

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,  
November 20, 2019  
10:30 a.m.

BOARD MEMBERS:

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

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P R O C E E D I N G S

1  
2 MR. DIETZ: It's 10:35 a.m. on November 20, and  
3 the Texas State Affordable Housing Corporation Board  
4 meeting for November is called to order. First, roll  
5 call. Bill Dietz, chair. I am here. Valerie Cardenas,  
6 vice-chair?

7 MS. CARDENAS: Present.

8 MR. DIETZ: Courtney Johnson-Rose is absent.  
9 Lali Shipley?

10 MS. SHIPLEY: Present.

11 MR. DIETZ: Andy Williams?

12 MR. WILLIAMS: Present.

13 MR. DIETZ: Okay. We do have a quorum. If  
14 everybody would join me in the Pledge of Allegiance to the  
15 American flag and the Texas flag.

16 (Pledges were recited.)

17 MR. DIETZ: Okay. Any public comment before we  
18 begin?

19 (No response.)

20 MR. DIETZ: Okay. Hearing none, let's move  
21 straight to the president's report. Mr. Long?

22 MR. LONG: Good morning, chairman and members.  
23 I appreciate y'all being here. Before we get too far  
24 down, I just want to note that after this meeting we have  
25 our Thanksgiving luncheon, and we want to make sure you

1 all stay, as we do a pretty good job of putting on a  
2 Thanksgiving feast while you're here.

3 So please join us for that. As always, the  
4 program reports and financial reports are in your Board  
5 book under Tabs A through E. Included in the reports  
6 this month are the quarterly reports for compliance and  
7 resident services on our multifamily programs, as well as  
8 the quarterly fundraiser reports.

9 So if you have any questions on those, we'd be  
10 happy to answer those. The Loan Committee did meet  
11 yesterday, and while we did not take any action on any new  
12 loans, considering new activity, we need to review our  
13 standing reports and have the opportunity to also review  
14 the fact that we have on our agenda for Tab Item 2 today a  
15 loan to Hamilton Valley.

16 If you recall, that loan was delayed or  
17 deferred, I should say, from last month's meeting. We  
18 tabled it so we could bring it back this month. The Loan  
19 Committee had already re-approved that, and we're  
20 basically bringing it back to you today, with some  
21 additional information which is in your Board book, and an  
22 updated amount that was an issue last month.

23 So with that, Mr. Williams serves as the  
24 Board's representative. He was in attendance with us  
25 yesterday via phone. Mr. Williams, do you have any

1 comments or anything to add? Okay.

2 Moving on, the annual financial report is due  
3 to the Comptroller's Office by November 20, and that  
4 had -- was due by the 20th of November, and I just want  
5 you to know, that was submitted. It's the annual report  
6 we turn into the Comptroller's Office.

7 I'm just giving you a heads-up, we did that.  
8 Our auditors, Maxwell Locke & Ritter, have completed their  
9 field work. As we told you -- and they introduced  
10 themselves last month -- they began their audit, our  
11 annual audit.

12 They completed their field work and are  
13 currently pending receipt of all the confirmations and  
14 related party questionnaires. So if any of you Board  
15 members received a questionnaire or a confirmation, please  
16 submit those back as timely as possible.

17 We are on track to issue and present their  
18 final report at the December Board meeting, so they can  
19 submit -- so we can submit that to the Comptroller's  
20 Office by December 20, which is our requirement under  
21 statute.

22 Under the program areas, for training, under  
23 single-family, the single-family ownership team continues  
24 to conduct their lender trainings, hosting five Overcoming  
25 Down Payment Hurdle Classes and one United Texas Class in

1 partnership with the Texas Association of Realtors.

2 That was able to serve over 120 realtors during  
3 those trainings. We also continue to offer our online  
4 lender training, and that training allows them to learn  
5 more about our programs, and specifically, our down  
6 payment assistance home ownership programs.

7 And we had 437 loan officers sign up for that  
8 lender training in the last -- since the last Board  
9 meeting. We also signed up six new mortgage companies  
10 that were approved to begin offering our single-family  
11 program. So, we appreciate all the work the staff are  
12 doing to make sure that happens.

13 And I would just put a shout-out. That's Frank  
14 Duplechain who does a lot of that for us, and he does a  
15 really, really good job. We continue to hear great things  
16 about Frank, not only in the office, but in the field. He  
17 does a really good job. So, shout-out to Frank this  
18 morning.

19 Under the fundraising and business development,  
20 we received a \$5,000 grant from Wells Fargo Housing  
21 Foundation in support of the 2020 Housing Connection  
22 training for our non-profits. TSAHC also awarded a five-  
23 year extension on our Equity EQ2 Investment from Texas  
24 Community Bank.

25 This investment will allow us to continue to

1 finance the construction and rehabilitations of homes  
2 through our ACT, Affordable Communities of Texas, land  
3 banking program. And just so you know, we submitted a  
4 proposal for \$20,000 to JPMorgan Chase in support of our  
5 2020 training initiatives, including Housing Connection,  
6 in training to develop permanent supportive housing.

7 Under marketing, I wanted to let you know that,  
8 as a result and in honor of Veterans Day, the Corporation  
9 will be waiving all of our fees related to our Mortgage  
10 Credit Certificate Program for our veterans during the  
11 month of November. Homeownership and marketing teams have  
12 been conducting an email and social media campaign to  
13 spread the news about our MCC program and promote this  
14 initiative for our veterans.

15 And so, you know what we're doing is we're  
16 waiving our normal \$500 issuance fee and our \$200  
17 compliance review fee for those. So that's a savings of  
18 \$700 if somebody wants to take advantage of those  
19 programs.

20 Under asset oversight and compliance, I wanted  
21 to give you an update. Each of you should have a packet  
22 of pictures. I wanted to make a point of this, just  
23 because I think it shows you the initiative that the  
24 Corporation is taking to continue to improve the  
25 properties not only that we own, but to provide the best

1 housing that we can for our affordable borrowers.

2 And so, what you have in front of you is  
3 pictures of the Rollins Martin complex. It's Corporation-  
4 owned. So, it's 15 units over in East Austin. We started  
5 this project on October 7, and it was completed on  
6 November 15.

7 Basically, all of the buildings, all four  
8 buildings, received new windows, new window sills, siding,  
9 and siding trim. In addition, the property received a new  
10 cluster mailbox, which allows for much better mail  
11 delivery and mail -- return mail, and the homeowners --  
12 excuse me -- for the tenants to mail out.

13 And the property's sign, as you see on the last  
14 picture with both Celina and James. And I would recognize  
15 Celina and James and Jesse for all their initiative,  
16 because they really managed this transition for us. It  
17 was a significant amount of work, and we also included new  
18 lighting, exterior lighting, and what you don't see on  
19 there is that the doors were also painted and/or replaced.

20 So, the whole exterior facade of all the  
21 buildings has been replaced and changed out and painted,  
22 and I think what you have in your pictures is -- on the  
23 left side of each page is the old, and on the right is the  
24 new pictures -- I mean, the new look.

25 We're very pleased with it. If you have a

1 chance to drive by there in your many travels to Austin,  
2 feel free to do so. It's a really neat complex, and I  
3 think we've done a really good job of ensuring the tenants  
4 that we took on when we were there and the new tenants  
5 that have come on have continued to see an improvement in  
6 that property since we took ownership of it. But this is  
7 a really neat change for all the borrowers who are there  
8 -- excuse me -- the tenants that are there.

9           Participation in things around the state. As  
10 you know, we continue to have conferences and trainings  
11 that we attend. Several of the staff, Katie, myself,  
12 Janie and Tim and Joniel, attended the NCSHA, National  
13 Council of State Housing Agencies' annual conference in  
14 Boston last month.

15           Katie, Michael, Anna, Celina and Dave all  
16 attended the TACDC Policy Summit, which was held here in  
17 Austin on November 12. And Michael actually moderated one  
18 of the panels. So we appreciate not only the opportunity  
19 to be involved, but to be able to have staff attend those  
20 to not only improve their education, but to network.

21           I always like to recognize our professionals.  
22 I would like to introduce, if you don't remember, Routt  
23 Thornhill sitting next to me here is with Coats Rose, our  
24 new general counsel firm, serving us for legal services.  
25 Claire Merritt is here with Hilltop Securities. And

1 Stephen McPherson hiding in the back over there is with  
2 Wilmington Trust, our trust firm.

3 So, if I missed anybody, I apologize, and with  
4 that, Mr. Chairman, I will conclude my remarks. One last  
5 thing I will say: December 18 is our next scheduled  
6 meeting. I know we -- the second Wednesday is the 11th.  
7 It's a little early in the month, so if we could do the  
8 18th, that would be better.

9 We're going to send out a notice to see if we  
10 can get confirmation of quorum and attendance for that.  
11 It is a required meeting that we must have in December.  
12 It allows us to do our audit, which Maxwell Locke & Ritter  
13 will present during that Board meeting.

14 So, we have to have that to approve the audit  
15 so that we can submit it in a timely manner to the  
16 Comptroller's Office. So, if the 18th works, we're going  
17 to hold to that for tentative, and we'll get confirmation  
18 from the members independent of that.

19 Hopefully, it's not too early -- too late in  
20 the month to impede upon anybody's travel for holidays.  
21 So we'll see to that. And with that, I will conclude.

22 MR. DIETZ: Great. Thank you, Mr. Long. Tab  
23 Item 1 is the "Presentation, Discussion and Possible  
24 Approval of the Minutes of the Board Meeting held on  
25 October 16, 2019." And once you've had a chance to review

1 those, if there's a motion to approve?

2 MS. CARDENAS: So, moved.

3 MR. WILLIAMS: Second.

4 MR. DIETZ: Okay. It has been moved and  
5 seconded that we approve the Board meetings from the  
6 Board -- excuse me -- the minutes from the Board meeting  
7 held on October 16. Is there any public comment?

8 (No response.)

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

10 (A chorus of ayes.)

11 MR. DIETZ: Any opposed?

12 (No response.)

13 MR. DIETZ: Okay. The Board minutes from the  
14 October 16 Board meeting are approved.

15 Tab Item 2, the "Presentation, Discussion and  
16 Possible Approval of a Resolution authorizing a  
17 Construction Loan to be made by the Texas Housing Impact  
18 Fund to HVM Portfolio, LLC in an amount not to exceed  
19 \$3,500,000 for the Hamilton Valley Texas Portfolio  
20 Project, authorizing the execution and  
21 delivery of documents and instruments necessary or  
22 desirable to carry out the contemplated transaction, and  
23 other provisions in connection therewith."

24 MR. DANENFELZER: Good morning. David  
25 Danenfelzer, Senior Director of Development and Finance.

1 As was noted earlier in the meeting, we did discuss this  
2 project last month. There were some questions brought up  
3 by general counsel at that time about how we presented it  
4 and the fact that the agenda item -- we were changing the  
5 dollar amount.

6 So, we've corrected all that information. We  
7 have a resolution in place now that the Board will be  
8 voting on today. But the project has not changed since  
9 last month. It continues to be a project with 22  
10 individual properties across the state of Texas, 757 total  
11 units.

12 And the Corporation's involvement does include  
13 the issuance of bonds, which we have approved already.  
14 But this new financing source for construction does help  
15 increase the amount of tax credit equity that is available  
16 to the property.

17 And I went into those details last month, so I  
18 won't repeat all that for y'all, but if you do have  
19 questions, please let me know. We continue to work on the  
20 project, going through all the different regulatory  
21 hurdles. It is at the Bond Review Board, and we are --  
22 we've submitted documentation to the Attorney General's  
23 Office.

24 And we do still intend to close the transaction  
25 on December 20. So, it continues to move forward. And I

1 just had a call this morning before coming in here. So,  
2 we're all on board and moving forward. So, if there any  
3 questions?

4 MR. DIETZ: This is the item we took no action  
5 last month. Is the only difference between this month's  
6 and last month's resolution the dollar amount?

7 MR. DANENFELZER: Yeah. Last month, we did not  
8 have an actual resolution for y'all to view.

9 MR. DIETZ: Okay.

10 MR. DANENFELZER: New counsel came in this  
11 month and started on November 1. We consulted with them.  
12 They did feel that our policies, as well as bylaws, that  
13 they reviewed, do encourage us to use a resolution  
14 process.

15 So, we will be doing that, moving forward, but  
16 also the agenda item last month -- we did have a dollar  
17 amount listed in it of \$3 million, and to increase that  
18 amount was a concern for previous counsel. So, we agreed  
19 with that, at the time.

20 We still do, and we're just -- we wanted to  
21 correct the agenda item to make sure it was properly  
22 posted for public notice.

23 MS. CARDENAS: And I know you probably did  
24 recap it, but the difference in the 3 million versus the  
25 3.5 -- the increase was due to what?

1 MR. DANENFELZER: Yeah. It was partly just  
2 the -- a little bit of miscommunication between staff and  
3 the developer, but we looked at numbers and the developer  
4 just understood that that 3.5 had a bigger impact. We've  
5 looked at our resources internally and also determined  
6 that we have those resources, particularly because the  
7 majority of the funding we're using is through an award we  
8 received this last year from the Capital Magnet Fund.

9 Those funds are targeted specifically for this  
10 project. We are kind of applying for them related to  
11 that, and that money is targeted to rural projects,  
12 specifically in areas of economic distress, which most of  
13 the properties in this portfolio meet the requirements.

14 So, it's really easy for us to kind of utilize  
15 a little bit more of that to get to the 3.5 when we have  
16 the capital at hand. Also, that capital is provided to us  
17 at zero percent interest, and so keeping the interest rate  
18 low was easy to do in this case.

19 MR. LONG: Did that answer your question?

20 MS. CARDENAS: Well, I was really just wanting  
21 to know --

22 MR. LONG: Is it more cost?

23 MS. CARDENAS: Yeah. In other words, was it  
24 that there was --

25 MR. LONG: Where we cover more cost.

1 MS. CARDENAS: -- a cost overrun? It wasn't  
2 budgeted? You know --

3 MR. DANENFELZER: It's not that -- a cost  
4 overrun. It's just that when they ran the numbers with  
5 the tax credit equity provider, the 3.5 million kind of  
6 maximized the benefit.

7 And what we're allowing to do is -- tax credit  
8 projects, typically, will have three to four pay-ins of  
9 the equity provider's investment. One will come at  
10 closing. One will come at mid-term. One at the end of  
11 construction, and then one at full occupancy of the  
12 property.

13 By delaying those payments and pushing that  
14 first payment back, which this allows, the equity provider  
15 now can calculate a final payment a year later to be much  
16 larger and therefore, through the magic of finance, they  
17 can calculate the value of that tax credit that they get  
18 to claim today, but paid for in a year is worth a lot  
19 more.

20 And so that's where we're able to maximize the  
21 total amount of the tax credit benefit.

22 MS. CARDENAS: I am still lost.

23 MR. LONG: Yeah. Essentially, you're utilizing  
24 our funds to -- up front to maximize the back side for the  
25 tax credit benefit.

1 MR. DANENFELZER: Right.

2 MR. LONG: So --

3 MR. DANENFELZER: So, the --

4 MS. CARDENAS: So, it's more of a tax credit,  
5 because I -- like, in my simple mind, I'm thinking --

6 MR. LONG: You're thinking, well, are you --  
7 increase costs --

8 MS. CARDENAS: -- if we said, oh, well, why not  
9 increase it to 4 million or 5 million? But to me, I'm  
10 translating it more, is that going into the project, you  
11 know --

12 MR. DANENFELZER: Right. It comes into the --

13 MS. CARDENAS: -- because the project is  
14 costing more? Is it another formula? You know, so I'm  
15 just trying to understand it at a basic level.

16 MR. WILLIAMS: Let me see if I understand it.

17 MR. DANENFELZER: Yeah.

18 MR. WILLIAMS: It's acting as a bridge. The --

19 MR. DANENFELZER: Correct. It acts as a  
20 bridge.

21 MR. WILLIAMS: -- Capital Magnet 3 million that  
22 was initially allocated is being increased to 3.5. It's  
23 acting as a bridge. That bridge is allowing the project  
24 to start and get to a phase line that's going to delay the  
25 equity investor to place their tax credit equity, by which

1 time their equity tax credit will be increased.

2 They'll be able to place more, creating more  
3 economic viability for the overall project --

4 MR. DANENFELZER: Right.

5 MR. WILLIAMS: -- and the way I understand that  
6 we're structuring it, it is truly a bridge, and so we're  
7 getting, basically, the money at cost, zero percent.  
8 We're putting 2 percent -- or is it two and a half?

9 MR. DANENFELZER: Two --

10 MR. WILLIAMS: I think it's two and a half.

11 MR. DIETZ: -- two and a half.

12 MR. LONG: Yeah.

13 MR. WILLIAMS: Two and a half percent. So,  
14 we're getting a 2-1/2 percent yield spread. And then it  
15 is a balloon payment that is paid out, being retired by  
16 the tax credit equity. So, it's a bridge. And they're  
17 increasing it to three and a half for the overall capital  
18 stack with some soft costs --

19 MR. DANENFELZER: Right.

20 MR. WILLIAMS: -- and they're recouping some, I  
21 think there's some admin fees that we're offsetting as  
22 well --

23 MR. DANENFELZER: Yeah, and --

24 MR. WILLIAMS: -- to get it to a --

25 MR. DANENFELZER: -- because the Capital Magnet

1 Fund came with operating expense and admin expenses, we're  
2 utilizing those to cover the legal costs associated with  
3 the loan so that we can, again, maximize the benefit to  
4 the project.

5 MR. WILLIAMS: And I think the -- from our  
6 initial resolution of approval, the reason why we're  
7 deploying this amount of capital to this project --  
8 because it gives us critical mass. Because there is, you  
9 know, 22 projects in rural markets that we're able to  
10 impact, and we're paying part of our responsibility is to  
11 deploy the funds.

12 MR. DANENFELZER: Right.

13 MR. WILLIAMS: So, look at -- the way I  
14 understand it, it's a bridge that's just been increased,  
15 and it's going to be --

16 MR. DANENFELZER: Yeah.

17 MR. WILLIAMS: -- retired or paid off at the  
18 balloon, but the equity investor that's going to apply the  
19 tax credit is going to be retiring the debt in a certain  
20 phase line.

21 MR. DANENFELZER: Right. Yeah. And again,  
22 it's -- just like you said, it's a bridge so that the  
23 equity provider can provide their capital later, and by  
24 doing that, it actually increases the amount of capital  
25 they're willing to provide the project.

1           The project costs have not escalated, at this  
2 point in time, but it's certainly possible that there  
3 might be some down the road. But right now, it's just a  
4 way of maximizing the tax credit equity for the project,  
5 which is money that they don't have to repay. So --

6           MR. DIETZ: And this is the final approval to  
7 move forward with the --

8           MR. DANENFELZER: Correct. This is the final  
9 approval that we need to move forward with the loan, and  
10 then this will finalize all the financing pieces, at this  
11 point in time.

12           MR. DIETZ: Any other questions? Great. Is  
13 there a motion to approve?

14           MR. WILLIAMS: I motion to approve it.

15           MS. CARDENAS: Second.

16           MR. DIETZ: Okay. It's been moved and seconded  
17 that we approve the resolution authorizing the  
18 construction loan. Is there any public comment?

19           (No response.)

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

21           (A chorus of ayes.)

22           MR. DIETZ: Any opposed?

23           (No response.)

24           MR. DIETZ: Okay. The resolution passes.

25           MR. DANENFELZER: Thank you.

1           MR. DIETZ: Okay. The "Presentation,  
2 Discussion and Possible Approval of the Request for  
3 Proposals for Financial Advisor Services for the  
4 Corporation" is Tab Item 3.

5           MR. WILT: Good morning, Board members, I'm  
6 Michael Wilt, External Relations manager, here to present  
7 Tab Item 3. It's an RFP for financial advisor services.  
8 We need to procure new services.

9           The last time we went out for this was 2012.  
10 We had one response at that time. So, we actually  
11 extended the deadline to 2013, and didn't get any  
12 responses. So, we selected the firm at the time, Hilltop,  
13 and they have been our provider since that time. And --  
14 but we need to seek a new party now.

15           So, this RFP is pretty straightforward. We  
16 just went down the RFP route through Legal Services a  
17 couple months ago. So, it's very similar to the Legal  
18 services RFP.

19           I would note that the scoring criteria is in  
20 here. That was the feedback that I got from you all when  
21 it came to the Legal services RFP -- was to make sure that  
22 our scoring criteria was enumerated. Like the Legal  
23 services RFP, it's that the weights of each criteria are  
24 not in there, and that's partly because we haven't  
25 determined the weights, but also because we like to keep

1 that internal, as well.

2 So, I think that's about it. It's pretty  
3 straightforward. I'll take any questions that you have.

4 MR. LONG: The reason -- let me kind of give a  
5 little backdrop on the reason for us bringing this to you  
6 this month. Earlier this month, I had opportunity to meet  
7 with the senior staff at Hilltop Securities, the current  
8 financial provider, financial advisor, and they had had  
9 some internal discussions and determined that they could  
10 no longer serve us due to conflicts of interest.

11 They serve a variety of local issuers across  
12 the state and a few other things that have just been  
13 determined that they felt they needed to step back from  
14 us. While we regret -- we've had them -- Michael  
15 mentioned Hilltop, but actually, prior to that, it was  
16 First Southwest company, and they have been working with  
17 us as a financial advisor firm in some capacity or not  
18 since I've been here, so for almost 18 years.

19 So, it's a big loss for us to have them leave,  
20 but it is something they've decided they needed to do.  
21 But they also are still here. As I mentioned, Claire  
22 Merritt's here with them today. They'll continue to serve  
23 in that capacity until we get ourselves situated.

24 So, the best way for us to do that was to put  
25 ourselves in a position to go out and RFP for this, to get

1 that replacement service in the market, and work on it. I  
2 did want to comment.

3 Michael mentioned that we only had one response  
4 last time. This is a pretty specialized entity -- I mean,  
5 specialized profession in the sense that they -- or a lot  
6 of people have these entities in place, and they don't  
7 like to overlap and compete, as a conflict of interest we  
8 have right now that's being brought to our attention.

9 So, when we only got response, it wasn't -- I  
10 think a lot of times people would just assume, you're just  
11 doing it because you have to go through this every six to  
12 seven years. So, nobody responded. We extended it to see  
13 if that was the case, and we didn't get any additional  
14 responses.

15 I think this time, we'll be much more  
16 aggressive in that. One, people will know we're looking  
17 to change because we have to, and two, I think we'll make  
18 ourselves much more visible in the market by actually  
19 soliciting certain firms to see if they're interested.

20 And with that, we'll try and bring back, you  
21 know, hopefully quite a few responses that we get from the  
22 RFP process and to be able to get a decision made  
23 internally, and just report to the Board what that  
24 decision is.

25 And similar to the legal RFPs that we sent out,

1 this would allow internal review, scoring and selection by  
2 the -- by me, and I would report that to the Board, what  
3 firm we selected. And we anticipate this sometime in  
4 January?

5 MR. WILT: Yeah. Responses are due  
6 December 20. So need about a month for the scoring team  
7 to review them and then make a recommendation to David and  
8 then to bring that back, maybe as early as January, but --

9 MR. LONG: Early as January. Probably  
10 February --

11 MR. WILT: -- February --

12 MR. LONG: -- if we have to. We would make a  
13 decision and report to you.

14 MS. CARDENAS: If you're going out for these  
15 RFPs, and let's just say, hypothetically, you only had one  
16 seven years ago, and nobody comes forward, then how else  
17 would you approach? Because obviously we need someone,  
18 right?

19 So, what would be the next approach if there's  
20 just no response? What's --

21 MR. LONG: Well, we would probably talk with  
22 Hilltop about their ability to continue for a period of  
23 time and research the opportunities that may or may not  
24 have been identified in the original RFP process. See if  
25 there were other firms.

1 I don't think we're going to find that problem.  
2 I think we've already been in the market kind of on the  
3 side, talking to different firms, talking to different  
4 people we currently work with who have given us some  
5 suggestions and some recommendations.

6 So, we're hopeful that we'll be able to  
7 solidify a new firm here in the near -- 60, 90 days.

8 MR. DIETZ: Just so I understand -- so a  
9 conflict of interest could potentially be something like  
10 two different issuers both issuing bonds at the same time,  
11 competing with each other in the same marketplace,  
12 something --

13 MR. LONG: Correct.

14 MR. DIETZ: -- that's the kind of thing we're  
15 talking about?

16 MR. LONG: Correct. Yeah.

17 MR. DIETZ: Okay. And do we have a -- or would  
18 it be a good idea if we don't, a specific policy in place  
19 that govern how often we do RFPs for all the different --

20 MR. LONG: We --

21 MR. DIETZ: -- services and --

22 MR. LONG: -- do have -- I mean, it's nothing  
23 in writing. At least, I'm not aware of -- is it in  
24 writing? What does it say?

25 MS. SMITH: Depending on the dollar amount,

1 anything over \$100,000, we have to RFP for three years or  
2 five years.

3 MR. LONG: I think it's five to seven. I don't  
4 think it's three, because we don't do that.

5 MS. SMITH: I'd have to look at it to --

6 MR. LONG: Okay. But we do have something in  
7 place, and so what happens a lot of times is we have the  
8 opportunity to RFP, and as I said before, we RFP and the  
9 process pretty much leaves itself to be -- one of the  
10 firms in the market recognized that we're probably just  
11 doing it because we have to --

12 MR. DIETZ: Right.

13 MR. LONG: -- but I also think there are times  
14 when we do it because we really want to see if we're  
15 getting the service that we can and/or that the  
16 relationship is still as good as it should be, and that we  
17 have the opportunity to continue with that same firm, or  
18 see if other firms provide us information that make us  
19 consider changing.

20 A perfect example is what we did on Legal  
21 Services. We made some changes, and in some instances, we  
22 rehired the same firm.

23 MR. DIETZ: Right.

24 MR. LONG: So, it's just an opportunity. But  
25 you know, to answer your question, yes, we do, and we will

1 continue to try and honor that as quickly as possible.

2 MR. DIETZ: Yeah, yeah. It sounds like it may  
3 have been -- we're at the outside edge of that time frame,  
4 if anything --

5 MR. LONG: Certainly.

6 MR. DIETZ: -- for this particular --

7 MR. LONG: And I would tell you. I know -- I  
8 don't mean to sound, you know, disrespectful of the  
9 policies that we put in place --

10 MR. DIETZ: Sure.

11 MR. LONG: -- but when you have -- as an  
12 example, we RFP for banking services, and when you create  
13 a banking relationship, and you've created that, and  
14 you've got checks, and you've got accounts --

15 MR. DIETZ: Oh, yeah.

16 MR. LONG: -- and you've got all that stuff,  
17 it's pretty hard to justify making all the costly changes  
18 that you have to make in order to make that change --

19 MR. DIETZ: Unless there's a compelling reason.

20 MR. LONG: -- unless something really wrong.

21 MR. DIETZ: True.

22 MR. LONG: So while we want to have something  
23 in place that shows we are going through the process, and  
24 looking at making sure we're identifying whether the  
25 services we're receiving are both cost-effective as well

1 as the best services we can receive, I -- it's sometimes a  
2 little difficult to justify making those changes, so --

3 MR. DIETZ: Maybe we want to have some  
4 flexibility in those policies so that if for example the  
5 banking relationship is just going great, then you don't  
6 need to change it.

7 MR. LONG: No.

8 MR. DIETZ: We're not forced to an RFP and --

9 MR. LONG: Right. Just to do it.

10 MR. DIETZ: Yeah. Okay.

11 MR. LONG: Right.

12 MR. DIETZ: Yeah.

13 MR. LONG: So --

14 MR. DIETZ: Okay.

15 MR. LONG: Anyway --

16 MR. DIETZ: All right.

17 MS. SHIPLEY: What is the process for  
18 soliciting RFPs? Do we send them -- post them publicly  
19 somewhere, or is it sent to a select group of candidates?

20 MR. LONG: All of the above.

21 MR. WILT: Yeah. It's --

22 MS. SHIPLEY: Both?

23 MR. WILT: -- several things. We post it to  
24 our website. We post it to the *Texas Register*. We share  
25 it on social media. And then, typically, people in the

1 office have relationships, depending on the service  
2 provider, with different entities, and then they will send  
3 them to me, and then I send them out individually to the  
4 firms and just make people aware that we have an RFP out,  
5 and gauge their interest.

6 MR. LONG: As an example, our underwriter firm,  
7 Raymond James, is somebody who works very closely with our  
8 financial advisor firm, and they have somebody there,  
9 somebody who can let it be known that we are looking for a  
10 financial advisor firm.

11 So, there is, you know, some -- a variety of  
12 avenues that are used to ensure that the information is  
13 released and publicly available as much as possible.

14 MS. SHIPLEY: Okay.

15 MR. WILT: I believe we're only authorized to  
16 publish it in the *Texas Register*. That's the only  
17 requirement, but --

18 MS. SHIPLEY: Okay. I just wanted to see how  
19 wide of a net we were throwing, if that had --

20 MR. LONG: In this case --

21 MS. SHIPLEY: -- any impact on the amount  
22 of responses.

23 MR. LONG: -- and we try to do it as wide as  
24 possible, but there are certain requirements we have to  
25 meet, but the rest of it is really us just trying to make

1 sure we're getting as much feedback and input as possible  
2 from the firms that we think are going to be valid  
3 candidates for serving the Corporation's needs.

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

6 (No response.)

7 MR. DIETZ: Is there a motion?

8 MS. CARDENAS: So, moved.

9 MS. SHIPLEY: I second.

10 MR. DIETZ: Okay. It's been moved and seconded  
11 that we approve the request for proposal for financial  
12 advisor services for the Corporation. Is there any public  
13 comment?

14 (No response.)

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

16 (A chorus of ayes.)

17 MR. DIETZ: Any opposed?

18 (No response.)

19 MR. DIETZ: Okay. The request for proposal is  
20 approved. And our last tab item, Tab Item 4, is the  
21 "Presentation and Discussion of the Texas State Affordable  
22 Housing Corporation's Fiscal Year 2019 and 2020 Strategic  
23 Plans."

24 And this what we started last month and didn't  
25 have time to finish, so we're continuing it this month.

1 MR. LONG: That's correct, Mr. Chairman. As  
2 you recommended last month, we kind of lost a couple of  
3 our members. We didn't have one of our members here last  
4 month that could attend. So, we started the process of  
5 going through our strategic plan.

6 What I want to say is, we'll make this  
7 available to the Board members in whole for those of you  
8 that either didn't see all of it or had to leave last  
9 month or weren't here, and we're going to finish this  
10 month. What we have left is, basically, the marketing,  
11 development and government relations section, and then the  
12 accounting and executive management.

13 So, we're going to finish those two sections.  
14 We'll conclude, have any comments that you might have, and  
15 then let you know again that we'll make this available to  
16 the Board members, in whole, the presentation as you're  
17 seeing on the screen.

18 And with that, who's going to start for --  
19 Katie?

20 MS. CLAFLIN: We're all kind of up.

21 MR. LONG: Okay.

22 MS. CLAFLIN: Okay. Good morning. My name is  
23 Katie Claflin, and I'm the Director of Communications and  
24 Development here at TSAHC, and I am joined by Michael Wilt  
25 and Laura Ross, and together with our intern, Anna

1 Orendain, we make up the marketing, development and  
2 government relations team here at TSAHC.

3 So, we are here to present our 2019 strategic  
4 plan outcomes, as well as our plans for 2020. So, first  
5 Michael and Laura are going to go through our 2019  
6 outcomes, and then I'll finish up our plans for 2020.

7 Before I hand it over to Michael, I do want to  
8 mention that it's likely that you'll notice a little bit  
9 of overlap between some of our goals and then some of the  
10 departmental goals, particularly the home ownership goals  
11 and the development finance goals.

12 We collaborate with those teams a lot, so there  
13 are instances where you'll see plans, and you know,  
14 activities that show up in both of our strategic plans.  
15 So, I did just want to mention that before we get started.

16 So, with that, I'll hand it over to Michael to kick off  
17 our 2019 outcomes.

18 MR. WILT: Thanks, Katie. Again, Michael Wilt,  
19 External Relations Manager. Beginning with this first  
20 goal of managing programs that serve the housing needs of  
21 low-income Texans and other underserved populations, our  
22 first tactic is to provide quality education for  
23 affordable housing developers, and we accomplish that in a  
24 variety of ways, first through Housing Connection.

25 We've expanded the scope of training under

1 Housing Connection beyond just housing counselor training.

2 As the homeownership team explained last month, they  
3 still do provide that housing counselor training through  
4 Housing Connection, but our department actually now helps  
5 manage and offer training more focused towards non-profit  
6 developers.

7 To that end, we coordinated the delivery of a  
8 webinar on fundraising around special campaigns and  
9 another one on donor stewardship that Mighty Citizen  
10 provided for us. We also completed the delivery of a  
11 five-part rural rental housing academy, in partnership  
12 with Enterprise Community Partners, the Federal Reserve  
13 Bank of Dallas, the Department of Agriculture Rural  
14 Development, and through that, we've brought together  
15 major stakeholders, owners, USDA Section 515 properties,  
16 and entities interested in acquiring them and preserving  
17 them as affordable.

18 And that work has extended beyond the academy  
19 and into this year. We're seeing some positive results  
20 from that work, including the Hamilton Valley Project that  
21 we've been a part of for the past year or so. And then  
22 lastly, we conducted two permanent supportive housing  
23 trainings, one in Austin and one in San Antonio, again  
24 through a partnership with LISC San Antonio.

25 This is an outcrop of our partnership with

1 Health and Human Services Commission to explore ways to  
2 house the most vulnerable Texans, many of which have  
3 chronic and complex physical and mental health conditions.

4 This work is also continuing into this year, and we are  
5 looking into a way to provide a more in-depth training  
6 through a permanent supportive housing academy, and we've  
7 also done one more PSH training that was into this year,  
8 and last year.

9 Moving on to the next tactic -- sorry. This  
10 strategy is to help low-income Texans maintain housing  
11 stability, and the first tactic under this is promoting  
12 financial and homebuyer education. And we continue to  
13 focus on both of these things extensively through blog  
14 entries and social media channels.

15 All of our June blog entries are devoted to  
16 home ownership, and overall, roughly half the blog posts  
17 throughout the year are devoted to home ownership and home  
18 buying topics, with a particular emphasis on educating  
19 potential and current homebuyers.

20 This is a good time for me to plug our blog.  
21 If you're not a subscriber, you should subscribe to it.  
22 There are three to four entries each month, and it's a  
23 great way to stay up to date on housing issues, trends,  
24 and our programs and partners.

25 Our next tactic is to expand the impact of

1 Texas Foundations Fund. To date, we've invested more than  
2 \$3.2 million to support critical home repairs and  
3 supportive housing services across the state. Last year,  
4 we were awarded \$348,000 to 24 high-performing non-  
5 profits, and we're awarding an even higher amount this  
6 year to those same 24 non-profits.

7 We're still waiting on a couple of final  
8 reports from last year to document the full impact of our  
9 grant funding, but overall, we're pleased with the impact  
10 this program is making to address the housing needs of  
11 very low-income Texans, some of the most vulnerable  
12 households out there.

13 We continue to solicit feedback from grantees  
14 on how to improve the program, and we'll consider some  
15 changes to the program when our next two-year cycle begins  
16 in the spring.

17 We also started spotlighting our Texas  
18 Foundations Fund partners on social media, and we have  
19 Anna Orendain to thank for that. She's made some great  
20 graphics which highlight the work that they're doing and  
21 the impact that our dollars are making.

22 Lastly, to the HEART Program, working in  
23 conjunction with Enterprise Community Partners and 38 non-  
24 profits to provide housing-related assistance to  
25 households impacted by Hurricane Harvey. Last year, we

1 awarded \$750,000 for critical home repairs and offered  
2 12 webinars to grantees on topics ranging from fundraising  
3 to disaster preparedness to volunteer management, income  
4 certification and so on.

5 With that, I'll turn it over to Laura.

6 MS. ROSS: Hi. I am Laura Ross. So, I'm the  
7 Manager of Communications and Development, and I am going  
8 to be presenting on our marketing and fundraising  
9 outcomes.

10 So, under goal one in the strategy of helping  
11 low-income Texans and other targeted populations buy  
12 homes, we have four tactics. Under the first tactic,  
13 recognizing and engaging participating lenders and  
14 realtors, we were able to create a Lender Advisory Council  
15 conducted with the homeowners team this year, that they  
16 meet quarterly, and they discuss program changes and  
17 initiatives.

18 They're made up of -- the Council is made up of  
19 nine of our top loan officers. We also recognize top  
20 lenders and realtors on our website. We have the page  
21 specifically for our top lenders that are updated  
22 quarterly, and we also spotlight realtors every other week  
23 that are recommended to us by homebuyers that use our  
24 programs.

25 On the second tactic, reviewing and improving

1 our DPA and MCC program materials, we created an MCC video  
2 and an MCC cost-savings calculator for our website. We  
3 also created a logo for the Homes for Texas Heroes  
4 Program, and updated the flyer for that program. And we  
5 also created new profession-specific flyers for that  
6 program.

7 Under the third tactic, which is increasing  
8 consumer awareness, emphasizing rural households,  
9 80 percent and below households, and HFA Preferred Program  
10 benefits, we updated Google ads, created new ads. We  
11 launched social media ads targeting key audiences.

12 And we updated our print ads, targeting the  
13 professions that qualify for Homes for Texas Heroes  
14 Program. And we also, during Home Ownership Month in  
15 June, we promoted the Homes for Texas Heroes Program and  
16 the bond program that had a lower interest rate for first-  
17 time homebuyers qualified for that particular program.

18 And our final tactic was to increase awareness  
19 of our programs with entry-level builders, and we did this  
20 through social media ads targeting builders and newly-  
21 built communities. So, going on to the next slide.

22 Under goal two, and the strategy for  
23 implementing fundraising strategies, to maximize donated  
24 revenues to support our program goals, the first two  
25 tactics actually address our Housing Connection Program.

1 We were able to raise \$65,000 in grants and \$17,000 in  
2 sponsorships from individuals and mortgage companies for  
3 the program this year.

4 Under the third tactic, which addresses grants  
5 and donations for our HEART disaster recovery program, we  
6 were able to raise an additional 1.1 million from the  
7 Rebuild Texas Fund that supported a second round of grants  
8 under that program.

9 Under the fourth tactic, which is securing  
10 grants and in-kind donations to support the ACT Program,  
11 we received five donated properties, thanks to hard work  
12 from Dave and Cassandra on our development finance team.  
13 And tactic five, which addresses grants and investments to  
14 support the Housing Impact Fund, we received a \$250,000  
15 investment from the Austin Community Foundation that we  
16 are using for the AHA! Briarcliff Development here in  
17 Austin.

18 And we increased our investment from the Texas  
19 Capital Bank from 750,000 to 1.5 million, and then we also  
20 were awarded the 3.75 million Capital Magnet Fund award  
21 for this program. Lastly, under tactic six, which  
22 addresses our donor stewardship possibilities, we  
23 conducted visits with all of our major funders, and we  
24 executed -- planned and executed a groundbreaking event  
25 for AHA! Briarcliff, the development here in Austin, and

1 we also launched a Thanksgiving thank you campaign for our  
2 donors.

3           Moving on to the next one. So, under goal  
4 three and the strategy of using marketing and  
5 communication strategies to increase awareness of TSAHC  
6 and our programs, we have five tactics. The first tactic,  
7 which has to do with updating the website content to  
8 better communicate about our programs and improve search  
9 engine optimization, which is how well we show up on  
10 searches online. We worked with our website company,  
11 Mighty Citizen, to make changes to our website, update  
12 language, update how it flows, so that it would improve  
13 our (coughing).

14           We also upgraded our content management system,  
15 which is how we update our website, how we make changes.  
16 Under tactic two, which is continuing and expanding our  
17 online advertising strategies, we updated the look and  
18 content of our Google ads, as I mentioned before.

19           Under tactic three, which is regarding our  
20 social media marketing and advertising strategies, we  
21 launched the monthly social media ads targeting key  
22 audiences, and we also spotlighted homebuyers that use our  
23 programs and the Texas Foundation Fund partners.

24           Under tactic four, utilizing advertising  
25 sponsorships and speaking opportunities to promote TSAHC

1 and our programs, we've implemented new websites and print  
2 ads with the Texas Association of Realtors, and we also  
3 created the specific section on our website for speaking  
4 opportunities.

5 And lastly, under tactic five, ensuring that  
6 collateral material was up to date and relevant, each  
7 year, we put together -- we create and put together and  
8 annual report of the previous year, and this year, we  
9 published our annual report in July, and we also create an  
10 investment report from the Texas -- or for the Housing  
11 Impact Fund, and that was published in April.

12 MS. CLAFLIN: Right, I think we'll hand it back  
13 over Michael now to finish this up with the 2019 outcomes.

14 MR. WILT: Yes. Back to me. Our next strategy  
15 pertains to external relationships. The first tactic is  
16 to have an open dialogue with legislative offices. To  
17 that end, we met with all of the members assigned to the  
18 House Urban Affairs and Senate Intergovernmental Relations  
19 Committee and left behind an updated district report  
20 reflecting our impact in their district.

21 We testified at the committee organizational  
22 meetings and served as a resource during committee  
23 meetings throughout session. We were asked to testify at  
24 numerous meetings throughout the session. We were also  
25 asked to be a key stakeholder in -- on Senate Bill 1474,

1 the private activity bond bill, and that required numerous  
2 stakeholder meetings, as well.

3           Throughout session, we also responded to  
4 requests from other Capitol offices when they had  
5 questions about specific bills or housing policy  
6 questions. We've seen those requests increase throughout  
7 each session, as housing becomes a more important issue  
8 across the state.

9           In addition to having strong relationships with  
10 Capitol offices, we also maintain productive relationships  
11 with housing advocacy organizations so that we understand  
12 their issues and priorities. We met with 10 such  
13 organizations leading up to the session and during  
14 session.

15           These are organizations like the Texas  
16 Association of Realtors, the Texas Association of  
17 Builders, the Texas Apartment Association, Habitat for  
18 Humanity of Texas, and regional housing coalitions. Many  
19 of these organizations attend the bi-weekly Housing  
20 Working Group meetings at the Capitol during session,  
21 which we also attend.

22           You'll see this as part of tactic three. These  
23 meetings are open to anyone, including Capitol staffers,  
24 and serve as a way to share information and updates on  
25 housing legislation during session. The only rule for

1 attending meetings is that you can't have okayed for a  
2 bill or position during the meeting.

3 It's strictly information-sharing. Also, in  
4 tactic three, is our ongoing participation in the Texas  
5 Health and Housing Partnership. This has been a  
6 relationship that's been ongoing for about two years, and  
7 we meet monthly to discuss the implementation of the State  
8 Action Plan related to increasing housing opportunities  
9 for people with chronic health conditions.

10 And then the last slide, the tactic, exploring  
11 opportunities for new activities or program enhancements  
12 that may be available under our enabling legislation. We  
13 provided feedback on the creation of legislation during  
14 this past session regarding healthy food financing, land  
15 banking, and supportive housing tax credit programs.

16 This was the second session we had been  
17 involved in healthy food financing, and land banking keeps  
18 on coming up every session as well. And there were  
19 omnibus bills this past session, and then the supportive  
20 housing tax credit bill was the first time that it had  
21 been introduced in a session.

22 None of these bills made it to the Governor's  
23 desk, but we anticipate that they'll be reintroduced next  
24 session, and we'll continue to be a resource on the  
25 creation, on the tracking of that legislation, and then as

1 it goes through the process.

2 MS. CLAFLIN: Great. So now that you've heard  
3 from Michael and Laura on our 2019 outcomes and successes,  
4 I'll go ahead and walk you through our plans for 2020.  
5 Our department has four overarching goals for our  
6 strategic plan, and the first goal is related specifically  
7 to our marketing efforts.

8 Within this goal, we have nine tactics for our  
9 marketing efforts, and the first five are focused  
10 specifically on our homeownership programs. So, these  
11 tactics include conducting website enhancements to better  
12 promote lenders and realtors and our training events for  
13 lenders and realtors.

14 We're also going to be reviewing our Google  
15 analytics and our Google ads on a monthly basis to make  
16 sure that our website, our Google ads are performing as  
17 well as they can be. Our third tactic is to run social  
18 media ads monthly, and this gives us an opportunity to  
19 continuously promote our programs on social media, as well  
20 as promote any specials, or you know, special campaigns  
21 that we're working on.

22 So, for example, as David mentioned in his  
23 president's report, we have a special MCC -- special for  
24 veterans for the month of November, and so we've been  
25 promoting that on social media all month. Let's see.

1           Our fourth tactic is around our annual  
2 homeownership campaign. So, June is National  
3 Homeownership Month, and so we always do a campaign to  
4 promote our programs and homeownership during that month,  
5 and we typically start working on that campaign in the  
6 spring, and so we anticipate starting to work on that in  
7 spring of 2020.

8           And then finally, we are working with the  
9 Homeownership Department to launch a podcast in 2020.  
10 We're very excited. This is something that we've never  
11 done and is a new initiative for us. But it gives us an  
12 opportunity to promote TSAHC and our programs, raise  
13 awareness for TSAHC and our programs, promote some of our  
14 lending partners, and then just answer some questions and  
15 address some, you know, questions that people may have  
16 about homeownership.

17           Okay. So also, within our marketing goal, the  
18 next four tactics focus specifically on our development  
19 finance programs, and those include our ACT land banking  
20 program, and our Texas Housing Impact Fund, which is our  
21 loan program for non-profit developers.

22           Our first tactic is to plan and execute up to  
23 two events to promote properties financed by our ACT  
24 and/or Impact Fund programs. The second is to continue to  
25 promote our ACT properties through a quarterly Facts

1 Newsletter that we send out to all of our local partners,  
2 as well as on social media.

3 One thing that I didn't have in our strategic  
4 plan, but sort of stumbled into, is -- Cassandra had an  
5 idea to create actual yard signs for -- to promote our  
6 properties, and that has worked really, really well.

7 So that's something else that we've been  
8 working on that didn't make it into our strategic plan,  
9 but I definitely wanted to mention it, because it's been  
10 so successful. Our next tactic is to create a marketing  
11 plan to promote the Texas Housing Impact Fund, with a  
12 specific focus on the Capital Magnet Fund opportunity.

13 As Dave mentioned, with the Hamilton Valley  
14 commitment, we'll have almost committed all of those  
15 Capital Magnet Fund dollars, but we do want to -- we will  
16 be revolving those funds. And so, we do want to have a  
17 plan in place for when those funds are revolved to make  
18 sure that we continue to meet all of those commitments,  
19 particularly because we have a commitment to deploy a lot  
20 of those funds in rural areas, as well as economically-  
21 distressed census tracts.

22 So, we want to make sure that we have a plan in  
23 place to do that. And then finally, we are working on  
24 expanding our ACT Program in San Antonio and the use of  
25 our Texas Community Bank EQ2 investment in that market.

1 As David mentioned during his president's report, we did  
2 get an extension to continue to use that investment for an  
3 extra five years, and they have specifically requested  
4 that we increase our usage in that market.

5 So, we want to make sure that we honor their  
6 request, as well as, you know, recognize that there's a  
7 lot of opportunity in San Antonio to expand our ACT  
8 Program in that market. So, we're working with David and  
9 Cassandra to make that happen.

10 All right. Our next overarching goal has to do  
11 with our fundraising efforts. We have an overall goal to  
12 secure \$725,000 in public and/or private support to  
13 support our programs, and it breaks down as follows. For  
14 the first tactic, we have a goal to raise \$75,000 to  
15 support our Housing Connection Program, and that equates  
16 to about \$60,000 in grants and \$15,000 in individual  
17 donations and sponsorships from lenders, realtors and  
18 mortgage companies, and that would fully fund our 2020  
19 training session.

20 The next tactic is to secure \$100,000 in either  
21 grants or property donations to support the Texas Housing  
22 Impact Fund or ACT Programs, so we've been working with  
23 the development finance team on that tactic. The third  
24 tactic, which we have already accomplished, is to secure  
25 that EQ2 investment extension from Texas Community Bank.

1           The fourth tactic has to do with our HEART  
2 disaster recovery program. As Laura mentioned, we secured  
3 a \$1.1 million award from the Rebuild Texas Fund in fiscal  
4 year 2019. However, that award was awarded in two  
5 tranches, two equal tranches of \$550,000 each, and so we  
6 have to meet some metrics in order to receive that second  
7 \$550,000 tranche.

8           I'm pleased to report we have met those  
9 metrics, and so we anticipate getting that second tranche,  
10 which will be next month or so. And then our last two  
11 tactics are not necessarily monetary tactics, but they're  
12 more stewardship-focused.

13           So, we want to make sure that we are both  
14 recognizing our donors, and then reporting on our grants  
15 and donations in a timely manner to demonstrate to our  
16 donors that we are responsible with their funds and  
17 showing them exactly how their funds have made an impact.

18           And so, we do have a donor stewardship plan  
19 that we update annually with new plans and activities.  
20 And then we have -- our last tactic is to make sure that  
21 we submit 100 percent of our reporting requirements on  
22 time. All right. Okay, next slide.

23           So, our next goal is to maintain and strengthen  
24 relationship with our external partners, and this includes  
25 advocacy groups, policy work groups and the Texas

1 Legislature. So, our first two tactics focused  
2 specifically on making sure that we meet regularly with  
3 advocacy and policy work groups. And this serves the dual  
4 purpose of not only, you know, creating and maintaining  
5 those relationships, but also staying up to date on any  
6 changes in the housing industry and what our partners are  
7 doing, so that we can actually better inform our decisions  
8 on, you know, what to do with our programs.

9 And then the third tactic focuses on meeting  
10 with the House and Senate committees during the interim  
11 and participating in interim charges and interim hearings  
12 as requested. And we actually have our first interim  
13 hearing coming up on December 5.

14 TSAHC has been invited to participate in an  
15 interim hearing put together by the Senate Committee on  
16 Intergovernmental Relations, or Senate IGR, to discuss  
17 interim charges. So, David, Janie and Michael will be  
18 participating in that hearing.

19 And then finally, our last tactic focuses on  
20 our upcoming Sunset review, which is scheduled for 2023.  
21 We are planning to take a look at our last report in-depth  
22 this year, as we start to prepare for our next review, and  
23 this is to ensure that our programs and procedures very  
24 clearly reflect any of the changes or recommendations put  
25 forth during the last review.

1           At this point, nine years ago by the time we go  
2 through, you know, 12 years. Then our final overarching  
3 goal is to support local non-profits through both grant  
4 funding and technical assistance.

5           Our first two tactics involve administering the  
6 full amount that we have available for both the Texas  
7 Foundations Fund and the HEART disaster recovery program.

8           The board of directors very generously approved an  
9 increase to the amount that we award to the Texas  
10 Foundations Fund this year, and so our first tactic is to  
11 make sure that administer those funds in a timely manner.

12          That total amount is about \$500,000.

13          And then the second tactic is to fully  
14 administer that second tranche of HEART funding. I do  
15 want to mention that we'll be receiving \$550,000 in that  
16 second tranche, but \$30,000 is to cover some  
17 administrative costs associated with the grant, so the  
18 full amount available for grants will be \$520,000.

19          And then our next tactics have to do with  
20 conducting technical assistance for our grantees and other  
21 non-profits. The first is to conduct a roundtable and a  
22 NeighborWorks training for our HEART disaster recovery  
23 grantees, and this roundtable will be an opportunity for  
24 them to learn from each other, discuss their programs, as  
25 well as hear from some local funders on ways that they can

1 continue some of their programs after the disaster  
2 recovery funds have gone away.

3 Then the fourth tactic is to continue the  
4 permanent supportive housing trainings that we started in  
5 fiscal year 2019 that Michael discussed. We are looking  
6 at partnering with LISC, as well as other partners, to see  
7 how we can take the next step and really provide some more  
8 in-depth trainings related to creating more permanent  
9 supportive housing.

10 And then the last couple of tactics are more  
11 administrative. The first one is to -- we're planning to  
12 transition the Texas Foundations Fund online software to a  
13 new software system.

14 The current system is sort of clunky. It  
15 doesn't work at it should, so we're looking at new systems  
16 now, and we'll provide that -- or we'll be updating that  
17 before the next application round launches in April. And  
18 then finally, our last tactic is to make sure that we  
19 submit all of our reports to our -- oh, I'm sorry. Wrong  
20 one.

21 Our last one is -- I made it so close without  
22 messing up -- our last one is to make sure that we review  
23 all of the reports that are submitted by our grantees on  
24 time. And this helps us make sure that we -- that they  
25 are doing everything that they should to be in compliance

1 with their grant, and it also gives us an opportunity to  
2 review what they've done with our funds, gather some  
3 success stories, and as Michael mentioned, share them on  
4 social media.

5 So, with that, I think that we are at the end  
6 of our presentation, but are happy to take any questions  
7 that you have.

8 MR. DIETZ: Is our fiscal year -- when does our  
9 fiscal year --

10 MS. CLAFLIN: September 1 to August 31.

11 MR. DIETZ: Okay. So, we're really talking  
12 about the fiscal year 2020 for the --

13 MS. CLAFLIN: Correct.

14 MR. DIETZ: -- yeah.

15 MS. CLAFLIN: Yeah, uh-huh. So that's why  
16 you'll see we're already accomplished a couple --

17 MR. DIETZ: Already finished one? Yeah, yeah.

18 MS. CLAFLIN: -- of the things. Yeah.

19 MS. CARDENAS: First of all --

20 MR. DIETZ: Great.

21 MS. CARDENAS: -- great job on your  
22 presentation. I noticed that on some of the goals and  
23 tactics, you've actually measured it, you know. You say,  
24 well, you're going to fundraise or you're going to, you  
25 know, allocate certain funds for distribution.

1           You've got that amount. So, on the more --  
2 maybe not so much intangibles such as, we're going to push  
3 out Google media ads, and we're going to do this. Are we  
4 measuring that to see what is our return on our  
5 investment? Right?

6           I went through an uptick in lender approvals,  
7 right -- or just applications received, right --  
8 statewide. We're seeing the funds, you know, the bond  
9 program funds, you know, kind of dwindling down faster.  
10 So, do we have -- I know you may not have it here, but for  
11 budgetary purposes, do we have that measured, you know,  
12 our return on investment measured in some form or fashion?

13           MS. CLAFLIN: That's a really great question.  
14 It's something that we continue to struggle with,  
15 particularly with our homeownership programs, is how do we  
16 document how a homebuyer ultimately learns about us, and  
17 then whether or not that homebuyer goes on to use our  
18 programs.

19           We do have a homebuyer survey that we send out  
20 to everybody who uses our programs, and we do ask them how  
21 to -- how they heard about it. So, we do have that method  
22 of tracking a homebuyer through that homebuyer process.

23           And another thing that we are doing, and we're  
24 going to be including the results of that homebuyer survey  
25 in this, is we're actually creating a separate

1 communications plan for our department that takes a look  
2 at some of -- all of our marketing and our advertising  
3 strategies, looks at our results from the last fiscal  
4 year, and then looks at our -- and sets some metrics for  
5 the upcoming fiscal year.

6 And so that's how we'll be tracking our Google  
7 ads, our social media ads, our Google analytics related to  
8 our website. And so that will give us a better idea of  
9 where we should be putting our limited, you know,  
10 advertising dollars to make sure we're getting the most  
11 return on our investment and make sure that the  
12 advertisements that we're doing and the marketing  
13 strategies that we're doing are really effective. So --

14 MR. DIETZ: Thank you very much. Any other  
15 questions or comments?

16 (No response.)

17 MR. DIETZ: Very good.

18 MS. CLAFLIN: All right. Thank you.

19 MR. LONG: All right. I get to finish up. So  
20 I need to make sure I know which button to push. I wonder  
21 if that works?

22 So, what I'm going to do is, I'm going to go  
23 over the accounting and executive and management goals and  
24 strategies that we have developed. A lot of these you're  
25 going to see, as Katie said, are going to overlap, because

1 this, to me, is kind of the overarching for everything we  
2 do.

3 So, when you talk about what we're looking at  
4 doing and where we're heading for '19, obviously, one of  
5 the things we always want to do for the Corporation, when  
6 it comes to accounting and the management side of things  
7 is to ensure the Corporation's financial stability. And  
8 obviously, then, we're going to look at those strategies  
9 and tactics.

10 So, the way that we manage to do that is  
11 through maximizing our earned revenue in existing programs  
12 and the investments. And so rather than reading this, let  
13 me just kind of tell you some of the things that we do and  
14 where we go about that.

15 So, when we analyze and evaluate these programs  
16 versus the cost and the revenues, you know, we obviously  
17 have -- the Board sees these monthly. You get our monthly  
18 reports. You see what we're doing financially, and you  
19 also see on the single-family and multifamily program,  
20 development finance programs, what we're doing, where  
21 we're putting our dollars based on the volume of loans  
22 we're doing and the types of activities we're funding.

23 The Corporation's accounting staff, Melinda,  
24 Nick and Betsy, provide each of the program area's  
25 quarterly reports so they can analyze what they're doing,

1 how much money they've used, where their money's going,  
2 and we get a chance to literally have feedback back and  
3 forth between the program and the accounting staff.

4 And also, Melinda and Nick meet with Janie and  
5 I on a regular basis, quarterly basis, to have an overview  
6 of what funds have been spent, what funds have come in,  
7 and how we're allocating those resources to the best  
8 purposes of the programs we're trying to offer, as well as  
9 to make sure that we're meeting investment strategies and  
10 financial feasibility within the Corporation.

11 So, when you look at the -- again, the  
12 continued goal of developing and improving our strategies  
13 in investing for the Corporation's unrestricted funds --  
14 again, as I mentioned earlier, we have quarterly meetings  
15 internally with the executive and accounting. But also,  
16 we meet with our financial advisor and help develop that  
17 plan.

18 I mention financial, but I need to kind of make  
19 sure we get the terms right there. Our financial advisor  
20 in this case would be Linda Patterson & Associates,  
21 Patterson & Associates, our investment advisors.

22 And we meet with them to talk through really  
23 what we're doing with the funds that we have that are not  
24 committed either to a program or federally allocated for a  
25 specific activity. And the Corporation, as you saw from

1 some of the presentations that Linda makes, we have, you  
2 know, developed a pretty good balance of unrestricted  
3 funds that we use for a variety of initiatives.

4 And along those ways, to make sure that we are  
5 doing that, we meet regularly with the investment advisor  
6 to review our investment strategies, which the Board  
7 approves through our various meetings that we have, not  
8 only when she makes presentations, but we have you approve  
9 the investment report for the investment goals that we set  
10 up.

11 So in discussions with her on a quarterly  
12 basis, we try and make sure that our investments are not  
13 only meeting the initiatives that the Board has allocated  
14 for us to do, but also we're taking advantage of any  
15 movement in the market to make sure that those funds are  
16 invested appropriately, or that we're getting the best  
17 return we can on those funds.

18 When we go into the strategy regarding program  
19 budgets and managing the expenses appropriately, there's  
20 three tactics that we have that we've really kind of  
21 developed, and a lot of it comes back to the reporting  
22 side of things, making sure that we're reviewing and  
23 analyzing this.

24 As I mentioned earlier, the -- not only is the  
25 information monthly provided to the Board, so we get your

1 feedback on that, but also that the reports have been  
2 developed to track the various programs and the funding  
3 sources. And we meet with the program staff on a  
4 quarterly basis to do that.

5 In terms of meeting our financial allocations  
6 to the strategic goals that we set up, as you heard from  
7 the staff earlier, we have this whole strategic planning  
8 process that we go through, that Janie spearheads. It  
9 allows us to make sure that the strategies that we're  
10 developing for an annualized basis, on how we're going to  
11 do the programs, is meeting up with the program goals that  
12 the staff is working on internally.

13 So, in order for us to do that, we start  
14 developing our annual strategic plans in conjunction with  
15 the budgeting process that the Board approves for us on an  
16 annual basis. Under the periodic RFP process, we just  
17 approved another RFP, and as you know, we did RFPs for  
18 legal services previously.

19 We had the feedback from the Board on that.  
20 Mr. Chairman, I know we talked about how often we do that.

21 We try and do that as often as necessary, but as I  
22 mentioned earlier, we currently work with not only the  
23 staff to make sure we understand what our needs are, and  
24 also our other professionals that we work with, to ensure  
25 that we're getting that feedback in trying to do this in

1 an every five- to seven-year basis. And again, I'll put  
2 that flexibility in there because sometimes it's just not  
3 as appropriate to make the changes as we might want them  
4 to be.

5 Under the strategy of establishing and adhering  
6 to good corporate governance practices, as we are doing  
7 right now, we review with the Board on an annual basis the  
8 strategic plan. It's important for us to not only know  
9 that the Board has input on the strategic plan, but you  
10 understand from us what it is that we're projecting for  
11 the year, and where we're going with that.

12 So, at the beginning of the year, we try and  
13 present this to the Board. I know we're a few months in,  
14 but strategically, budget versus -- budgeted year versus  
15 this calendar year is a little awkward for us, but we want  
16 to make sure the Board understands exactly where we're  
17 headed and what we're doing each year with our strategies  
18 as it relates to the budget you approved.

19 When we inform the Board on our programs, as I  
20 said earlier, monthly you get our program reports. You  
21 also get our financial reports. So, you should be able to  
22 know where we're going with each of our programs, what  
23 types of activities we're incurring through the  
24 president's report at the Board meetings, as well as with  
25 the staff reports.

1           Also, we have the two standing Board  
2 committees, which is the Loan Committee, which Mr.  
3 Williams serves on, and Ms. Cardenas used to serve on, and  
4 obviously, we have the Audit Committee. So, we have ways  
5 that the Board interacts with us on an ongoing basis, not  
6 just at the Board meetings, but also through other  
7 activities, to ensure that the Board is being updated and  
8 giving feedback to the staff on that process.

9           Under tactic three, conducting the appropriate  
10 and timely audits of our programs and finances, again,  
11 annual audit. We're in the process of doing that now.  
12 That ensures that we are not only meeting the standards  
13 that are set out for us by the Board, but also from a  
14 statutory standpoint, and in addition, just making sure  
15 that we're doing the best that we can to provide proper  
16 oversight and governance of the resources that we've been  
17 allocated and afforded through the Board's authorization.

18           Under tactic four, which is maintaining the  
19 adherence to ethics and conflicts of interest policies,  
20 each year both the Board and the staff are required to  
21 review and sign off on the ethics and conflicts of  
22 interest forms that ensures that we're making sure that  
23 everybody understands what we expect of them, and that we  
24 are identifying, if any, problems that we might have  
25 through that process of ensuring that staff has the

1 ability to review and sign off on the conflicts and the  
2 ethics policies that we ask them to follow.

3 On the strategy of establishing and adhering to  
4 good management practices, there's the six tactics in  
5 front of you. Again, not trying to repeat and read  
6 through each and every one of these. I just would like  
7 you to be aware of the fact that, as we go through each  
8 year, the Corporation staff, the executive staff, we meet  
9 on a regular basis to ensure that we as a group, Melinda  
10 and Janie and I, are ensuring that we are all on the same  
11 page, that we're providing each other the best input and  
12 feedback back and forth so that we do make decisions  
13 regarding investments, when we make decisions regarding  
14 new staff hires, or that we make the budget decisions that  
15 affect the programs, that we're doing so in an informed  
16 process.

17 The timely employee annual reviews, I think, is  
18 not only essential for us to make sure that we have staff  
19 who are well aligned with what our expectations are of  
20 them, but we also understand what they're hearing and  
21 wanting to do, and some ideas that they might have.

22 So, I think that's a very key thing that we  
23 always do on an annual basis, and that's conducted not  
24 only by whoever has the management of that staff, but also  
25 goes through all the way up to Janie and I on each

1 evaluation for review.

2 Internal communications. We do monthly staff  
3 meetings before our Board meetings. We meet every month  
4 to ensure that the staff is aware of not only what's going  
5 on in the Board book, but also just to talk about the  
6 program areas, any issues that are going on, any site  
7 visits that have been made, anything that's going on  
8 within the program areas and the staffing areas, so that  
9 we can make sure that staff who may not have day-to-day  
10 engagement in certain areas are aware of what's going on.

11 The managers meet regularly with their direct  
12 reports. We don't require any time frame of that. We  
13 expect the managers to meet with their staff in a timely  
14 manner. Some meet weekly. Some meet monthly. But at  
15 least so that they are on the same page, working to the  
16 same goals and strategies within the program areas.

17 Representation of staff when we do special  
18 projects or when we have team projects. I think we have a  
19 very, very diverse and knowledgeable, very professional  
20 group of people that work here. I think we're very  
21 blessed with that.

22 I think the executive staff and the managers  
23 have done a really good job of trying to identify who can  
24 best fit to make sure that we have the best project  
25 outcomes when we do these types of set-ups, so staff are

1 being aligned with the projects so that we get the best  
2 people working on the project to ensure we have success at  
3 the end.

4 And the new office building is a perfect  
5 example, as we listed up there. David Danenfelzer has  
6 done the last two buildings for us. He's currently  
7 heading, spearheading this one. We have Cassandra, who  
8 works directly with David.

9 They've both been spearheading these with us.  
10 We have the luxury this year of having a Board member who  
11 is involved in this, and Lali has presented and given us a  
12 lot of feedback. She actually met with us at the building  
13 last month, and we appreciate all her input.

14 But again, we try and gauge the appropriate  
15 people to make sure that we're getting the best  
16 information to make the best decisions. And lastly,  
17 evaluating the training needs of our employees. Every  
18 year, the Board in your budget approval allows us funding  
19 to ensure that we have funds available to provide training  
20 and education for our staff.

21 I think that that's not only appreciated by the  
22 staff, but it also allows us to ensure that we're engaging  
23 staff in areas of expertise that they either need to gain  
24 experience on, or that they need to have additional  
25 information that can help them be better at their jobs,

1 and so we continue to do that through the budget process.

2 With that, I'll conclude. I would like to  
3 thank Janie again for her expertise in putting this  
4 together. She worked with all of the different areas.  
5 Everybody that contributed to this, staff, everybody  
6 worked hard to make sure that this was something that was  
7 something that we felt that the Board would not only see  
8 as an improvement from last year, but also that you could  
9 see where we're headed and what we're doing, and the goals  
10 that we've set forward are something that you can concur  
11 on, as we move into 2020.

12 I want you to know that we are transparent. We  
13 never want you to feel like we haven't given you  
14 information, that the information that we provide you is  
15 clear and concise. But at the same time, we want to  
16 respect your time and your other responsibilities in your  
17 real life.

18 So, we want to make sure that we're doing so in  
19 a manner that allows us to have both your attention and  
20 your expertise and input, but at the same time, not  
21 overwhelm you with too much stuff. So, with that, I'll  
22 conclude, Mr. Chairman, and if you have any questions on  
23 either my presentation or the presentation that you saw,  
24 either last month or this -- earlier today, we're happy to  
25 answer any questions.

1           And I will say one last thing, and that is, we  
2 want to make sure that we -- there's a little typo on one  
3 of those slides I saw. We'll change it. And we did more  
4 than \$500. It was \$500,000. But we'll make that change  
5 and get those out and make sure that those are available  
6 to the Board members as well, if that's --

7           MR. DIETZ: Yeah. I think that would be  
8 helpful. Yeah.

9           MR. LONG: Okay. And with that, any other  
10 questions?

11          MR. DIETZ: Any questions?

12          (No response.)

13          MR. DIETZ: Great. Well, thank you very much.  
14 That was very good information and helpful. It's really  
15 helpful to see all that, because we don't have a chance to  
16 see all of that --

17          MR. LONG: Right.

18          MR. DIETZ: -- at the Board meetings. So --

19          MS. CARDENAS: Yeah. I think, in comparison to  
20 last year, this one was very fluid and very forthcoming.  
21 So yes. I commend you all for really enhancing it for  
22 this year and making it that much more comprehensive, just  
23 easier for us to understand exactly what you're going to  
24 do.

25          MR. LONG: And I think, you know, Janie and

1 Rebecca do a really good job of trying to make sure that  
2 you, as Board members, have access to information, and as  
3 we do that, we want to make sure that these types of  
4 presentations are meaningful in looking for -- in terms of  
5 detailed information we're providing you, but not spending  
6 five hours sitting here trying to waste your time, either.

7 So, I appreciate all that work that they put  
8 together.

9 MR. DIETZ: Great. And we have no reason to go  
10 into closed session or anything?

11 MR. LONG: None.

12 MR. DIETZ: Okay.

13 MR. LONG: That's correct.

14 MR. DIETZ: Great. Well, unless there's any  
15 other business or any other public comment, then the Board  
16 meeting will be adjourned at 11:50.

17 (Whereupon, at 11:50 a.m., the Board meeting  
18 was adjourned.)

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C E R T I F I C A T E

MEETING OF:       TSAHC Board  
LOCATION:            Austin, Texas  
DATE:               November 20, 2019

I do hereby certify that the foregoing pages,  
numbers 1 through 6765, 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: November 25, 2019

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

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