classified section of the newspaper and  
19 were noting it.

20                 This has been something that a number of  
21 agencies throughout the country have commented to the IRS  
22 on. So, we do follow the full requirement and rules. But  
23 yeah, if there were better public notice methods to notice  
24 the public, we'd certainly want to investigate and look at  
25 those. But I'll note that, you know, until prior to this

1 year, we did publish in newspapers and I've seen really no  
2 change in the number of persons that have come out to our  
3 public hearings in the last -- you know, compared to  
4 previous to this project.

5 MR. DIETZ: Okay. And this is the -- what  
6 we're looking at today is the final approval of this.  
7 We've -- okay.

8 MR. DANENFELZER: Correct. It's the final  
9 approval by the Corporation. Obviously, we'll continue to  
10 look at the numbers and make sure they meet all the  
11 requirements that we've set down in this approval before  
12 we finalize and release our signature pages.

13 There is still a review by the Texas Bond  
14 Review Board, and then also the Attorney General of Texas  
15 will review all of the bond documents and certify those,  
16 prior to closing.

17 MR. DIETZ: Just to make sure I understand the  
18 transaction correctly, it's an acquisition of these  
19 properties in renovation of the same properties, and  
20 there's no change to the median income levels or the  
21 percentage of property utilized or any of those.

22 MR. DANENFELZER: No. There's no changes to  
23 the affordability requirements under the properties. All  
24 the tenants will remain in place. No one is going to be  
25 displaced by the rehab.



1           So, the biggest thing is that USDA is approving  
2     rental increases to increase the amount of money that they  
3     can use to pay for a lot of the rehab long-term for the  
4     cost of the bonds, as well as other, you know, long-term  
5     debt that will be added to the properties for the rehab.

6           MS. JOHNSON-ROSE: So, the rental increases  
7     that you just mentioned is going to come from USDA to  
8     cover the --

9           MR. DANENFELZER: It comes from USDA. Much  
10    like a Section 8 rental rehab project.

11          MS. JOHNSON-ROSE: Gotcha. Okay.

12          MR. DANENFELZER: This is money that USDA puts  
13    in. The tenants only pay 30 percent of their actual  
14    income in rent. Any increases in to the rental rate is  
15    just increase that USDA will be paying on the vouchers.

16          MR. DIETZ: So, there's no impact on what the  
17    tenants will pay?

18          MR. DANENFELZER: No. The tenants will  
19    continue to pay 30 percent of their income today moving  
20    forward, whatever their income is, that they will just pay  
21    30 percent.

22          MR. DIETZ: Okay.

23          MS. CARDENAS: And again, it's targeting 60  
24    percent median income?

25          MR. DANENFELZER: Yes. 60 percent is the cap.

1 I will say that currently right now, the majority of the  
2 tenants in all the properties are below 50-percent area  
3 median income, particularly those units that are occupied  
4 by seniors.

5 We, actually, have a number of units that are  
6 at or below 30 percent of area median income, simply  
7 because the seniors are living -- their only income is,  
8 you know, Social Security income, and in many cases, it's  
9 extremely low. That's all they have for income.

10 MR. DIETZ: Right. Any other questions? Great.

11 Well, I think this makes sense. Maybe we can, for future  
12 projects, explore other ways of making sure that the  
13 public is fully aware.

14 MR. DANENFELZER: Yeah.

15 MR. DIETZ: I don't know if the gentleman that  
16 spoke earlier might have a suggestion or two. So that  
17 might be a --

18 MR. DANENFELZER: Absolutely. Anything we can  
19 do to improve the process --

20 MR. DIETZ: Yeah. Great.

21 MR. DANENFELZER: -- is welcome, really.  
22 That's our goal is to make that it's as out in the open as  
23 possible. We want to make sure everyone has the  
24 opportunity to speak up and share their ideas with us on  
25 these projects.

1 MR. DIETZ: Well, I believe it has been --  
2 there's a motion that has been seconded. Is there any  
3 additional public comment or any other comments or  
4 questions from the Board?

5 (No response.)

6 MR. DIETZ: If not, all in favor?

7 (A chorus of ayes.)

8 MR. DIETZ: Any opposed?

9 (No response.)

10 MR. DIETZ: Okay. So, it is approved.

11 MR. DANENFELZER: Thank you.

12 MR. DIETZ: Thank you, Mr. Danenfelzer. And go  
13 back to my Agenda here. So, Tab Item 4 is related,  
14 correct?

15 MR. DANENFELZER: Correct.

16 MR. DIETZ: It is the Presentation, Discussion,  
17 and Possible Approval of a Loan to HVM Portfolio, LLC, in  
18 the amount of \$3 million for the Hamilton Valley Texas  
19 Portfolio Project.

20 MR. DANENFELZER: Yes. The first thing I would  
21 like to state is that there are some corrections. One in  
22 particular is that the amount of the loan as discussed at  
23 Loan Committee yesterday and as approved by Loan Committee  
24 is increasing to \$3.5 million.

25 We realized that these things are very active.

1       We continue to actively to work on these projects on a  
2       daily basis. So, through discussions late last week,  
3       staff worked out and decided to, at least, propose an  
4       increase amount to \$3.5 million.

5               Loan Committee reviewed that, went through all  
6       of the conditions that we're proposing today. I'm also  
7       going to read off some of the conditions that the Loan  
8       Committee also agreed to yesterday.

9               So, one, I apologize. We didn't have a full  
10      and complete recommendation for you in the Board Book, but  
11      at the same time, we know, oftentimes, these things are  
12      very fluid. Again, it is related to the 22 properties we  
13      just discussed and, you know, we're very excited about  
14      continuing to focus on this project and bring it forward.

15              We think this is also a really great way for  
16      the Corporation to enhance particularly these types of  
17      projects that are very rural, very small in nature, even  
18      though its aggregate is a very large project -- 22 very  
19      small properties across the state.

20              Doing small bond deals has always been one of  
21      the things that developers have always said. We just can't  
22      do deals under 50 units, or 100 units. Most of the new  
23      construction deals I get today are 250-plus units.

24              So being able to touch and get new bond funds  
25      and new tax credits into these rural communities is

1 extremely important and is one of the primary focuses of  
2 our bond program and our purpose and mission. The benefit  
3 of this is quite significant.

4 By using these funds as a short-term loan -- a  
5 bridge financing -- we are delaying the payment of tax-  
6 credit equity from the investors who are involved in the  
7 project. That delay of just even 12, 18, or 24 months is  
8 greatly increasing the amount of equity that the investors  
9 is willing to put into the project.

10 I am not an investment officer. I do a lot of  
11 reading on finance. But there's a lot of reasons why  
12 telling someone today, Hey, if you let me wait a year and  
13 a half to pay you, I'll pay you more. There's a lot of  
14 good reasons for that, and I'm not going to try to explain  
15 those. Mr. Dietz, probably professionally, is much better  
16 suited.

17 In fact, Ms. Cardenas and Mr. Williams and  
18 probably Ms. Johnson-Rose is probably better suited to  
19 tell you why it works better to delay that payment for a  
20 year and a half. We estimate -- the consultant and the  
21 developer's estimate is it's increasing the equity amount  
22 for this project by nearly \$1 million.

23 Which means they're borrowing \$1 million less.

24 Which means we can provide more money into rehab, and we  
25 can also reduce the rental increases ultimately that the

1 properties need to become and maintain affordability. So,  
2 this \$3.5 million is really critical to the project.

3 What I'll note as far as additional terms and  
4 conditions, which are not right here in the Board Book,  
5 the loan amount has been increased to \$3.5 million. The  
6 outstanding principal balance will accrue interest at a  
7 rate of 2.5 percent per annum, and that is something we've  
8 also agreed with the developer and everyone on.

9 So that is a change from what I believe the  
10 write-up currently states. The term of the loan will be  
11 two years from the date of the closing. The interest will  
12 accrue and be payable, on a monthly basis.

13 So, there will be interest payments during the  
14 course of construction that the Corporation will receive  
15 and then at the end of the maturity date is when the full  
16 principal balance will be returned and paid back. The  
17 principal balance is going to be secured against the  
18 payment of equity at the end of the construction period,  
19 and we are working with counsel to make sure that is  
20 written into both the limited partnership agreement as  
21 well as other documents associated with the bond  
22 transaction.

23 Finally, one of the things that we're looking  
24 at here is that because many of the numbers and everything  
25 are very closely locked in -- we're trying to secure

1 everything to get them, you know, as few changes as  
2 possible to the overall structure of the development. We  
3 are asking that the Corporation be allowed to use  
4 administrative funds from the Capital Magnet Fund, which  
5 we received this last year, or during this last fiscal  
6 year, to cover the cost of the origination and legal fees  
7 associated with the project.

8 Because the USDA has a lot of say in how these  
9 projects are underwritten and done and the amount of money  
10 that can be used for each individual piece of the pie, we  
11 do not want to, kind of, upset the apple cart, at this  
12 point. So we want to make sure that because the  
13 Corporation received a significant amount of admin funds  
14 for the CMF, it will cover the cost of legal that we're  
15 asking the Board to waive the traditional 1-percent  
16 origination fee that we would collect in order to, kind  
17 of, normalize and reduce any impacts of those changes that  
18 USDA's approved on the closing worksheet so far.

19 But we are going to recover all of our costs  
20 that legal incurs through the admin dollars that we  
21 received from the CMF grant. CMF is going to be the major  
22 source of the funding for this, about \$2.8 million of the  
23 3.5 will be CMF dollars.

24 We do have that money. That was a grant to the  
25 Corporation, so there is no cost of funds. So, we're

1 meeting all of the other, sort of, spread requirements  
2 that the Corporation has for these types of projects.

3 MS. JOHNSON-ROSE: So, the thought is you want  
4 to waive the origination fee --

5 MR. DANENFELZER: Correct.

6 MS. JOHNSON-ROSE: -- and then we pay the legal  
7 fees?

8 MR. DANENFELZER: Right. We will cover any  
9 legal costs associated with it out of our admin fund from  
10 the CMF.

11 MS. JOHNSON-ROSE: Do you have an estimate of  
12 what you think that would be?

13 MR. DANENFELZER: The legal costs on a typical  
14 transaction would be ten to \$15,000. I do anticipate it  
15 being a little bit more in this transaction. However, I  
16 know that our legal counsel does a lot for us. We will be  
17 using Norton Rose Fulbright. They are our new bond  
18 counsel and issuer counsel.

19 Without having to turn around and pressure Bob,  
20 you know, I'll try to make sure he's as efficient as  
21 possible. He always is, though. So, I have a great  
22 confidence in their ability to keep this under our normal  
23 costs, or right around our normal costs.

24 Really, Bob, as well as Joy Ellis -- and Paul  
25 Braden will be working on this -- have done a great job



1 already, kind of, helping us structure this transaction  
2 into the bonds without it creating as few ripples as  
3 possible throughout the rest of the documentation. So, we  
4 know we've got the best team possible helping us with it.

5 MS. JOHNSON-ROSE: The origination fee, what is  
6 that typically? A percentage?

7 MR. DANENFELZER: Typically, it's 1 percent.  
8 Yeah. So, in this case, it would be about \$35,000, but we  
9 did receive, I believe, over \$150,000 in CMF admin funds,  
10 which we can really pretty much only expend on actual  
11 eligible expenses.

12 It's not just money we put it in our pocket and  
13 can use for whatever. So, we do have to account for those  
14 expenditures. So, this'll help us spend down that money.

15 MS. CARDENAS: But we don't want to collect the  
16 origination fee why? But yet we're going to be paying out  
17 legal expenses.

18 MR. DANENFELZER: We're going to be paying them  
19 out of grant funds we've received.

20 MS. CARDENAS: Right.

21 MR. DANENFELZER: The reason we don't want to  
22 is because USDA has pretty much approved the closing costs  
23 associated with the transaction, and asking them to go  
24 back through an approval process for an additional 35,000  
25 in closing costs --

1 MS. CARDENAS: Did we not include it from the  
2 beginning? Or --

3 MR. DANENFELZER: While we'd been working on  
4 this, we really didn't have an approval or even a notice  
5 that this loan was going to be accepted and utilized until  
6 last Monday -- a week ago Monday. So, we've been really  
7 kind of hammering home and trying to get the final numbers  
8 together as quickly as possible.

9 There were delays really in securing the equity  
10 provider and how they were going to deal with the loan and  
11 the deferment. USDA is okay with us accepting the  
12 funding, but they really just didn't want any changes to  
13 happen to the --

14 MS. CARDENAS: I guess I was just really  
15 wanting to understand it, because, typically, in a loan  
16 transaction, right --

17 MR. DANENFELZER: Right.

18 MS. CARDENAS: -- an origination fee is  
19 standard, whether you know you're going to do a loan or  
20 not. It's just the cost of doing business, right?

21 MR. DANENFELZER: Right.

22 MS. CARDENAS: So, I didn't know if we just  
23 didn't include it, because to me, whether we knew we were  
24 going to do this loan or not is irrelevant. Right?  
25 Whether I'm going to do a mortgage loan or not, I know

1       it's customary.

2               The fees are the fees. Now, whether I do or  
3       not is a whole other issue, right? So, I just wanted to  
4       know did we not include it, you know, in the precept fees?  
5       And we're just saying, Well, we're not going to charge it  
6       because USDA's not going to approve it because we don't  
7       want to go back and ruffle their feathers. But if it's  
8       just that we just didn't include it from the get-go, then  
9       we just didn't include it, right?

10              MR. DANENFELZER: Yeah. I think the best way  
11       to answer that is yeah, we did discuss the idea of using  
12       our fees -- our grant monies to cover that cost to make  
13       sure that we didn't upset the apple cart at USDA and delay  
14       the closing of this, but it was also one of those things  
15       that we just really wanted to make sure we could interject  
16       this money, have the savings that we had without causing  
17       those troubles.

18              So, it was discussed that there was other  
19       sources available to cover that cost, and so the developer  
20       kind of took on and said, Yeah. Let's use it.

21              MR. LONG: Let me just -- we did have an  
22       extensive discussion about this during the Loan Committee  
23       yesterday.

24              MR. DIETZ: Introduce yourself, if you would.

25              MR. LONG: I'm sorry.

1 MR. DIETZ: Yeah. For the recording.

2 MR. DANENFELZER: Introduce yourself.

3 MR. LONG: I'm sorry. David Long, President.

4 I don't want there to be misunderstanding. We didn't  
5 discuss this issue. I think the relevance here really  
6 was, one, we had grant funds that we could use to cover  
7 the cost which kept the transaction fees down. So, we do  
8 normally have a -- that was my question in the Loan  
9 Committee yesterday.

10 I think the idea of us making this loan was  
11 really something we felt would be a great way for us to  
12 utilize the CMF funds that we received, which is something  
13 we are trying to do. This was a large portion of those  
14 funds.

15 So to answer your question, Ms. Cardenas, I  
16 think the answer is, we considered the fact that we didn't  
17 have a loan fee in there, but we also knew we had  
18 resources to pay for it. And as David said, rather than  
19 trying to delay the project review with USDA's scrutiny,  
20 we felt like we could move forward rather quickly.

21 Is it something we want to do? I would say  
22 this is an exception rather than the rule, quite honestly.  
23 It's only because we had grant funds that would  
24 specifically cover these costs. Otherwise, we wouldn't  
25 just eat the costs on our own without there being some

1 resource to cover it.

2 I think it is an exception rather than  
3 something we would do on an ongoing basis. Yes, we do  
4 have a loan commitment fee that we always have in our  
5 transactions. This one was done somewhat in a -- you  
6 know, the bonds were approved up front.

7 We kind of coordinated on the loan and then  
8 figured it out. But by then, we'd already done some  
9 underwriting enough to where we didn't want, as David  
10 called it, upset the apple cart.

11 I don't know that that's something we would  
12 continue to do going forward, but it is where it is now,  
13 and because we have the grant funds under a comfortable --  
14 we discussed this in Loan Committee -- we felt this was an  
15 acceptable exception for us to make, given that we were  
16 not going to have to pay the costs, if you will.

17 The Corporation wasn't doing the loan for free.  
18 We were going to be paying for it out of existing funds  
19 that were grant funds in conjunction with the actual  
20 funding source of the award, the \$3 million -- 3.5  
21 million, of which 2.8 is coming from Capital Magnet Fund.  
22 We're using them as admin fees to pay that fee. So, I  
23 hope I didn't --

24 MS. CARDENAS: No. I mean --

25 MR. LONG: -- confuse or --

1 MS. CARDENAS: I know exceptions are made and  
2 so that's really -- I just wanted to understand.

3 MR. LONG: This was an exception. I would --

4 MS. CARDENAS: We're going to take each case  
5 file, right? As we go.

6 MR. DANENFELZER: Right.

7 MS. CARDENAS: And if it was merely an  
8 exception that we made --

9 MR. LONG: That's correct.

10 MS. CARDENAS: -- you know, before then. I  
11 really wanted some clarity.

12 MR. LONG: This was an exception, given the  
13 circumstances.

14 MR. WILLIAMS: In addition, we do get a half  
15 basis point increase. So, some of that loss --

16 MS. CARDENAS: Okay.

17 MR. WILLIAMS: -- will be recouped. So, we went  
18 from 2 percent to 2.5 percent --

19 MS. CARDENAS: Perfect.

20 MR. WILLIAMS: -- will increase the spread --

21 MS. CARDENAS: Very interesting.

22 MR. WILLIAMS: -- and there's no debt, because  
23 that money was given. So, we get 2.5-percent yield off  
24 that note.

25 MS. CARDENAS: Okay.

1           MR. WILLIAMS: But like David said, because on  
2 the Loan Committee we talked about it, it's about getting  
3 the money out and to the resources to underwrite, it's a  
4 way to kind of put the money out and get it in play and  
5 yielding, and this is a good follow-up kind of play that  
6 way.

7           MS. CARDENAS: Okay.

8           MR. DIETZ: Great. Thank you. Any other  
9 questions? Okay. We do need action on this today. Yes,  
10 Mr. --

11           MR. DANENFELZER: Give us a moment to consult  
12 with counsel.

13           (Pause.)

14           MR. DIETZ: Are we talking about the --

15           MS. JOHNSON-ROSE: Difference between --

16           MR. DIETZ: -- difference in \$3 million and  
17 \$3.5 million? Because it was on the Agenda as \$3 million?  
18 Yeah.

19           MR. DANENFELZER: Yeah.

20           MS. JOHNSON-ROSE: I wondered about that, too.

21           MR. DIETZ: So, who was our legal counsel?

22           MR. GREGG: Aaron Gregg, I'm sorry. So, our  
23 recommendation is that under the Open Meetings Act, that  
24 notice provided for the number. You could omit the number  
25 and approve the loan without specifying that in the

1     Agenda, but by specifying that number, we have concerns  
2     with approving a higher number that was not given public  
3     notice in the Agenda.

4             MR. DIETZ:   Yeah.

5             MS. JOHNSON-ROSE:   Could we --

6             MR. DIETZ:   Am I understanding that we couldn't  
7     feasibly delay until the next Board meeting with this  
8     particular Item because of the timing?

9             MR. DANENFELZER:   I think --

10            MR. LONG:   David.

11            MR. DANENFELZER:   Actually, I believe we can,  
12     as long as the -- I know that there's a proposal to delay  
13     the Board meeting until November 20.  As long as we don't  
14     delay it beyond November 20, I think we should be fine.

15            The Bond Review Board and the AG's office will  
16     be continuing to work on this.  We do not anticipate  
17     closing until the first or second week of December.  So as  
18     long as we do bring it back in November and complete the  
19     approval at that time, with the understanding, I mean,  
20     staff will move ahead with legal counsel's advice to make  
21     sure we draft all the documents and prepare so we can re-  
22     state the Agenda Item for \$3.5 million at the next  
23     meeting.

24            MR. DIETZ:   And the other variables that have  
25     altered could also be in the Board Book.



1           MR. DANENFELZER: Correct. All of the Loan  
2 Committee recommendation, you know. We can add all those  
3 details into the full Agenda Item for our next meeting.

4           MR. DIETZ: Unless that would negatively impact  
5 the transaction, it seems like that might be the most  
6 prudent.

7           MR. LONG: I would agree. I think in talking  
8 with both bond and issuer counsel, as well as general  
9 counsel, I think that seems to be the most prudent. As  
10 David said, as long as it doesn't cause too much delay and  
11 we have the meeting on or before the 20th, that would get  
12 us to have all those documents aligned with what we're  
13 trying to do -- bring the total underwriting criteria for  
14 the transaction.

15           MR. DIETZ: Yeah.

16           MR. DANENFELZER: Yeah.

17           MR. DIETZ: Yeah. Good.

18           MR. DANENFELZER: Yeah. I'd rather do it right  
19 the --

20           MR. LONG: Just do it completely right rather  
21 than trying to --

22           MS. JOHNSON-ROSE: I was going to say; do we  
23 approve and then amend? But if it's okay date-wise,  
24 then --

25           MR. LONG: I think we can just table this Item

1       until the next meeting. Is that how we would do it? Just  
2       postpone it or table it until further --

3               MR. DIETZ: Do we need any specific Board  
4       action regarding that? Or do we just move on?

5               MR. GREGG: You guys just take no action.

6               MR. DIETZ: Yeah. Just take no action. Okay.

7               MS. JOHNSON-ROSE: Okay.

8               MR. DIETZ: Okay. Great. So, staff will bring  
9       that back to us at the next Board meeting and we'll --

10              MR. DANENFELZER: Correct.

11              MR. DIETZ: -- go from there. Great. Thank  
12      you. Thanks to our general counsel for catching that.

13              MR. DANENFELZER: Yes.

14              MR. DIETZ: Okay. Well, Tab Item 5, the  
15      Presentation, Discussion, and Possible Approval of a  
16      Resolution Regarding the Submission of One or More  
17      Applications for Allocation of Private Activity Bonds,  
18      Notices of Intention to Issue Bonds, and State Bond  
19      Applications to the Texas Bond Review Board and  
20      Declaration of Expectation to Reimburse Expenditures with  
21      Proceeds of Future Debt for the East Texas Senior  
22      Apartments Project.

23              MR. DANENFELZER: Good morning. David  
24      Danenfelzer, Senior Director of Development Finance. I'm  
25      here and joined today with Dan Allgeier, who is the

1 developer of record for this transaction. As noted, this  
2 is an inducement resolution that we're asking you to look  
3 at and approve today. This is really one of the first  
4 steps that we take after we get an application.

5 The staff has determined that it meets our  
6 threshold and scoring criteria. Then we bring it to you  
7 guys to give us authority to kind of begin moving forward  
8 to engage our professional teams and to apply for  
9 reservation of private activity bonds. The transaction is  
10 124 total units.

11 Much like the previous transaction at Hamilton  
12 Valley, which we discussed, there's only 4 properties,  
13 rather than 22. But it's still 4 properties in rural  
14 Texas in Mount Pleasant and Sulphur Springs. There are  
15 two properties in each community, and they are generally  
16 considered sort of phase one and phase two at each of  
17 those communities of the properties.

18 The total budget for the project is  
19 approximately \$10.7 million and we'll be issuing bonds to  
20 acquire the properties, rehabilitate the properties, and  
21 then also provide some of that long-term financing. A lot  
22 of the details are still in the works. We continue to  
23 work on that.

24 I know that Dan will be able to answer more  
25 questions about that, but this does meet all of our

1 threshold and scoring criteria, as I noted before. You  
2 know, we're, kind of, excited again to continue to help  
3 small properties in rural areas get a new life and extend  
4 their usefulness within the communities that they serve.

5 There is a general underwriting of the project  
6 provided. I don't know if you have any specific questions  
7 about that, but I will let Dan introduce himself and his  
8 company, as well as what he plans to do about the  
9 properties.

10 MR. ALLGEIER: I'm Dan Allgeier. I built these  
11 properties. I'm the surviving person that built these  
12 properties. They're old -- '78, one of them -- '80s.  
13 They're all seniors. About two-thirds of these units have  
14 Section 8 -- project-based Section 8 from HUD, and that  
15 will be retained and extended. All one-bedrooms.

16 We have support letters from both cities and  
17 last night we got a support resolution from the city of  
18 Mount Pleasant, and on the 5th of November we're on the  
19 Agenda for support resolution in Sulphur Springs.  
20 Obviously, you have to do your support, your public  
21 hearings and so forth and so on, but this isn't the first  
22 rodeo on these properties.

23 We got a 9-percent allocation tax increase in  
24 2014, but unfortunately, USDA didn't get things done. We  
25 had to give the credits back. We are taking USDA out of

1     these deals with the bond. We're not going to have to  
2     deal with the apple cart. I noticed -- I did have  
3     origination fees --

4             MR. DANENFELZER: You know, again, at this  
5     point in time as well, because of the timing of this  
6     application and this approval, we don't anticipate  
7     reserving the bond allocation until 2020 -- until January,  
8     basically, because most of the bonds are already committed  
9     for this calendar year within Texas.

10            So, we don't anticipate any new volume CAP  
11     becoming available before the end of the year. But this  
12     will be in our pipeline. We will apply, probably, in  
13     early January. We'll look, probably, for early May to  
14     early June closing on the transaction.

15            We will go through, at that time -- once we get  
16     the reservation, we will hold public hearings. We'll  
17     begin developing all of our bond documentation and we will  
18     return to the Board most likely March or April of next  
19     year for final approval before we return to the Bond  
20     Review Board for their final approval.

21            So, are there any questions?

22            MR. ALLGEIER: I might point out on that time  
23     line, because we did this a few years ago, we have plans  
24     already. We have a contractor already. We have reports,  
25     market studies, et cetera, et cetera. They're out of

1 date. They have to be redone, but that being said, we're  
2 a little further down the road on this than normal. So  
3 that time line, hopefully, should work.

4 MR. DANENFELZER: Yeah.

5 MR. DIETZ: So, in this particular case, this  
6 is our -- we're approving the submission of everything.  
7 Does that mean we'll see this again?

8 MR. DANENFELZER: Correct. You will see this  
9 next March or April for final approval once staff has gone  
10 through all the numbers, have all the bond documents  
11 ready, and we're certain that we're ready to close on the  
12 transaction. So, this is, again, it's just your sort of  
13 preliminary authority. It allows us then to engage the  
14 professionals --

15 MR. DIETZ: Right.

16 MR. DANENFELZER: -- bond counsel, issuer  
17 counsel, and municipal advisor in the transaction and  
18 begin doing the work that we need to get it ready for your  
19 final approval.

20 MR. DIETZ: It's all renovation of existing  
21 properties?

22 MR. ALLGEIER: Yes.

23 MR. DIETZ: With no changes in the  
24 affordability --

25 MR. DANENFELZER: Correct.

1 MR. ALLGEIER: No. Well, actually, some  
2 improvement, frankly.

3 MR. DIETZ: Okay.

4 MR. ALLGEIER: Because we don't have rental  
5 assistance on a lot of these units, and with the direct  
6 loan that we might get from TDHCA, we'll have some  
7 advantages for some of the residents.

8 MR. DIETZ: Okay.

9 MR. ALLGEIER: But otherwise, yeah. You know,  
10 it's the HUD relocation thing. Nobody's got any money to  
11 be moved.

12 MR. DIETZ: Right.

13 MR. ALLGEIER: We're able to move them on  
14 property, we hope.

15 MR. DIETZ: Great. Any other questions from  
16 the Board?

17 MS. JOHNSON-ROSE: No questions from me.

18 MR. DIETZ: Okay. Is there a motion?

19 MS. JOHNSON-ROSE: Motion to approve.

20 MS. CARDENAS: Second.

21 MR. DIETZ: Okay. It's been moved and  
22 seconded. Is there any public comment?

23 (No response.)

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

25 (A chorus of ayes.)

1 MR. DIETZ: Any opposed?

2 (No response.)

3 MR. DIETZ: Okay. The resolution passes.

4 MR. ALLGEIER: Thank you.

5 MR. DANENFELZER: Thank you very much. Thank  
6 you, Dan.

7 MR. DIETZ: Can I rewind for a quick second and  
8 just ask a question about that previous transaction? Does  
9 the lack of action on Tab Item 4 in any way negatively  
10 affect Tab Item 3? Okay. So, they're not -- it doesn't  
11 matter.

12 MR. GREGG: Separate items you took action on  
13 the floor.

14 MR. DIETZ: Okay, great. Good. On to Tab Item  
15 6, which is the Presentation, Discussion, and Possible  
16 Approval of the Publication for Public Comment of the  
17 Guidelines Scoring Type Criteria and Targeted Housing  
18 Needs for the Allocation of Qualified Residential Rental  
19 Project Tax Exempt Bond Funds under the Multifamily  
20 Housing Private Activity Bond Program Request for  
21 Proposals and the 501(c)(3) Bond Program Policies for  
22 Calendar Year 2020.

23 MS. CARDENAS: Thank you.

24 MR. DANENFELZER: David Danenfelzer, Senior  
25 Director of Development Finance. I think I get to say



1 that at least one or two more times today. In any case,  
2 annually the Corporation does review our request for  
3 proposals and our policies related to both our private  
4 activity bonds and our 501(c)(3) bond authority,  
5 respectively.

6 This is something we're required by statute to  
7 do and have the Board approve them. We do look at a  
8 number of research reports throughout the year. We look  
9 at the state's annual housing plan, and we look at a lot  
10 of different market data and other information all the  
11 time.

12 There's a couple small tweaks that we're making  
13 this year to the RFP. Two of them are noted here that  
14 I'll kind of note. One is under the Targeted Housing  
15 Needs for the definition of At-Risk Preservation and  
16 Rehabilitation, which is Section 2a of the RFP and  
17 Policies.

18 We were amending the language there just a  
19 little bit to allow for properties that do not currently  
20 have regulatory agreements in place. There's a number of  
21 reasons for this.

22 There is a strong trend within the market to  
23 look at properties which might be considered sort of Class  
24 B or even Class C properties within a market area for  
25 appraisal purposes that we often are -- we're starting to

1 call naturally-occurring affordable housing but are at  
2 risk of being lost because of redevelopment activities in  
3 certain neighborhoods and communities.

4 The City of Austin, in particular, supported  
5 the creation of over a \$20 million fund to finance and  
6 purchase these types of properties called the Austin  
7 Housing Conservancy. The Corporation did approve a  
8 resolution early last year to partner with Austin Housing  
9 Conservancy and to look at ways that we can utilize our  
10 bond funds and other financing to help preserve that  
11 naturally-occurring affordable housing and improve it for  
12 the long-term.

13 The other thing that this brought up is, we  
14 have, from time to time, received calls -- and I did  
15 receive one just recently. There was a very old program  
16 that came out of the 1980s under the Resolution Trust  
17 Corporation, for those of you who remember, where  
18 properties were sold to developers very cheaply that had  
19 gone through the FDIC and other banking regulators through  
20 foreclosures.

21 Those properties actually do not have  
22 regulatory agreements or land use restrictions but are  
23 restricted in the rents that they can charge. So those  
24 properties -- there's a number of those starting to come  
25 on to the market, which there is no clear resolution to

1 and how to preserve their affordability.

2 So, this also-- is an act to kind of help us  
3 amend our policies or adjust them just slightly so that we  
4 might be able to take advantage of that new shift in the  
5 market that those properties, as they come up, maybe we  
6 can help preserve their affordability requirements under  
7 the policies and regulations that we have.

8 The second one I'll note is scoring. It's  
9 under Section 9. This is where my bad eyesight is  
10 starting to catch up with me. Section 9(i), the scoring  
11 item for letters of support.

12 This is one of the scoring items that we often  
13 don't get local -- our developers to participate in  
14 because they find it very difficult sometimes to get more  
15 than two letters of support, particularly in areas  
16 where -- while there may be a lot of interest, sometimes  
17 affordable housing can cause political backlash.

18 So, while maybe people are willing to go on the  
19 record on the phone, they're not really on the record by  
20 letters. So, we are giving a little bit more incentive to  
21 this, increasing the scoring item from 10 points to 15  
22 points, just to give it a little more weight because we  
23 realize it is a more difficult thing for developers in  
24 certain communities to get those letters of support.

25 Maybe this will help, kind of, incentivize them

1 to do a little more work, and pressure their local  
2 officials to get those letters, because we do find it very  
3 valuable as we noted -- that community support.

4 Those are all the changes that are outlined  
5 here. There's a number of small changes. Some regulatory  
6 changes that we've made within the document itself, but  
7 again, we are simply publishing these for public comment,  
8 at this time.

9 Most likely, our typical time line, we would  
10 bring this back in early December to the December Board  
11 meeting to get your final approval to adopt all these. We  
12 will post these to the *Texas Register* and to our website,  
13 collect public comment between now and December, and then  
14 ask for your final approval.

15 In December, if there are any public comments,  
16 we will note that in the write-up as well as we may  
17 propose additional changes at that time for you guys to  
18 review and approve.

19 MR. DIETZ: Questions?

20 MS. JOHNSON-ROSE: Page 13. In looking at the  
21 public hearings, this kind of came up earlier in talking  
22 about --

23 MR. DANENFELZER: Correct.

24 MS. JOHNSON-ROSE: -- the project. So, it says  
25 here on 9b that -- it looks like it's taken out the

1 requirement for the developer to attend public hearings.

2 MR. DANENFELZER: Yeah. In regards to the  
3 developer, it's really kind of a -- simply a key phrase to  
4 allow - we, typically, allow the developer or developer's  
5 representative, and so, oftentimes, the developer  
6 themselves or one of their staff person's cannot make the  
7 meetings.

8 We've often allowed them to send a leasing  
9 agent. We've allowed them to send a consultant or other  
10 individual as their representative, but we did feel it was  
11 probably appropriate to take out the term "developer"  
12 because we define the term "developer."

13 We still want that representation, and we'll  
14 continue to do that by practice, but we get into a gray  
15 area when we're asking a leasing agent who is not  
16 necessarily an employee of the developer to attend and  
17 represent the project, and it's just a small  
18 clarification.

19 MS. JOHNSON-ROSE: Could we say instead  
20 developer or developer representative has to be included?  
21 I don't like the word "may" --

22 MS. DANENFELZER: Sure.

23 MS. JOHNSON-ROSE: -- if they have that much of  
24 a stakeholder in the project.

25 MR. DANENFELZER: Absolutely. And this is --

1 MS. JOHNSON-ROSE: I don't want to give them  
2 the opportunity not to be there, or not to have someone  
3 that's a stakeholder within their company to be there.

4 MR. DANENFELZER: I think that's a great  
5 change, and we will go ahead and make that amendment  
6 before we post.

7 MR. DIETZ: So, basically, something to effect  
8 of the Corporation requires developers or representatives  
9 of the developers to attend the public hearing. Is that  
10 kind of what you wish to do?

11 MS. JOHNSON-ROSE: Yes.

12 MR. DANENFELZER: That's great.

13 MS. JOHNSON-ROSE: And then with c, it sounds  
14 like that's what we were talking about earlier: The local  
15 newspapers are no longer effective.

16 MR. DANENFELZER: Yeah. And the small changes  
17 here were proposed by counsel through this section of this  
18 9c. One, it gives probably a more direct citation to the  
19 Section 147(f) of the Internal Revenue Code where those  
20 requirements are listed and called out.

21 And then it also clarifies that it is not to  
22 local newspapers, but to the Corporation's website. A  
23 number of these changes were actually made this calendar  
24 year, and we do know that bond counsel in particular, who  
25 helps us with these postings, continues to kind of evolve

1 and look at the requirements --

2 MS. JOHNSON-ROSE: Make sure that we're --

3 MR. DANENFELZER: -- under the tax code. I  
4 think that is something that will continue to kind of  
5 evolve over the next couple of years as overall the  
6 industry gets used to the new regulations that the IRS has  
7 issued on this matter.

8 MS. JOHNSON-ROSE: We talked about onsite  
9 postings, that that's usually what happens. Is that just  
10 a best practice?

11 MR. DANENFELZER: That is a best practice?  
12 Yeah.

13 MS. JOHNSON-ROSE: It's not required.

14 MR. DANENFELZER: It's not required by the  
15 Internal Revenue Code, though.

16 MS. JOHNSON-ROSE: Okay.

17 MR. DANENFELZER: Yeah.

18 MS. JOHNSON-ROSE: But it will continue to be  
19 best practice?

20 MR. DANENFELZER: It will continue to be our  
21 best practice. Yes.

22 MR. DIETZ: But we're not -- we don't include  
23 that here because it's not required.

24 MR. DANENFELZER: It's not required under the  
25 Revenue Code, and so this issue has come up in the past,

1 and I think one of the hurdles is if we do put it into  
2 here, then we absolutely need to require it.

3 If for some reason it does not, it potentially  
4 could cause an entire transaction to be unloaned after  
5 we've closed, if for some reason someone could potentially  
6 prove in court that it was not properly posted to, you  
7 know, if --

8 MS. JOHNSON-ROSE: Or a leasing agent didn't  
9 mail it or something --

10 MR. DANENFELZER: Correct. Right. And,  
11 oftentimes, it is -- you know, the developers ensure that  
12 the leasing agents get the notice, that they are supposed  
13 to drop it off on everyone's apartment. They tell us that  
14 they are, but if one person were to say --

15 MS. JOHNSON-ROSE: It's hard to -- yeah.

16 MR. DANENFELZER: And short of requiring sort  
17 of hand delivery and certified mail or something along  
18 those lines, which would increase the cost significantly,  
19 we've kind of --

20 MS. JOHNSON-ROSE: Yep. So internal best  
21 practice.

22 MR. DANENFELZER: Right.

23 MS. JOHNSON-ROSE: But we protect ourselves  
24 legally without putting it in the legal statute.

25 MR. DANENFELZER: Yeah.



1 MS. JOHNSON-ROSE: But it is a best practice  
2 that we follow.

3 MR. DANENFELZER: Yes.

4 MS. JOHNSON-ROSE: We're comfortable with that.

5 MR. DIETZ: Any other questions or suggested  
6 changes? Okay. I guess we need a motion on this,  
7 correct?

8 MR. DANENFELZER: Yes. I do need a motion to  
9 give us authority to post these for public comment.

10 MR. DIETZ: Yeah.

11 MR. DANENFELZER: And I will --

12 MR. DIETZ: And then we'll see them again after  
13 they've come back from public comment.

14 MR. DANENFELZER: You will. Yes.

15 MR. DIETZ: Before they are finalized.

16 MR. DANENFELZER: Yeah.

17 MS. JOHNSON-ROSE: So, Mr. Chairman, motion to  
18 approve with the noted changes to 9b.

19 MR. WILLIAMS: I'll second.

20 MR. DIETZ: It's been moved and seconded. Is  
21 there any public comment?

22 (No response.)

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

24 (A chorus of ayes.)

25 MR. DIETZ: Any opposed?

1 (No response.)

2 MR. DIETZ: Okay. The approval for publication  
3 for public comment has passed. Great.

4 So, we're on to Tab Item 7, which does not look  
5 like it requires any action, but it's the Presentation and  
6 Discussion of the Texas State Board of Housing  
7 Corporation's Fiscal Year 2019 and 2020 Strategic Plans.

8 MS. TAYLOR: Good morning, Mr. Chairman and  
9 members. We're excited to present to you our Annual  
10 Strategic Plan. Each department will be presenting their  
11 respective plans. This is different than what we did last  
12 year, where I was the one that presented. Each department  
13 is going to present their plan.

14 Our plan follows our fiscal year, so staff will  
15 be presenting outcomes for our Fiscal Year 2019, which  
16 ended on August 31, and they will also be presenting their  
17 2020 plans -- their 2020 goals. I should let you know  
18 that some departments have opted to split their  
19 presentation between staff members, so you might see them  
20 switch off for several parts between different staff  
21 members.

22 A couple more things to mention is that our  
23 first presenter -- not our first presenter; our first  
24 presenter would be Dave, who you've been hearing from all  
25 morning long. But our presenter for single-family

1 compliance, Tim Almquist, will only be presenting his 2020  
2 goals for his area.

3 His department's 2019 goals and outcomes were  
4 part of the Homeownership Team in 2019, but this year,  
5 we've opted to split them up, so that's why he'll only be  
6 presenting 2020 goals.

7 Then in addition, David Long will be presenting  
8 the section that includes accounting and executive  
9 management, and the goals remain the same for 2020. So,  
10 he will only go over the 2019 goals and outcomes since  
11 they're not changing for 2020.

12 This might take a little while, so -- I know  
13 some of you might have planes to catch -- because it  
14 doesn't require any Board action, so feel free to leave if  
15 you need to, but we'll try to go through it as quickly as  
16 possible. You're more than welcome to ask questions. It  
17 is a discussion, but it's not up for a vote.

18 MR. DIETZ: Thank you.

19 MS. TAYLOR: Okay. And with that, I'm going to  
20 turn it over to Dave, who you've been hearing from all  
21 morning.

22 MR. DANENFELZER: Yes. Again, Dave  
23 Danenfelzer, Senior Director of Development Finance, and  
24 I'm presenting, I think, the next six slides, and then I'm  
25 done for the day. In any case, as you can see, what

1     you'll -- one of the things that you'll see here is that  
2     the goals and strategies on the far left of these tabs  
3     will be very similar for a lot of us.

4             We have overarching goals and strategies for  
5     the Corporation, and then many of the individual tactics  
6     are related to each of the divisions or departments. For  
7     this first goal and strategy, there are five tactics,  
8     specifically, for my programs in the development finance  
9     area.

10            We want to increase the number of our loans.  
11     We want to increase the number of multifamily bonds that  
12     we do; improve our oversight and construction of those  
13     rehab and bond activities, as well as through our land  
14     banking and ACT for the Affordable Communities of Texas  
15     program.

16            Provide quarterly guidance on those to our  
17     local partners and our borrowers in those programs, as  
18     well as advocate for improved homebuyer transactions,  
19     specifically under the Texas NSP program. I think the  
20     highlights here that I'll note is that we did have two new  
21     loans and two renewals.

22            This does not reflect that we also track how  
23     many inquiries we have, and I believe on a later page we  
24     do show that. We had over 15 inquiries from potential  
25     borrowers this last year in the Impact Fund.

1            Obviously, we always get a lot more asks than  
2            we can actually complete, but we do track that to show how  
3            well we are also getting out into the community and  
4            getting feedback and talking to more people about our  
5            products and our programs.

6            As far as multifamily bonds, we did close two  
7            transactions in the fiscal year. We have, for this new  
8            fiscal year, five new transactions that were submitted  
9            that we'll probably close here. This is always a hard one  
10           to report because, oftentimes, we get applications  
11           submitted in one fiscal year, but they don't close until  
12           the next.

13           So, we do track both the front-end application  
14           side and the closing side, but we are only reporting here  
15           what we are closing. So, you can see, we've got five more  
16           transactions in the pipeline. So, hopefully, in 2020,  
17           we'll get all five of those closed.

18           We did complete a lot of property visits. We  
19           only claimed seven here, but really those are actually  
20           seven trips. That includes trips to the lower Rio Grande  
21           Valley, where we have about six different subdivisions  
22           that we work in right now, to the Dallas-Fort Worth area,  
23           where we work in two different areas, and other  
24           communities across the state.

25           We do also publish a quarterly newsletter to

1 help with providing guidance to our local partners and  
2 borrowers. We try to bring out ideas for them, as well as  
3 tips on changes to regulations and other program  
4 incentives that we offer.

5 And then we did renew our NSP contract for  
6 fiscal year 2020. And I will say, as far as the  
7 improvement part, while it is very difficult to track  
8 exactly how long it takes to get from a submitted  
9 application to a closing on one of the NSP properties  
10 because of the different steps that we have to go through,  
11 we have seen a marked improvement in the past year with  
12 the management, at the way TDHCA is handling these  
13 programs and other improvements that we were able to  
14 negotiate in the extension for that NSP program.

15 So, we're really very happy to continue, you  
16 know, working to improve it and make it better and better.

17 But we've seen a lot of improvements in this last year.

18 Again, on the goals and strategies on the side  
19 and as well as the tactics, these are more some of the  
20 performance -- regarding our performance on increasing the  
21 sales.

22 While I don't have the specific numbers here, I  
23 do know that we've had a marked increase this last year in  
24 sales. We've actually got our portfolio almost below 200  
25 total properties now. I believe we've had over 45 sales

1 to date this year, and we have another 15 to 20 properties  
2 in the pipeline for closing. Many of those that will  
3 probably close before the end of this calendar year, but  
4 not within the fiscal year -- or this fiscal year, but not  
5 last fiscal year.

6 As we do every year, we just got approval to  
7 post, so thank you on number two. You make that possible  
8 by giving me the authority to post it, and we'll obviously  
9 propose the final resolution to those rules in December.

10 We did get five new vacant lots, one new home.

11 The five vacant lots were in East Texas. The vacant home  
12 was in San Antonio.

13 Then, probably, our biggest news of the year --  
14 I hope Katie Claflin with Marketing Development Team  
15 really highlights this -- is \$3.5 million Capital Magnet  
16 Funds that we were awarded.

17 This is a huge impact to our programs, and by  
18 getting it out as we intend to very quickly, we'll be able  
19 to circulate that, bring it round and round and have a  
20 huge impact over the next several years.

21 These ones are really more about communications  
22 and how we promote our programs. We do get out to a lot  
23 of conferences. David obviously tells you about that  
24 every meeting at the beginning in the President's report.  
25 I won't go over too much, but we did attend a number of

1 conferences this last year and did a lot of promotion of  
2 our products.

3 For next year, moving on, many of the goals and  
4 tactics are the same. I won't really know much more than  
5 I already did, because I did kind of notice that -- but  
6 I'll kind of let you guys ask any questions you have. We  
7 are, again, looking to increase the number of loans, the  
8 number of bond deals, as well as the production in the  
9 Affordable Communities of Texas Program.

10 In regards to the financial stability of the  
11 Corporation, which is a big goal; obviously, we do review  
12 program policies and provide quarterly updates on -- to  
13 the executive on our goals. Then this tactic three is,  
14 again, we're looking to continue to secure more financial  
15 support of the programs in order to grow them.

16 This one's just kind of a small one for me,  
17 which is why it got its whole thing. We are continuing to  
18 get this new office renovated and built out. Note that we  
19 are -- permits have been submitted to the city of Austin.

20 It is actually going pretty well. We've not received any  
21 comments yet, and that's not a bad thing.

22 Usually if there's a lot of problems, they get  
23 those comments to you quickly. So, we are happy to know  
24 that they are just reviewing it the way they are supposed  
25 to, and we should have the next step of documents, and



1 demolition actually should be able to -- I don't want to  
2 jinx myself, but -- early November.

3 First week in November we should start  
4 demolition on the existing structure and mobilize all of  
5 the construction crews. So that's our goal right now, and  
6 I'm going to pass it off to James and/or Celina.

7 MR. DIETZ: If y'all can introduce yourself for  
8 the record.

9 MR. MATIAS: I sure will. Thank you.

10 Good morning, Board Chair and Board members.  
11 I'm James Matias, Senior Manager of the Asset Oversight  
12 Department. To my right is Celina Mizcles Stubbs. She's  
13 also a manager of our department.

14 Today I'm going to inform you about how well we  
15 performed in reference to our goals in 2019, and Celina's  
16 going to let you know about our goals for 2020 and the  
17 tactics for achieving those goals.

18 In 2019, we had two goals. The first was to  
19 establish, manage, and expand effective programs to serve  
20 the housing needs of low-income Texans and other  
21 underserved populations. The first strategy to accomplish  
22 this goal was to facilitate the development of safe,  
23 decent, and affordable housing.

24 The one and only tactic we had was to diversify  
25 the location of homes in the single-family rental program.

1 I'm happy to inform you that in 2019, we expanded the  
2 single-family rental program outside the Austin MSA for  
3 the first time. We purchased three homes in the northeast  
4 San Antonio area near Converse/Judson. One of those was a  
5 three-bedroom home, and two of those were four-bedroom  
6 homes.

7 Continuing with the first goal, the second  
8 strategy was to help low-income Texans maintain housing  
9 stability. We had five tactics for this strategy, and I  
10 will quickly run through them for you.

11 First, we wanted to minimize the number of late  
12 payments made by residents and reduce consequences for  
13 nonpayment. Other than one home, all residents currently  
14 pay on time, and we have 47 percent of our residents  
15 paying rent via ACH, which is like an electronic bank  
16 transfer.

17 The second tactic was to perform site visits  
18 for all multifamily properties financed through TSAHC and  
19 complete the reports for those and close out corrective  
20 action when needed. Our team completed 31 site visits,  
21 issued Asset, Oversight and Compliance reports for all of  
22 them, and we closed out our corrective action timely.

23 The third tactic was to monitor the multifamily  
24 compliance system and help facilitate our set-aside  
25 compliance. We ensured all set-aside compliance was met,

1 and at the end of fiscal year 2019, 100 percent of our  
2 properties were in compliance.

3 The fourth tactic was to increase the knowledge  
4 of the properties' financial performance. We monitor the  
5 financial stability of each property, and when needed, we  
6 propose ideas that would help improve the NOI for those  
7 properties.

8 The last and final tactic for this strategy was  
9 to effectively manage all aspects of the Rollins Martin  
10 Apartments, its tenants, and the property. This was the  
11 apartment complex that David touched on in his president's  
12 report where we're doing the exterior renovation  
13 currently.

14 We effectively managed all rehab projects last  
15 year, including property maintenance, rent collection,  
16 vacancy, budgets, and renewals and recertifications.

17 The second goal of our department was to ensure  
18 the Corporation's financial sustainability. The one  
19 strategy we had to accomplish this was to maximize earned  
20 revenue from existing programs and services. We had four  
21 tactics to help us with this strategy.

22 The first was to maintain a high retention rate  
23 for the Single-Family Rental program. We had 18 leases  
24 expire last year, and I'm happy to tell you that 17 of  
25 those 18, 94 percent, renewed their leases.

1           The second tactic was to maintain an earned  
2 revenue for the Single-Family Rental Program. The Single-  
3 Family Rental Program had a 33-percent increase in revenue  
4 for 2019 when compared with 2018, That increase was  
5 significant due to three new acquisitions in the San  
6 Antonio area, in addition to a returned occupancy of a  
7 home that had a fire in 2018.

8           The third tactic was to manage capital  
9 improvements and rehabs of the units at Rollins Martin  
10 Apartments. In 2019, we completed a full interior rehab  
11 of unit 304 and began the rehab of unit 301.

12           In addition, we upgraded our video surveillance  
13 system and installed vent fans in all bathrooms for units  
14 that did not have them. The rehab, I'm happy to tell you,  
15 for unit 301 is about 95 percent done. It just so  
16 happened to be that we completed it in this physical year.

17           The fourth and final tactic was to procure  
18 multifamily compliance business. We executed two  
19 contracts in 2019. A one-time tenant file review was  
20 conducted for North Athens Homes last November, and we  
21 began monthly third-party tenant file reviews for Prodigem  
22 last September.

23           Before Celina tells you about our goals for  
24 2020, do you have any questions about our 2019  
25 performance?

1 (No response.)

2 MS. CARDENAS: Looks good. Looks positive.

3 MR. MATIAS: Great.

4 MS. STUBBS: As mentioned, I am Celina Mizcles  
5 Stubbs, also Senior Manager of our department, and I'm  
6 here to present to you our fiscal year 2020 goals. With  
7 the same structure, I will just say that our first goal is  
8 to monitor properties that are financed through our  
9 programs, so our private activity bonds in the housing  
10 impact fund, to ensure compliance with federal, state, and  
11 to any of our TSAHC requirements.

12 We always start by performing an annual onsite  
13 visit at each property. Within 30 days from the time of  
14 the visit we issue our Asset, Oversight and Compliance  
15 reports.

16 On those reports, we identify any observations  
17 that we see while we're out there and report any findings  
18 of noncompliance. If we do find items of noncompliance,  
19 then we make sure that they are corrected within 60 days  
20 from the date of the onsite visit.

21 We also monitor the financial performance of  
22 all of our properties on a monthly or quarterly basis,  
23 depending on how it's written in their contracts. And on  
24 top of that, we also monitor them on a monthly basis to  
25 ensure that they are meeting all of their Set-Aside

1 requirements; that is, that they are housing a specific  
2 number of units to low-income families as well as making  
3 sure that they're meeting their resident service  
4 requirements, which is the specific number of resident  
5 services that they said that they would provide to our  
6 tenants.

7 Our second goal is to maximize the earned  
8 revenue from our existing programs and our single-family  
9 rental program. So how we would do this is to maintain a  
10 high retention rate. That means 65 percent or better.  
11 That means that anytime that a lease expires, we want to  
12 retain our residents.

13 I'm happy to report that of last year, the one  
14 person who did not renew was buying a home for the first  
15 time, so that was really exciting. If we do have a vacant  
16 unit, then our goal is to make sure that it is completely  
17 turned and occupied in less than 20 days.

18 We are also going to target -- or maintain our  
19 target of an ROI of 4 percent or greater for our  
20 portfolio. We also want to maintain an overall annual  
21 occupancy rate of greater than 95 percent. Tactic two and  
22 tactic three are specific to homes that have been in the  
23 program for a full 12 months.

24 Our fourth tactic is to make sure that we  
25 minimize the number of late renters. As reported last

1 year, we hit our 45 percent, so we hit our goal, and we  
2 will strive to encourage our tenants to enroll into ACH  
3 program and increase our goal.

4 Our last tactic is number five. We will  
5 continue to research MSA areas to diversify locations of  
6 the homes in our portfolio, not only to benefit families  
7 and individuals of low-income, but to maximize our earned  
8 income for our department.

9 Our third goal is to effectively manage Rollins  
10 Martin and maintain the low-income housing tax credit  
11 program eligibility and compliance. Our main focus here  
12 is making sure that each unit is housed by income-eligible  
13 families, so we will make sure that we appropriately  
14 screen all of our applicants to ensure eligibility.

15 We will make sure that we maintain an accurate  
16 wait list for the program. We will track and complete all  
17 annual lease renewals, as well as eligibility  
18 certification that is required by the State. We will  
19 enforce rent collection policies, issue lease violations,  
20 and process evictions, if needed.

21 And we will ensure the overall program  
22 compliance with federal and state regulations by  
23 submitting all of our required reports, which are either  
24 quarterly or annually for the State.

25 Our fourth goal is to procure and maintain

1 compliance monitoring business. We seek this in two ways.  
2 Our first tactic is to either procure more or maintain our  
3 current contract services. As James mentioned earlier, we  
4 signed two contracts last year. I'm happy to report that  
5 we were able to renew one of our contracts. We're  
6 working on that renewal this week.

7 Our second tactic is to, at least, conduct one  
8 webinar regarding program eligibility; for example, online  
9 compliance, income certification processes. And I'm happy  
10 to share that we collaborated with Katie Claflin and her  
11 team and created and presented two webinars last year. We  
12 hope to work with her again.

13 Our fifth and final goal is to maintain and  
14 manage safe, decent, and affordable programs by offering  
15 an optimal maintenance program to ensure that our assets  
16 are being maintained.

17 We will first look at -- we will track all of  
18 our creations and completions of our work orders to ensure  
19 that they're being completed timely. We will look at  
20 completing all of our scheduled semi-annual inspections,  
21 so we visit every home, every building, every apartment  
22 that we own and manage to ensure that the interior as well  
23 as the exterior is being maintained. We will ensure that  
24 we complete our preventive maintenance program for all of  
25 our assets.



1           When all those inspections are completed, we  
2           call back and follow up on at least 10 percent of every  
3           completed work order to ensure that it's completed timely,  
4           it is done to the satisfaction of our tenants, as well as  
5           obtain any feedback that they have for us to make sure  
6           that we have an effective maintenance program.

7           We will establish turn times of less than 30  
8           days for any vacancies. And for any vacancies that  
9           require for rehab, we will make sure that we get that  
10          completed within 60 day turn time. And finally, we will  
11          work on obtaining all required bids, overseeing capital  
12          improvements, to make sure they're completed timely and  
13          within budget.

14          Those are all the goals that we have listed for  
15          the current fiscal year. Is there any questions?

16                (No response.)

17          MS. STUBBS: Great. Glad to hear that. We'll  
18          hand it off to the next presenter.

19          MR. MATIAS: Thank you for your time.

20          MR. DIETZ: Thank y'all.

21          MS. LEVECQUE: Good morning. My name is Joniel  
22          LeVecque, and I'm the Director of the Homeownership  
23          Programs, and I would like to-- also like to introduce  
24          Sarah Ellinor, who is our Homeownership Programs Manager.  
25          Sarah and I will both be presenting our 2019 strategic

1 plan and outcomes, and along with our 2020 goals.

2 All right. The first thing we'll go over is  
3 how we accomplished our 2019 goals. And as Janie mentioned  
4 earlier, we also shared these goals with our Compliance  
5 Department, so the outcomes we'll be talking about today  
6 include both the Compliance and Homeownership Departments.  
7 Then Tim, who is the Director of the Compliance Department  
8 will be presenting the goals separately.

9 So, our first goal for 2019 was to establish,  
10 manage, and expand effective programs to serve the housing  
11 needs of low-income Texans. We accomplished this goal  
12 through our strategy of helping low-income Texans and  
13 other targeted populations buy homes, and we did that with  
14 our four tactics.

15 The first tactic found in the orange box is to  
16 increase the DPA and MCC originations by approved lenders.

17 And actually, we had a really big year this year in  
18 adding 51 new lenders that signed up to participate in our  
19 program. So, we felt that was a huge success.

20 Our second tactic found in the light green box  
21 was to increase the DPA and MCC originations by  
22 participating approved lenders. One of the things that we  
23 accomplished with this goal was - actually, one of my  
24 favorite plans, and that is continued -- we've actually  
25 had continued success with this plan for several years

1 now, and that is our loyalty rewards program for top loan  
2 officers.

3 We created this program that we noticed that  
4 mortgage companies were signing up to use our programs,  
5 but not all loan officers that worked for those mortgage  
6 companies were choosing to participate in our programs.  
7 So, we wanted to come up with a way to, kind of, encourage  
8 a spirit of friendly competition with our loan officers.

9 And one of the ways we did this is by listing  
10 our top quarterly and annual top loan officers on our  
11 website, where they're able to receive free referrals as  
12 potential homebuyers visit our website. We also send them  
13 quarterly rankings so they can see how they stack up with  
14 the other loan officers that are participating in our  
15 programs.

16 And we were, actually, quite pleasantly shocked  
17 with the spirit of competition that this gave them.  
18 They'd start calling us and say, Okay. Who's ahead of me?  
19 Who do I have to beat? So, it's really been fun for the  
20 loan officers and for us.

21 We also help those loan officers who are loyal  
22 to our programs. We provide those loan officers with  
23 various tools to help them promote their own businesses  
24 while also promoting TSAHC and spreading the word of  
25 TSAHC. So, we really see this as a win-win for everyone.

1           These tools that we provide the loan officers  
2           are created in collaboration with our marketing team. So,  
3           our marketing team will kind of be going over some of  
4           these tools when they come up to present.

5           But I did want to mention a few of those tools  
6           that we do for our loan officers, and that is that we send  
7           them thank-you cards and TSAHC coffee mugs to the top  
8           producers quarterly. We also spotlight the top 20 loan  
9           officers each quarter on our social media.

10          And then our third tactic found in the dark  
11          green box is to design programs to increase originations  
12          to low-income borrowers and other underserved populations.  
13          One of the things that we did last year to accomplish this  
14          goal is we developed a new second lien program that  
15          offered additional levels of DPA up to 6 percent.

16          We also sent out tidbit e-mails throughout the  
17          year promoting conventional products and overall program  
18          benefits to either our loan officers or our realtors. You  
19          know, every week, every couple of weeks we would send out  
20          just a little tidbit to kind of remind them of either  
21          guidelines or benefits of the programs.

22          Our fourth tactic found in the yellow box is  
23          ways to -- was to come up with or increase awareness of  
24          our DPA and MCC programs in rural areas of Texas. We  
25          really placed a special focus on ways that we could reach

1     those rural areas this year.

2             And one of the things we did to reach this goal  
3     was to find ways that smaller lenders could participate in  
4     our programs, including small local banks and mortgage  
5     brokers. So, in addition to signing up a few new local  
6     banks and credit unions this year, we were also able to  
7     find a couple of correspondent lenders that allowed our  
8     more rural brokers to participate in our programs.

9             And that's actually a personal goal of mine  
10    that I've been working on for several years now, so I was  
11    extremely excited to finally be able to have smaller mom-  
12    and-pop-shop mortgage brokers be able to work with our  
13    programs.

14            One of the other things that we did to  
15    accomplish this goal is that we really spent a lot of  
16    time, kind of, targeting certain areas of the state where  
17    we felt we needed more of a presence, where our presence  
18    wasn't as well known.

19            We promoted speaking engagements and classes in  
20    those areas. We were actually very successful by  
21    conducting classes in all of the regions that we targeted.  
22    So, we were very pleased that our efforts were fruitful.

23            MR. DIETZ: Classes for lenders?

24            MS. LEVECQUE: For lenders and realtors.

25            MR. DIETZ: Okay. Realtors?

1           MR. LEVECQUE: So, what we would do is we would  
2 market ourselves to the rural areas. We marketed  
3 ourselves to the realtor associations and told them, we'd  
4 love to come offer our class. We also had lenders who  
5 maybe worked in some of the bigger metropolitan areas.

6           We, kind of, partnered with them and said, If  
7 you'll host our classes in some of these rural areas,  
8 we'll come out and speak for free, and things like that.  
9 So, it was very successful. We were able to go to those  
10 areas of the state where I think it's a little bit harder  
11 for folks to access some of these programs.

12           Our second goal is to ensure the Corporation's  
13 financial sustainability, so our strategy is to maximize  
14 our earned revenue from existing programs and investments.  
15 And the way we accomplished this goal was we monitored our  
16 interest rates daily, and we also compared our fees to  
17 other programs to make sure that we were competitive, and  
18 we did all this to ensure our sustainability.

19           Our third goal was to implement marketing,  
20 communications, and outreach strategies to increase  
21 awareness and promotion of the Corporation and its  
22 programs. Our strategy in accomplishing this goal was to  
23 maintain and strengthen the relationship with external  
24 partners.

25           So, you know, we felt like we had a lot of

1 lenders and partners that we were working with and that if  
2 we would just encourage them to utilize our programs more  
3 and strengthen those relationships, that we could increase  
4 business without necessarily going out and getting new  
5 lenders to participate. It's about working with those  
6 people we're already working with. Right?

7 So, the tactics that we utilized in that one is  
8 to provide excellent customer service. I'm actually very  
9 excited to announce that our customer service satisfaction  
10 survey indicates that over 90 percent of our partners are  
11 happy with our service, products, and marketing materials.

12 I'm even jokingly -- we've joked around that  
13 maybe a few of those lenders have a crush on a few of our  
14 homeownership team and compliance team members. They say  
15 such nice things, they must have a crush on them. So,  
16 it's been kind of fun to read those surveys.

17 MR. DIETZ: Whatever works.

18 MS. LEVECQUE: Yeah. Whatever works, right?  
19 But it's been fun to really read the surveys and see how  
20 the lenders and the realtors react to and compliment us on  
21 what a good job we're doing. So, it's really nice to see  
22 that every year.

23 Our second tactic in accomplishing this goal  
24 was to communicate effectively with the lenders, realtors,  
25 and housing counselors. One of our most successful

1 things, I think, that we did this year was to create a  
2 TSAHC Lender Advisory Council that consists of nine of  
3 TSAHC's top loan officers.

4 We actually held a call this morning -- we've  
5 had our second call now -- and it's really been a huge  
6 success for us because these loan officers now have an  
7 opportunity to share their opinions about our programs and  
8 services in ways that we all can better meet the needs of  
9 Texas homebuyers.

10 We also created an MCC-only webinar this year.  
11 Frank Duplechain on our team was the voice of this  
12 webinar. It's available on our website 24/7, and it has  
13 been viewed nearly -- or rather, over a thousand times  
14 since we published it in February of this year, so huge  
15 success!

16 A few more of our training highlights this  
17 year: We trained over 3,000 loan officers this year  
18 alone; our Train the Trainer presentation was viewed more  
19 than 1,500 times; and our Down Payment Hurdle -- we  
20 actually held 55 Down Payment Hurdle classes this year,  
21 with more than 900 real estate agents trained in those  
22 Down Payment Hurdle classes.

23 We attended six events, fairs, and rallies, and  
24 we figure that we had approximate impressions made through  
25 those events of over 1100 people based on the giveaways



1 that we gave away. We also conducted five Texas  
2 Affordable Housing Specialist Certification classes.  
3 That's been a very popular offering that's been offered  
4 the last few years.

5 So, that's pretty much what we did, quite a  
6 lot. And I think that from this point on, if you guys  
7 have any questions -- if you don't, I'm going to turn it  
8 over to Sarah, who's going to go into and talk about our  
9 accomplishments for Housing Connection.

10 MS. ELLINOR: So good afternoon. Good morning.

11 Is it afternoon already? Sorry for the long Board  
12 meeting today, guys. So, I'm Sarah Ellinor, Senior  
13 Programs Manager with the Homeownership Programs  
14 Department.

15 So, our goal, four mainly, has to do with  
16 helping low-income Texans maintain housing stability, and  
17 I want to preface this goal's tactics by giving credit  
18 where credit is due. Frank Duplechain has worked hard to  
19 take over many of these duties pertaining to this goal,  
20 and he's done a great job at continuing the successes that  
21 follow.

22 So, the way that we work to meet this goal are  
23 through two tactics. The first is to maintain the Texas  
24 Financial Toolbox and keep that up to date. So, if you're  
25 not familiar with that website, it's a website that we

1 host. And a person can find four things on that website:  
2 financial education and credit counseling, homebuyer  
3 education, homebuyer programs, and foreclosure prevention  
4 counseling.

5 So, we work annually to ensure that our  
6 information is comprehensive and up to date. And we like  
7 to ensure that our website includes all HUD-approved  
8 providers, as well as units of local government and  
9 community-based organizations that offer those services.

10 The second tactic is to provide quality  
11 continuing education to our Housing Connection network.  
12 So, what is Housing Connection? We created Housing  
13 Connection with the goal of helping affordable housing and  
14 counseling organizations access training, promote  
15 themselves, build capacity as well as providing network  
16 where best practices can be shared.

17 We provided continuing education to this  
18 network in the following ways in 2019: So first, we  
19 conducted one successful round of Housing Connection  
20 training and this was in partnership with the Federal  
21 Reserve Bank of Dallas in June of 2019.

22 At that training, we trained 50 nonprofit staff  
23 that represented 33 different organizations in 23 cities  
24 throughout Texas. So, we're bringing that knowledge all  
25 over Texas. Twenty-six scholarships were provided, and we

1 survey those folks every year, and 100 percent said that  
2 they would recommend that training to others. So, we see  
3 that as a great success.

4 Next, we conducted three quarterly webinars on  
5 industry-related topics of interest to the network. It's  
6 our goal to provide a balance of topics that may interest  
7 housing counselors and affordable housing developers.

8 Some of the topics that we included were  
9 increasing donor retention, creating fundraising success  
10 on special projects, and we also did a webinar on TSAHC's  
11 homeownership programs, because why not?

12 And then finally, we sent out a monthly Housing  
13 Connection newsletter, and that always just includes, kind  
14 of, the latest and greatest industry-related information.  
15 We spotlight webinar opportunities, training opportunities  
16 that might be of interest to them, and Frank has been  
17 doing a great job at doing that as well.

18 MR. DIETZ: Who's, actually, doing the  
19 webinars? Is that one of the two of you?

20 MS. ELLINOR: So, Frank did the Homeownership  
21 Programs webinar, but the other ones we usually will, kind  
22 of, go out and ask for industry experts --

23 MR. DIETZ: Okay.

24 MS. ELLINOR: -- in that topic. So, we had our  
25 website host, Mighty Citizen, they did the donor

1 retention --

2 MR. DIETZ: Yeah.

3 MS. ELLINOR: -- training. They also did, kind  
4 of, a marketing training for us recently as well to help  
5 nonprofits market themselves. So that was great. So,  
6 we're at our goals.

7 MS. LEVECQUE: Yay! Goals!

8 MS. ELLINOR: 2020.

9 MS. LEVECQUE: Now on to present the goals.  
10 All right. So, our first goal this year is to serve at  
11 least 95 -- 100 households in 2020. And we plan on  
12 accomplishing this goal actually by continuing or  
13 expanding on several of our previous tactics that we've  
14 done in previous years, the last year especially, because  
15 we've received so much success for those.

16 Why reinvent the wheel? Right? Just keep  
17 improving on something that's been successful. So, our  
18 first tactic, we'll continue the Train the Trainer and  
19 lender train webinars that are available on our website  
20 24/7.

21 We will also continue expanding on our loyalty  
22 rewards programs for our lenders and realtors, and we will  
23 conduct lender and realtors' visits while in the area  
24 conducting other speaking engagements. We will also  
25 continue our monthly tidbits, customer service

1 satisfaction surveys, social media awareness campaigns,  
2 and our CRM management.

3 Our second tactic will be to conduct or  
4 encourage others to conduct on our behalf at least 40  
5 events. Really that's about -- again, going back to one  
6 of our goals last year, which was expanding into -- or one  
7 of our tactics last year, which was expanding into those  
8 rural areas. We feel like it helps us get the word out by  
9 enlisting the help of our lenders to go out and promote  
10 our programs and conduct classes and do things on TSAHC's  
11 behalf.

12 Our third tactic will be to increase awareness  
13 of our programs, again, in those regions of the state that  
14 we feel like we could have more of a presence. So, we'll  
15 do that through our social media ads, increased mortgage  
16 broker participation, and promotion of our Down Payment  
17 Hurdles classes.

18 Our fourth tactic will be to explore deferred  
19 forgivable second lien program, and then finally our fifth  
20 tactic will be to coordinate and conduct lender advisory  
21 group meetings on as needed basis or at a minimum of twice  
22 a year.

23 So that is it for our Homeownership side of  
24 things, and I'll have Sarah present our Housing Connection  
25 goals for 2020.

1 MS. ELLINOR: So, this one's pretty simple.  
2 We'll, again, keep our tactics somewhat similar. In 2020,  
3 we'll work to meet many of the same goals that I just  
4 outlined. And I will say, thus far we're off to a great  
5 start. We surveyed the Housing Connection network in July  
6 to determine what training would be most beneficial to  
7 them in 2020.

8 And using those survey results, we've already  
9 scheduled quarterly webinar topics for 2020, as well as  
10 the Housing Connection training, which will again be  
11 hosted by our partner, The Federal Reserve Bank of Dallas,  
12 at their San Antonio branch, and we'll look forward to  
13 presenting those successes next year.

14 So, I won't go over and read them every single  
15 one. Do you guys have questions for us?

16 MR. DIETZ: No. Thank you very much.

17 MS. ELLINOR: You ready for lunch?

18 MS. LEVECQUE: I'm starving. So, our next one  
19 up is Tim with our Compliance Department, and he'll be  
20 presenting the single-family compliance goals.

21 MR. DIETZ: David, should we --

22 MR. LONG: Sure.

23 MR. DIETZ: -- because I'm getting a lot out of  
24 these presentations. I know Andy is as well. Should we  
25 maybe delay the remainder of them until we have more Board

1 members present? What do you think?

2 MR. ALMQUIST: I'm all for it.

3 (General laughter.)

4 MR. LONG: I would offer that up to the Board  
5 as an option. I mean, we do have several more to go  
6 through, and as a result, not only is Lali not here, we  
7 did lose Courtney and Valerie. So, if you would like to  
8 delay that, we can bring it back, if it's like a follow-up  
9 to next month's. Just put it on a continuation.

10 I would suggest that since Tim's here, we let  
11 Tim finish, just to bug him.

12 MR. DIETZ: Sure.

13 MR. LONG: It would complete the Homeownership  
14 side.

15 MR. DIETZ: The Homeownership side. Yeah.

16 MR. LONG: And we can bring up from that  
17 Katie -- what's left is really the marketing and business  
18 development stuff, and then executive, so we can bring up  
19 at our next month, if that's okay.

20 MR. DIETZ: Yeah. Yeah. Just kind of split it  
21 into two parts. But I just -- there's a lot of good  
22 information here.

23 MR. LONG: And I don't know if you realize this  
24 has been a much longer Board meeting than probably anyone  
25 anticipated. So, we also -- I want to be appreciative of

1 your time, as well as making sure you don't miss anything.

2

3 MR. DIETZ: Yeah.

4 MR. LONG: Okay. So, we'll finish with Tim.

5 MR. ALMQUIST: Okay. Great.

6 MR. LONG: He said two, three seconds, so --

7 MR. ALMQUIST: This is going to be real short.

8 My name is Tim Almquist. I'm director of Single-Family  
9 Compliance. And to, kind of, give you a background of  
10 what we do -- Joniel told you a lot about the front end,  
11 the marketing, the lender relationships, things like that.

12 So, she sets everything up, and the real work  
13 comes on the back end with my group, so we've got a lot of  
14 stuff to do there. What we do is -- all the programs that  
15 Joniel talked about, we perform compliance reviews to make  
16 sure that the borrowers that are taking advantage of these  
17 programs meet our eligibility criteria.

18 Now, this criteria is set up -- dictated by  
19 federal tax law on same cases, on the mortgage credit  
20 certificates, and on the mortgage revenue bond programs.  
21 And then we have our own internal guidelines that we use  
22 for our more general TBA secondary mortgage-type programs.  
23 But they relate pretty much along the same lines as the  
24 federal and state requirements that we have.

25 So, as I go through these goals -- because



1 Joniel already went through the objectives, or the  
2 outcomes from last year -- you're going to notice a lot of  
3 this is centered around providing world-class customer  
4 service.

5 We have two other statewide entities that  
6 provide the same types of products that we have. So, we  
7 have to, kind of, figure out what we can do to stay ahead  
8 of them, both from an incentive advantage and from  
9 customer service, and on the back side.

10 So, our first goal for next year is going to be  
11 reviewing down payment assistance and MCC packages. We do  
12 a pre-closing and post-closing compliance review. We want  
13 to get both of those done within 48 hours of submission.

14 Now, when we started this back in 2013, I think  
15 the first year we did about 200 million in production  
16 volume, 2017 fiscal year we did about 1.4 billion. So, if  
17 you do the math, you can see that the amount of  
18 production -- the amount of packages that have come in  
19 have fivefold increased in that year and are expected to  
20 increase another two- or threefold in the coming year.

21 We expect to do about 2 billion in production  
22 this year when you combine MCC and our down payment  
23 assistance programs. So, it's been a challenge to be able  
24 to figure out how to get these packages done within 48  
25 hours when we're looking at 75 to 100 packages per day.

1           So, it used to be just Delia Davila and I back  
2           in 2013 when we started. We've added two rock stars to  
3           the group: Brandon Hester and Donnetta McGrew. And  
4           without them, I could say we wouldn't be able to meet any  
5           of these goals as we go forward.

6           MR. DIETZ: We were playing around with the  
7           idea, at one point in time, of doing even more compliance  
8           for other places.

9           MR. ALMQUIST: We did, we did. Yeah.

10          MR. DIETZ: We decided that's --

11          MR. ALMQUIST: Yeah.

12          MR. DIETZ: -- not part of our strategic --

13          MR. LONG: We don't have office space to house  
14          that many people.

15          MR. DIETZ: Yeah. Yeah.

16          MR. ALMQUIST: I had my resignation letter  
17          already written.

18          (General laughter.)

19          MR. ALMQUIST: So, in order to get this done,  
20          we assign a daily workload. So Donnetta will tell us what  
21          packages came in and which ones we had to get done, and  
22          then we schedule review periods throughout the day.

23          So, in addition to having more packages come in  
24          with the additional volume, we've got more phone calls to  
25          answer, we've got emails to return. It's just been more

1 work as we bring in more production.

2 Our second goal: provide industry-leading  
3 customer service to our consumers and business partners.  
4 So, as you can see, tactic number one, we've developed  
5 policy to accommodate rush requests.

6 So as these lenders are trying to originate  
7 loans and get loans closed, sometimes they'll forget to  
8 submit a pre-closing package for approval, or they'll just  
9 purposely not put it in until the last minute.

10 So, we kind of run a tight line between  
11 accommodating lenders with their rush requests or not  
12 accommodating them, and then making sure the borrower's  
13 taken care of on the back end to meet their closing date.  
14 So, having a policy for rush requests is really important  
15 for us. We do them when we can, but we have to tell  
16 lenders sometimes we just can't accommodate that.

17 Tactic two: policy for management compliance  
18 review email. We have a general email box set up to take  
19 in all requests for changes to terms of loan, changes to  
20 loan products, things like that. We have a process set up  
21 that people outside of the single-family compliance group  
22 help us with that.

23 And we need to return phone calls and emails by  
24 the end of the work day, very important. We get dozens  
25 and dozens of calls and emails every day, and we need to

1 make sure we return those. So, we'll be providing some  
2 results on how we did that next year, so I'm not going to  
3 ruin the surprise right now.

4 Goal three: manage inventory pipelines to  
5 ensure correct and timely status of loan files accurate;  
6 accuracy and completeness of related data. Again, all of  
7 this goes back to how much volume, how much production,  
8 how many loans that we see.

9 We have pipelines that are 20-, 30,000 loans  
10 that we have to manage daily. So, we developed a loan  
11 cancellation policy where we'll go in, we give lenders a  
12 60-day lock to get their loan reviewed, approved, and  
13 closed, and delivered to our investor.

14 We give them 30 days after that, and then we go  
15 ahead, and we cancel that loan if we haven't seen  
16 anything. At tactic two is issue approved MCCs within 30  
17 days of loan purchase. Mortgage credit certificates, we  
18 have to create a certificate and mail those out to all the  
19 MCC recipients that we have.

20 It's a huge task. We try to do that within 30  
21 days, so we have some things that we've implemented there  
22 or we're going to implement there to make sure we can do  
23 that. And we monitor MCC and MRB program allocations  
24 regularly.

25 So, with those 20- or 30,000 loans that we have

1 in pipeline in any one time, we try to cancel them  
2 regularly. We try to make sure that we contact lenders to  
3 get loans out of pipeline, delivered, and processed.  
4 We've got some stuff going to make sure we can do that,  
5 too, next year.

6 MR. DIETZ: That's interesting. Those are  
7 physical certificates? Like --

8 MR. ALMQUIST: Yes. Yes.

9 MR. DIETZ: I didn't know that.

10 MR. ALMQUIST: So, it's a huge, huge process.

11 Goal four: As you know, mortgage lending is a  
12 very fluid industry, especially these days; very volatile.  
13 We want to make sure that our directors and our staff are  
14 always up to speed on current developments within the  
15 market.

16 So, we want them to regularly attend  
17 professional seminars, training courses, attend  
18 conferences -- statewide conference or national  
19 conferences, National Association of Local Housing Finance  
20 Agencies, National Council of State Housing Finance  
21 Agencies. These are all good learning environments.

22 And also, just training, just to make sure that  
23 we understand what's going on in the industry today and we  
24 can talk to lenders in their language and know what's  
25 going on in the industry, all based -- centered around

1 customer service and providing the best product and  
2 service that we can. And that's it. Any questions?

3 (No response.)

4 MR. DIETZ: Okay. That's great. Thank you.  
5 Good information.

6 MR. LONG: So, with that, Mr. Dietz, what we'll  
7 do is, with the remaining time, instead of continuing it,  
8 we'll go ahead and hold that off until next month if  
9 that's appropriate.

10 MR. DIETZ: Yeah. Perfect.

11 MR. LONG: Presentations are already set up, so  
12 we'll just continue from here, and I think you'll see and  
13 hopefully you can appreciate the time and effort the staff  
14 put into this.

15 I would like to take a minute to thank Janie  
16 for all of her leadership on bringing this together. This  
17 is something that falls on her. She worked with Rebecca  
18 and all the other staff members to make that happen, and I  
19 hope you found this information not only relevant, but  
20 also informative.

21 MR. DIETZ: Yeah.

22 MR. LONG: You'll get a copy of this.  
23 Hopefully we'll try and get it all put out so we can send  
24 it to you via email so everybody can have something in  
25 front of them. Then I just want to, as always -- I know I

1 this is longer meeting, so I want to thank you for your  
2 time and attention.

3 And hopefully, next month we'll have a smaller  
4 agenda that will allow us more time on this without being  
5 rushed, and everybody can stay. Other than that, I don't  
6 have anything else, Mr. Chairman. I know we typically  
7 have a tentative Board meeting set for the next month.  
8 Right now, that's the 20th, if that still works with  
9 everybody, but we'll send out an email notice to confirm  
10 that.

11 MR. DIETZ: Okay.

12 MR. LONG: And with that, there's no need to go  
13 into closed session, so --

14 MR. DIETZ: We couldn't even if we wanted to.  
15 We don't have a quorum.

16 MR. LONG: I saw our counsel left. Well, we  
17 have bond counsel here, though.

18 MR. DIETZ: But we don't have a quorum.

19 MR. LONG: No quorum. That's right. So, with  
20 that, I'll conclude, unless there's any other questions  
21 from the Board members.

22 MR. DIETZ: No. None from me.

23 MR. LONG: Okay.

24 MR. DIETZ: Great. Well, it is 12:26, and we  
25 are officially adjourned.

1                   (Whereupon, at 12:26 p.m., the meeting was  
2 adjourned.)



C E R T I F I C A T E

MEETING OF: TSAHC Board

LOCATION: Austin, Texas

DATE: October 16, 2019

I do hereby certify that the foregoing pages,  
numbers 1 through 9797, 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: October 22, 2019

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(Transcriber)

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