TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,
January 22, 2020
10:33 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Member
COURTNEY JOHNSON-ROSE, Member
LALI SHIPLEY, Member
ANDY WILLIAMS, Member
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**ACTION ITEMS IN OPEN MEETING:**

Tab 1  Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 18, 2019.

Tab 2  Presentation, Discussion and Possible Approval of a Resolution amending the provisions of Resolution No. 18-19 of the Texas State Affordable Housing Corporation, relating to a Funding Loan Agreement, a Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement, a Subordination Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Note; and other provisions in connection therewith.

Tab 3  Presentation, Discussion and Possible Approval of Amended and Restated Policies for the Texas Housing Impact Fund. (DEFERRED TO NEXT MEETING)

Tab 4  Presentation, Discussion and Possible Approval of a Resolution approving the purchase of land by the Corporation under the Affordable Communities of Texas Land Bank Program in an amount not to exceed $450,000 for the Housing Channel Townhome Project.

Tab 5  Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to proceed with land acquisition and a ground
lease of land located at El Paso Street and South Frio Street in San Antonio, Texas and entering into loan documents for the purpose of developing, constructing, and operating Vista Verde Lofts, a 24-unit multifamily rental housing development, including without limitation apartments affordable to 60% area median family income families, in San Antonio, Texas.

Tab 6  Review, Discussion and Possible Approval of the Annual Performance Review of the President of the Corporation and related actions.

CLOSED MEETING:  

ACTION ITEMS IN OPEN MEETING: none

ANNOUNCEMENTS AND CLOSING COMMENTS

ADJOURN
PROCEDINGS

MR. DIETZ: It is 10:33, and the January Board meeting of the Texas State Affordable Housing Corporation Board of Directors is called to order.

First roll call. Bill Dietz, Chair, I am present.

Valerie Cardenas?

MS. CARDENAS: Present.

MR. DIETZ: Courtney Johnson is absent.

Lali Shipley?

MS. SHIPLEY: Present.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Present.

MR. DIETZ: So, we do have a quorum.

Let's stand and join me in the pledges of allegiance.

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

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

(No response.)


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

First, I guess Happy New Year. I know it's
kind of come and gone already, but Happy New Year to
everybody. Hope everyone had safe and happy holidays.

Mr. Chairman, before I give my report, I'd like
to recognize two special guests joining us today. Stephen
Jeffry and Martin Morales are here today with BBVA Compass
Bank to present a $15,000 grant to the Corporation. The
grant will support our ongoing initiatives to support
local housing nonprofits, including our Housing Connection
Training Program, our HEART Disaster Recovery Program, and
a new technical assistance initiative we are launching in
2020 to help developers create additional permanent
supportive housing units.

I would like to kind of recognize the fact that
BBVA Compass has been a supporter of TSAHC for several
years and we're really thrilled that they continue to be
our partners and that we have the opportunity to continue
to work with them in 2020.

With that, I'd like to invite both Stephen and
Martin to come up and say a few words if they'd like, and
if not, make the check presentation. And I know you guys
love this part of it, we're also going to take pictures,
so I'll let Katie coordinate the pictures. But we can do
that before I go into my report, Mr. Chairman, then those
gentlemen can stay or leave as they choose.

MR. DIETZ: Great, perfect. Gentlemen.
MR. JEFFRY: We jokingly said this is not the check to take to the bank.

(General laughter.)

MR. JEFFRY: But this is a representation of BBVA's commitment to TSAHC and everything you guys do for our communities through Texas. BBVA's footprint is the largest in the county and we have a continued commitment to making sure our Texas community continues to grow and prosper economically in the United States.

So, thank you so much for everything you do. We're excited about the new programs it's going to support, and of course, the continued programs as well. We really appreciate everything you guys do for our community.

MR. DIETZ: Thank you for your support.

(Applause; pause for photos.)

MR. JEFFRY: Thank y'all so much.

(Applause.)

MR. LONG: I know those gentlemen are going to leave and take that big check with them, but I would like to just let you know that Stephen and Martin, again, thanks for both of those guys being here. I do like to recognize the fact that this relationship has been going on for quite some time and we're very thankful that we have some really strong partners, including -- they're not
here today -- Yoli Davila and Ray Ocanas have been really big supporters of the leaders and working with us and making sure that we have the funding available to do the things that we do, and so I'd be remiss if I didn't mention their names, not only to just thank them personally on the record but also recognize the fact that BBVA continues to be a partner of ours, and because of their support we will be able to work on those programs I mentioned earlier. So again, thank you both, Stephen and Martin, for being here and making that presentation, and for Ray and for Yoli for their commitment to the Corporation.

And with that, I guess I should continue my president's report.

Obviously, you have your Board books in front of you, and if not, electronically. Tabs A through C are the program area reports, including the financial reports. I don't have any specifics in those to point out that are unique or different, they're pretty straightforward as they always have been.

The Loan Committee did meet yesterday, January 21. Staff reviewed the committee reports and the staff reports to be put together. We did not take any action on any new loans per se, but we did discuss something that will be on the Board agenda, but we also approved a
policy. But I want to make note, Mr. Chairman, that we will be posting that policy. We made the changes to the policy as reviewed in the Loan Committee under tab item 3 in the current Board book, the policies for the Texas Housing Impact Fund, and rather than trying to state those changes that are not necessarily reflected in the Board book, we're going to go ahead and ask that you pull that tab item today and we'll bring that back in February so you can have a chance to discuss it more cleanly with a little bit better markup for you guys to review.

MR. DIETZ: So, no time sensitivity to this.

MR. LONG: No, it does not have time sensitivity, no public comment necessary on it. So, we'll be doing that.

And with that, Mr. Williams was in attendance via phone. He always is very good about giving input.

Mr. Williams, do you have any comments or further input?

MR. WILLIAMS: No.

MR. LONG: Okay, all right.

I always like to update you on some of the program areas, quickly running over the program areas. The single-family areas continue to just see expanded growth in their programs. We added eleven new mortgage companies to the lender pool that we work with. That's exactly
where we want to keep going is having new lenders marketing our programs for us, the Realtors and the lenders. The Realtors are our front-line marketing people and we really appreciate the continued support we get. They continue to offer the lender trainings through down payment assistance hurdle classes, as well as our ongoing lender trainings that we offer through our webinars, so I'm really thankful for the staff and their time on that.

Fundraising efforts. We conducted a couple of fundraisers in support of our Housing Connection, our training programs last year and this year related to Giving Tuesday and some other funding campaigns that we did, and in those funding campaigns we received $10,500 from our partner Realtors and lenders, and I want to thank those people for their support. A lot of that comes from individuals, individual lenders and individual Realtors, so we really continue to thank them for their support, and we recognize them for their efforts.

Again, as we just saw, BBVA Compass just gave us a $15,000 check to support our programs. Again, thank you to them.

On the marketing side, on February 5 of this year, next month, we'll be in Harlingen highlighting our partnership with Harlingen CDC in their redevelopment of Park Meadows Subdivision. Senator Lucio has agreed to
attend that event and TSAHC will take that opportunity to recognize Senator Lucio for not only his continued support of the Corporation but just his phenomenal support of affordable housing across the State of Texas. He's one of the champions that we work with at the Capitol, and we really appreciate his support on that. And we're very fortunate that we happen to have a Board member, Ms. Cardenas, who is going to emcee that event for us, and we thank her for not only accepting the challenge to emcee that but also just being there and taking her time from work to be there for us on that.

Asset oversight and compliance, I've been keeping you guys up to date with the money that the Board authorizes annually for us to spend on acquisition of new single-family rental homes. In December we completed the purchase of the final home under the funding that you gave us from last year's budget -- or I should say this year's budget starting in September. We purchased our sixth home in San Antonio. It's a three-bedroom, two-bath house in an area just north of San Antonio.

And so, to give you an idea of what we're doing when we help people with those homes, we talk about trying to put those people in high opportunity areas. The market rents in that area are about $1,700 to $2,000 a month and we were able to make a lease available to a family there.
and their rent will be $1,107 a month. And so, as you can see, we try and put the families in high opportunity areas at significantly below the rent. Sometimes it doesn't always work out to be that big of a change, but at the end of the day, we are trying to put people that normally wouldn't be able to afford to live in these communities with an opportunity to live in sound, affordable housing.

Participation in some conferences. Just last week, myself, Tim Almquist, Joniel LeVecque and Sarah Elinor, we all attended the Housing HFA Institute by the National Council of State Housing Agencies in Washington, D.C. It was a great opportunity for networking, getting to meet some partners. We actually took the time to meet with HUD and a couple of other partners that we work with, along with state agencies. So, we appreciate the opportunity to be able to do that.

I want to give you an update on the RFP we sent out. I think we asked the Board to authorize us going out with an RFP for our financial advisor firm. Hilltop Securities, sitting here next to me, has been with us for a long, long time. They made the decision to move on and look to no longer work with the Corporation for a variety of reasons, which we understand. We've met with them and there is no ill will, no hard feelings. But as a result, we needed an RFP for that. We had the RFP out and
responses were due by the 20th of December.

We got two responses. Those responses were from two firms that we felt were both very talented and very highly qualified. There's some really qualified people working at those firms, both PFM and CSG Advisors. And I was going to let you know while we haven't finalized any engagement letters, we have made the determination internally to work with both of them. We will work with PFM on multifamily issuances and with CSG on the single-family issuances. Both of them have a lot of expertise and a lot of background in both single family and multifamily but splitting it up we felt we would get the best of both worlds working with both of those firms.

So, we'll keep you informed on that, but hopefully we'll have that finalized as soon as possible.

Professionals in attendance. Obviously, Routt Thornhill with Coats Rose is here as our general counsel. And I just recognized Claire Merritt and Tim Nelson here with Hilltop Securities as our financial advisor firm. So, unless I'm missing anybody, I apologize. You got to meet the gentlemen from BBVA Compass earlier.

And with that, I will conclude, unless there's any questions.

MR. DIETZ: Any questions?

(No response.)
MR. DIETZ: Thank you very much.

That moves us right into tab item 1 which is the presentation, discussion and possible approval of the minutes of the Board meeting held on December 18, 2019. Everybody has had a chance to review those.

Are there any questions or comments?

(No response.)

MR. DIETZ: Is there a motion to approve?

MS. SHIPLEY: So, moved.

MR. WILLIAMS: And second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the minutes of the Board meeting held on December 18, 2019. All in favor?

(A chorus of ayes.)

MR. DIETZ: The Board minutes are approved.

Tab item 2 is the presentation, discussion and possible approval of a resolution amending the provisions of Resolution No. 18-19 of the Texas State Affordable Housing Corporation relating to a funding loan agreement, a project loan agreement and an asset oversight compliance and security agreement, a subordination agreement, and a regulatory agreement, authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the note, and other provisions in connection therewith.
MR. DANENFELZER: Good morning. David Danenfelzer, Senior Director of Development Finance. Thank you.

So, this is in relation to the Ventura at Fairgrounds Project. It's a bond project we've been working on since 2018, and although I always get a little bit confused in this one more particularly, the resolution that was previously passed for this was actually November of 2018. At that time the Board did approve the final documents and closing of that transaction, but it was not able to close last January, January of 2019, and in any case, we've continued to work on that project and we are nearing a resolution to all of the issues on there and we do hope to close in the next couple of months. We do have to return to the Texas Bond Review Board to make sure that we have done everything and gotten their approvals as well.

This is simply an amendment because some of this deal the terms have changed slightly, some of the names on some of the documents, but more importantly, there is a construction lender who has entered the project, Chase Bank, that was not previously mentioned in the previous resolution and we want to make sure all of the parties are properly named and called out. So, bond counsel drafted an amendment to that bond resolution.
Staff still supports the closing and moving forward with this, and we just wanted to get your blessing by amending the previous resolution, updating it with all of the correct facts for the project as it stands now.

MR. DIETZ: So, the only difference is the party?

MR. DANENFELZER: The one biggest difference is that Chase Bank will enter as construction lender but that was not previously noted in the resolution. It was Key Bank previously; they were going to do construction and perm. Now Chase is going to do perm, Key Bank will continue as the permanent lender, and the previous resolution noted that Key Bank was going to do both.

MR. DIETZ: Right.

MR. DANENFELZER: We're just correcting that to make sure there's no hiccups in the resolution. When we go to close for the bonds and everything, we want everything to be obviously above board and that no one can come back later and say, you named someone in the wrong thing in this previous one.

MS. CARDENAS: So, was it always the intent that it was going to be Key Bank, or it was going to be Chase and it was just worded?

MR. DANENFELZER: The original intent was that Key Bank was going to be the construction lender but since
we missed the original closing deadline, Key Bank's internal program and policies, they would prefer to be just the permanent lender on this and Chase has been brought in as the construction lender.

MS. CARDENAS: Not because they noted any red flags or anything? I mean, they'll still honor it, right? They'll go back reassess?

MR. DANENFELZER: Correct. I mean, everyone will continue to underwrite the deal until closing, but it was just, I think, a little bit of an economic decision as well. I think Chase came into the market with a cheaper construction product, but Key Bank is fully committed that they are going to be the permanent lender on the project moving forward, so all their commitments have been updated and clarified. But Chase has a good product and Key Bank is comfortable with them coming in and this way of partnering with them.

MR. DIETZ: Any other changes of any significance, or is that really it?

MR. DANENFELZER: No. I believe one of the documents sort of changed its name from a note to a loan, but bond counsel just said this is the exact deal, all the documents are correctly named now, so we're just making sure we've got all the i's dotted and all the t's crossed.

MR. DIETZ: Any other questions?
(No response.)

MR. DIETZ: Any discussion? Is there any public comment?

(No response.)

MR. DIETZ: Is there a motion to approve?

MS. CARDENAS: So, moved.

MR. WILLIAMS: I second.

MR. DIETZ: It's been moved and seconded that we approve the resolution that amends the previous Resolution No. 18-19. Any further discussion?

(No response.)

MR. DIETZ: All in favor?

(A chorus of ayes.)

MR. DIETZ: Okay. The resolution is approved.

MR. DANENFELZER: Thank you.

MR. DIETZ: Thank you, Mr. Danenfelzer.

Tab item 3 is the one that Mr. Long referenced earlier that we would be pulling from the agenda and re-presenting next month. Correct?

MR. LONG: That's correct.

MR. DIETZ: Okay. So, we'll skip to tab item 4 which is the presentation, discussion and possible approval of a resolution approving the purchase of land by the Corporation under the Affordable Communities of Texas Land Bank Program in an amount not to exceed $450,000 for
the Housing Channel Townhome Project.

MR. DANENFELZER: Good morning. David Danenfelzer, Senior Director of Development Finance. I'm also joined here with Donna VanNess, who is Executive Director of Housing Channel, invited her down so you could grill her if you'd like or just ask some nice questions.

(General laughter.)

MR. DANENFELZER: And basically, this is an opportunity that Donna and her team brought to us in December and we felt it was a good enough opportunity for us to jump on it and carry through and bring it to you guys this month.

I can let Donna talk a little bit more about the project and how it works, but essentially, we have a land bank, and we have had it since 2008. We've used it in many different ways throughout the years. Our most common way of doing it has only been controlling the property and having a local partner develop it. However, there are activities under our land bank authority to allow us to do short-term holds of properties and then sell or transfer that property on to a local partner, like the Housing Channel, in order to redevelop those properties.

In this case there's an opportunity in Irving, Texas. Donna has the opportunity to purchase properties,
but because of the way federal regulations work and some of the monies, specifically HOME Program improvement dollars that are federal dollars that the City of Irving has and can bring to this transaction, there are environmental review steps which need to be carried out. That is really just a notice of environmental review. It's something where a letter goes out to federal agencies, Native American tribes and other organizations listed under what's called the National Environmental Protection Act. Each of them get a notice, they have 30 days to respond, and then the issuing entity -- which in this case would be the City of Irving -- has to process paperwork and then put out a notice and say they've done the review, no comments have come back, and they're good to go ahead and expend federal dollars on this site.

And as you can imagine, while it sounds like a quick project because it's 30 days, it takes a long time. It can take up to 30 days just to draft and post the document and it takes then 30 days to comment on it, and then it can take another 30 to 45 days sometimes just to get all of the regular paperwork done through the city process, and then completed. However, we live in a very competitive housing market. Land is expensive and it goes quick. I think you all probably know that from your experience, just reading the newspaper every day, but it
is difficult for anyone to get a contract longer than 60
days for land transactions today. So, when we try to land
match a 60-day contract with a 90- to 120-day process for
environmental review, it doesn't work for a lot of
affordable housing projects.

This is why Donna called us, and we have done
projects like this before. We have purchased things
short-term, allowed the due diligence to be completed by
local partners and sold those under what we call our
buyers' agent facility of our program, and we've held
property and then sold it off to local partners to use
federal funds.

In this case Donna is actually working on five
lots in the Riverside neighborhood of Fort Worth where she
is building new homes that are targeted to low and
moderate households, just like this project, and we were
originally the land bank that held those for several years
until the federal funds came in and the city required her
to own and hold that land during the development phase
itself. So, we continue to track it but in our
partnership agreements through the MOUs and stuff, that's
how we tie in our affordability requirements.

So, I'm going to stop talking now. I've tried
to lay as much of the groundwork as fast as I could but
I'll let Donna explain what they're doing in Irving, why
this is important to her, and the conditions that she's facing with land acquisition in Fort Worth, Irving and all of the Dallas-Fort Worth Metroplex.

MS. VANNESS: Thank you so much for the opportunity to be here. I really appreciate your consideration of our request.

Housing Channel is formerly Tarrant County Housing Partnership. We're a 28-year-old housing nonprofit organization based in Fort Worth, but we serve primarily the North Central Texas DFW market. We do have some projects as far south as San Antonio, Pasadena, Baytown. We've got an incredible board, incredible political support of our organization, and we work really well with cities and counties to leverage public and private funds to develop affordable housing.

It's been increasingly difficult in the last few years because of the increased hot market in Dallas-Fort Worth. We had issues where we had public funds to expend and we've lost them because we weren't able to get land under contract, and it's become a recurring problem. And I was at a national conference, housing conference, and in one of the workshops we got to talk about some of the challenges that as developers of affordable housing we face, and I brought up the fact that we have to deal with environmental clearance procedures and that ties up the
land too long and it's difficult to get it under contract. And another developer in Atlanta told me about the program they have with their land bank and land trust in Atlanta that they purchase the property and hold it while the developer can go under environmental clearance and then it's sold back to that developer so that they can leverage the public and private funds. It's a great process and I wish I'd thought of the idea myself, but I want to give them credit.

So that's when I called Dave because this project, we've got $1.1 million in HOME funds, which is a grant, as long as we develop these units for 80 percent of area median income. It's a great piece of property that's in the new target area for the City of Irving called Heritage Crossing. You may know that. It's a new target area that's underserved and the city is putting together quite a bit of economic development and incentives to incentivize developers to develop this area and help revitalize the community.

So, as they've mentioned, we weren't able to get the seller to agree to a longer period, thereby, I had called Dave to see if there's a possibility do this land trust or land bank transaction to help us with that.

MR. DIETZ: Great.

MS. VANNESS: Any questions?
MR. DIETZ: So, if I understand correctly, the Corporation will be buying this property and then selling it back after a specified time period.

MR. DANENFELZER: At this time we anticipate that between 90 to 100 days after we purchase the property, once the environmental review has been completed by the City of Irving and they've signed off and approved it, then we'll be able to sell the property to Housing Channel and they'll be able to then move forward with their federally funded project and build the units there.

You know, the land bank activity is one of those things that gives us a lot of great flexibility and a lot of great ability to help out local nonprofits, like Housing Channel, to get access to properties that they otherwise would not be able to. Our original purpose and function of being able to accept from large foreclosure pools like NCST and Bank of America was to be able to be a funnel for local entities who couldn't commit to buying up 30 or 40 properties to get into these programs allowed us to bring in a lot of properties, in fact, well over 100 properties we've purchased and funneled to local nonprofits to develop through our land bank.

This is just a new avenue. While the foreclosure crisis is long gone and we don't have large pools anymore that are being sold off that we have access
to, this is a great way for us to kind of evolve the land bank and use it for a great purpose in a market that's very hot that requires a very short-term trigger on all of the land contracts but at the same time allows us to secure those properties for affordable housing in the future.

MR. DIETZ: We haven't done anything exactly like this before that I remember.

MR. DANENFELZER: Not exactly, but there have been properties where when we get the opportunity to purchase. The Plano property, which we continue to look at redeveloping, is a much more complex project than this, but that was an opportunity where land was available, it was relatively cheap, and the seller in that case was a lot more patient, but at the same time it was a great opportunity for us to step in and bring housing to a community.

And we've done that in other locations. The project we're going to talk about, Vista Verde, next is another one where land is available, there was a competition by the city to get rid of this land, but we were able to help competition as a partner and bring affordable housing to that block rather than it just going out into the marketplace and just being sold off for market rate development.
MS. CARDENAS: What potential risks, if any, would we encounter if we acquired this land? Because I know it's got to go through this environmental protection review, so it's acquiring land and for whatever reason, you know, I guess the risk meter, right, that we have to end up just keeping it because we can't sell it off, you know, in a 100 to 190 days, or whatever the time frame is. So whatever level of risk that we would need to know could happen. I know there's always the what ifs, but just something that would be glaring.

MR. DANENFELZER: I mean, we obviously can never identify all the pitfalls in these projects, but Donna has actually taken all the financial risks. There will be commitments in place, a contract to purchase the property pretty much without exception, so she'll have to purchase it regardless of the environmental review.

One of the nice things about environmental review steps I would say, though, is that much of the data about whether or not an area, a parcel of land is subject to archaeological review, historic review and otherwise is really publicly available. GIS data sets are easy to obtain, and I look at them all the time on all the projects we look at. This project has no red flags for me or even yellow flags that I would be concerned about. And I've already talked with the SHPO on this project and they
don't see any reason why not. There is a structure on the property, but it is not an old structure, it's not historic. I think it was '82 or '83 it was built so there's not even lead based paint concerns. But there is a federal review requirement and that has to be done and it just doesn't meet up with the reality on the ground.

You know, we've purchased well over 500 lots and we've never had a problem with an environmental review in all 500 of those projects. So, I feel fairly confident that what we've done due diligence wise on this property means it will be sellable and Donna will be able to move forward with it. But obviously, I can never predict everything. I'm not going to give you 100 percent guarantee.

MR. WILLIAMS: So, David, basically we're just acting as a bridge, so we're going to bridge it so she can go through the environmental. You guys were competing with for-profit developers, there was a time sensitivity, the seller isn't giving you any leniency, so we're going to take it down. Is the 5 percent coupon annualized so if they clear in 90 days, are we still getting 5 percent? Is there any origination fees, and are we getting an appraisal? Is any of the diligence for market value?

MR. DANENFELZER: We have received appraisal information on the property.
MR. WILLIAMS: Was that third party?

MR. DANENFELZER: Yes, I believe so. Sorry. I know I looked at it, I'm sure it's third party.

MS. SHIPLEY: Who's the appraiser?

MR. DANENFELZER: I can't remember the appraiser's name. But what I will say is the appraisal and all the financial information we've also looked at, I think more to your question, we have. The way we've structured it in order to reduce our liability, again, and risk, is along with the purchase contract Donna is also going to be required to sign a ground lease agreement, so upon our ownership, she'll actually take over all the maintenance and insurance liability for the project and she'll be required to pay us essentially a 5 percent rate as if it was a loan on a 5 percent annual basis during the whole period of the ground lease.

It equates to about $843 a month on interest payments, interest only, much like we do in Loan Committee with an interest only revolving line of credit. We collect that interest as it's going on, and then there is a one percent closing fee or ground lease origination fee on this one. So, we're not structuring it as a loan document, we're doing it all through the ground lease arrangement.

MR. WILLIAMS: So, we're closing it, we're
going to own it and you guys are going to take it through
and title it, and then you're going to bring in a takeout
with your development.

MS. VANNESS: Yes.

MR. WILLIAMS: And do you guys already have
development plans?

MS. VANNESS: Do we have development plans?

MR. WILLIAMS: Yes.

MS. VANNESS: We have a site plan. We're going
to do a mixed project with townhomes so a medium density
project.

MR. WILLIAMS: Are we going to have to wait for
that?

MS. VANNESS: No, no. We'll purchase it.

MR. WILLIAMS: So worst case six months?

MR. DANENFELZER: That's our anticipation is
that on the outside it will be six months, but our hope is
it will be about 90 days once the City of Irving has
completed their work.

MR. WILLIAMS: And I'm familiar with the area,
it's a hot area, and if they got that tract of land and
get it for that price, it's a good deal.

You guys got it under contract now?

MS. VANNESS: Yes, we do.

MR. WILLIAMS: So, the $450-, what do you have
it under contract for?

MR. DANENFELZER: The $450- is on the outside but the actual contract is $425- and that's what we intend to put down, and then closing fees and other additional fees will also be covered by Housing Channel.

MR. WILLIAMS: And then we've got an appraisal that shows it's worth that or more?

MR. DANENFELZER: Correct.

MR. WILLIAMS: So really, we're just land banking some dry land but we don't have any responsibility to take it through entitlement and if this goes bad, we can go ahead and divest it to another developer. You guys are performing all the coverage.

MR. DANENFELZER: And there is a commitment for a financial guarantee that they have the money in place to purchase it before we close on it.

MR. DIETZ: We have a lease to own deal.

MR. DANENFELZER: Yes, that is a good way of putting it. I probably should have just opened with that.

(General laughter.)

MS. VANNESS: And if I could just add a comment. I mean, this is something that as a community developer we deal with this a lot. So this would be a great opportunity if this model works and it's something that's beneficial definitely for the community and the
development of affordable housing, because we are
constantly combating private investors, investors,
corporations and people that pay -- you know, buy houses
and they put cash down and they can close in ten days. We
can't do that when you're leveraging public funds which
is, in essence, what we need to make it affordable. So,
this is a great opportunity and I really appreciate you
considering this.

MR. DIETZ: Thank you.

Any other comments or questions?
(No response.)

MR. DIETZ: Good discussion. Is there a
motion?

MR. WILLIAMS: So, moved.

MS. CARDENAS: Second.

MR. DIETZ: Okay. It's been moved and
seconded. Is there any public comment?
(No response.)

MR. DIETZ: Hearing none, all in favor of
approving the resolution to purchase the land referenced
for the Housing Channel Townhome Project please say aye.
(A chorus of ayes.)

MR. DIETZ: Any opposed?
(No response.)

MR. DIETZ: Okay. The resolution passes.
Thank you very much.

MS. VANNESS: Thank you.

MR. DIETZ: Appreciate you bringing that to us.

Okay. On to tab item 5 which is the presentation, discussion and possible approval of a resolution authorizing the Texas State Affordable Housing Corporation to proceed with land acquisition and a ground lease of land located at El Paso Street and South Frio Street in San Antonio, Texas, and entering into loan documents for the purpose of developing, constructing and operating Vista Verde Lofts, a 24-unit multifamily rental housing development, including without limitation apartments affordable to 60 percent area median family income families in San Antonio, Texas.

MS. RAMIREZ: Good morning, everybody. I'm Cassandra Ramirez, Development Finance Specialist, and we have Scott Marks with Coats Rose who is general counsel working on this project.

This is really related to a resolution and project we brought to you guys in August and this resolution is really capturing the changes since that time. So, in August we received Board approval to enter a joint venture with Taramark Interests to develop a 12-unit apartment complex in San Antonio. It was an RFP site from the City of San Antonio. And since that time, in May they
were formally accepted and in August we had approval to create TSAHC subsidiaries to enter into a joint venture related to the ownership and acquisition of this project, but since that time the project has expanded to 24 units in two separate buildings but adjacent buildings 12 units each. And the affordability mix is the same, still 50 percent of the units are serving households at 60 percent or below and the rest of the units will be market rate.

So really, this resolution is just capturing this change because Taramark Interests is working with the city to acquire the site as they're acquiring the neighbor site at the end of this month. So, they are moving towards to forming the subsidiaries for the acquisition and purchase of these parcels.

MS. CARDENAS: So, we're going from 12 units initially to 24, but yet 12 out of the 24 will be at 60 percent AMFI and the rest at market rate, and so initially it was just 12.

MS. RAMIREZ: Correct. It was one building, 12 units. But they got the opportunity to acquire the neighbor site so they're taking advantage of it and they're getting resources from other departments of the City of San Antonio for fee waivers to keep it affordable at 60 percent or below for half of the units.

MR. WILLIAMS: Are we going to be a GP in the
market rate housing too?

MS. RAMIREZ: Yes. It's one project.

MR. WILLIAMS: So, it's one project, it's not two different projects.

MS. RAMIREZ: Right.

And we did discuss the loan at Loan Committee yesterday. We did not make any motions to approve it. We're still collecting some information from the developer to move forward that component. But just with the timing with the City of San Antonio, we need this approval to take the next steps in our partnership.

MR. MARKS: Just to follow up with that question. And I'm Scott Marks with Coats Rose. I'm looking forward to working with you all on affordable housing as general counsel and joint ventures and any partnerships that you might form.

And to follow up on your question, one of the reasons that it's important for the Corporation to serve as not really general partner here but as administrative member of the limited liability company and owner entity is to generate property tax exemption and ad valorem property tax exemption for the site which, of course, allows half of the units to be affordable.

MS. RAMIREZ: And I can say that our participation in this project is offering a deeper
affordability for the community. The City of San Antonio is only requiring 80 percent or below AMI to be served, but in compliance with our own policies, the Taramark developer is agreeing to serving the deeper affordability on this project.

MS. CARDENAS: So, you mentioned that you all discussed it in Loan Committee. Is there, I guess, any loan amounts or is there going to be more injected into the project as far as financing?

MS. RAMIREZ: We were discussing a $250,000 loan for construction, a two-year short-term loan of $250,000, but we're still collecting the pieces for that, so that part we did not take action on it yesterday.

MS. CARDENAS: Is that in addition to what was previously approved?

MS. RAMIREZ: In the August resolution we didn't approve financing, it was just the creation of the subsidiaries.

MR. MARKS: Right. And just a little more on that. So, in August the Board approved creating some entities to serve in the role, ownership role. This resolution lays out authority to enter into the ground lease to generate that property tax exemption, to acquire the land and generate the property tax exemption through the ground lease, and then also to serve as the owner of
24 units, two 12-unit apartments, rather than the 12 units that were contemplated last summer. And then also to enter into loan documents, that gives authority here to enter into loan documents. We anticipate bringing it back to the Board before making that $250,000 loan.

MS. RAMIREZ: Well, it's within the threshold at Loan Committee.

MR. MARKS: Okay.

MR. DIETZ: Any other questions, comments?

(No response.)

MR. DIETZ: I need a motion to approve.

MS. CARDENAS: So, moved.

MS. SHIPLEY: I'll second.

MR. DIETZ: It's been moved and seconded that we approve the resolution authorizing the Corporation to proceed with the land acquisition and ground lease in San Antonio.

Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor?

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. Resolution passes. Thank you very much.
MS. RAMIREZ: Thank you.

MR. DIETZ: The next tab item is the review, discussion and possible approval of the annual performance review of the president of the Corporation, and related actions.

Pursuant to Texas Government Code 551.074 pertaining to personnel matters, we'll now go into a closed session, and it is 11:15 a.m.

(Whereupon, at 11:15 a.m., the meeting was recessed, to reconvene this same day, Wednesday, January 22, 2020, following conclusion of the executive session.)

MR. DIETZ: It is 11:31 a.m. and we are back in open session.

We had a positive conversation during our closed session, took no action. I think that we would like to delay tab item 6 until next month, and that's purely in order to give the Board members ample opportunity to provide as much feedback as they feel is necessary in the review. Particularly in light of the fact that Ms. Johnson was not here with us today, that might be helpful.

That doesn't require any vote to remove a tab item, I don't think, so that brings us to the end of the meeting.

Anything else that we need to discuss?
MR. LONG: No. As always, I like to note that the next meeting is tentatively scheduled for February 12, second Wednesday of the month, so if that fits everybody's calendar.

We'll work with you as we move forward with not only the need for the meeting but if we have the need for quorum changes, we'll work with Board members to let you know what's available. But other than that, no additional comments.

MR. DIETZ: Great. Fantastic.

Any closing public comments?
(No response.)

MR. DIETZ: All right. The Board meeting is adjourned at 11:33 a.m.

(Whereupon, at 11:33 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:    TSAHC Board
LOCATION:      Austin, Texas
DATE:      January 22, 2020

I do hereby certify that the foregoing pages, numbers 1 through 38, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas State Affordable Housing Corporation.

DATE:  January 27, 2020

/s/ Nancy H. King
(Transcriber)

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