TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Wednesday,
March 18, 2020
10:31 a.m.

BOARD MEMBERS:

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

ON THE RECORD REPORTING
(512) 450-0342
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Plano, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt financing and housing tax credits.

Tab 5  Presentation, Discussion and Possible Approval of a Resolution Approving a Texas Housing Impact Fund Construction Loan in an amount not to exceed $785,000 to Project Transitions for Roosevelt Gardens, a 40-unit apartment complex in Austin, Texas targeting households earning 30% area median income and 50% area median income.

CLOSED MEETING  None
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MR. DIETZ: Thanks, everybody, for being here.

It is March 18, 2020, at 10:31 a.m., and we will call to order the Texas State Affordable Housing Corporation Board meeting.

A couple of notes. Obviously, several Board members are participating via conference call per guidance that we received from the Governor's Office, just given the state of affairs today. So, if I can just remind any Board member before commenting if you can just identify yourself, and that way the court reporter will be able to properly notate who is speaking.

And then I'm about to do roll call, and I think it would be appropriate if we just said present remotely if you're participating remotely, or just present if you're there in person.

So, we will go right into roll call. So, Bill Dietz, I am present remotely.

Valerie Cardenas?

MS. CARDENAS: Present remotely.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Present remotely.

MR. DIETZ: Ms. Shipley?

MS. SHIPLEY: Just present.

MR. DIETZ: And Andy Williams?
MR. WILLIAMS: Present remotely.

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

And let's begin, as we always do, if you could join me in the Pledge 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. DIETZ: Okay. Hearing none, Mr. Long, if you would provide us with the President's Report.

MR. LONG: Thank you, members. I appreciate everybody being here. I'd like to thank the Board members for their leadership and commitment, especially during this craziness that we're all in the midst of. I really thank you for the opportunity to meet under these certain special circumstances, allowing us to continue to conduct our business for the State of Texas.

Under the Board package you received, tab items A through C, are program and financial reports.

As I always like to mention on the Loan Committee, we did meet yesterday, we had a project that will show up that we're going to be voting on, the Board will be considering today, the committee approved it for
consideration for the full Board. It's under tab item 5, and Cassandra will be presenting that later on in the meeting.

Andy Williams, our Board member representative, participated via phone conference, and Andy, if you have any comments, I'd like to have those, and if not, we can move on. Do you have any comments?

MR. WILLIAMS: No comments. Thank you.

MR. LONG: All right. Thank you.

I'll just run through the updates. Under the Homeownership Programs, the staff remains really busy. They're continuing efforts to provide lender trainings through the Overcoming Down Payment Hurdle Classes and our online lender trainings, and through the United Texas Classes in partnership with the Texas Association of Realtors.

Under Fundraising and Business Development, we've received --

MS. CARDENAS: Hello.

MR. LONG: Hello.

MS. CARDENAS: I couldn't hear for a minute there.

MR. LONG: You there? Valerie, can you hear?

MS. CARDENAS: Yes, I can. I don't know if the rest of the Board members can hear. I couldn't hear for a
MR. DIETZ: I can hear. This is Bill Dietz.

MS. CARDENAS: Okay. I'm sorry.

MR. LONG: All right. I'll continue.

Fundraising and Business Development, TSAHC received a two-year $30,000 grant from the Texas Financial Education Endowment, and this grant will be used to support the Corporation's Housing Connection Training Program in support of training counselors and housing nonprofits.

We also received a $10,000 grant from the Austin Community Foundation to support the new pre-development fund that we're going to do as a pilot program.

And we also received a $15,000 grant from Texas Capital Bank. This is the second annual installment of a three-year grant agreement that they made for a total of $45,000, and these funds are used in support of the Texas Housing Impact Fund and a new training initiative focusing on permanent supportive housing.

We also wanted to let you know under the HEART Program that we awarded three additional awards. These awards were approved both by TSAHC and by Rebuild Texas Fund. The grants are part of phase two of the HEART Program. We awarded grants of $100,000 to Legacy CDC to
repair up to ten homes in Jefferson County, Fifth Ward
received $100,000 to repair up to six homes in Houston,
and Somebody Cares America and the Jasper-Newton Long Term
Recovery Group, they received a $30,000 award to repair up
to eight homes in Jasper and Newton counties.

The Single-Family Rental Program, I always like
you know as we acquire new properties. The Board
authorized us some funding to do this. The most recent
home we acquired we closed on it yesterday. It's a three-
bedroom, two bath house located in Pflugerville, Texas.
For those of you that don't know, it's about 20 minutes
northeast of central Austin. Currently we're in a
leaseback with the seller and we hope to have that
property made ready and leased to a family at 80 percent
and below AMFI sometime in mid to late April.

For the record, since everyone is not here, I'd
like to recognize the professionals that are here. Routt
Thornhill with Coats Rose is here as general counsel, and
other people in the room will introduce themselves as they
come up to speak.

The last thing I'd like to mention is that our
next Board meeting is tentatively scheduled for April 8.
I, again, as always, will let you know as that meeting
gets closer and timewise we'll make sure that we have
agenda items that we need your consideration on, as well
as whether or not that date works for everybody. We'll send an email; Rebecca will do that.

I did want to add one last thing and that was just a reference to what we talked about at the last meeting and that was making sure that the current schedule that the second Wednesday of every month works for the Board members. I think at the last meeting we had discussed that we are happy to accommodate everyone's calendar. If you want to discuss that and offer other dates, whether it be another day during the second week of the month or if you want to change it to another week of the month that would work for everybody's schedule. But if you're comfortable with what we have, we're happy to leave it that way. I just wanted to revisit that question because we threw it out last meeting.

And with that, Mr. Chairman, I'll conclude my remarks.

MR. DIETZ: Great. Thank you, Mr. Long. This is Bill Dietz speaking.

Any questions from any Board members?

(No response.)

MR. DIETZ: Okay. Then we'll move into the action items. Tab item 1 is the presentation, discussion and possible approval of minutes of the Board meeting that was held on February 12, 2020.
Is there any discussion or question about the minutes?

(No response.)

MR. DIETZ: If not, I would be willing to entertain a motion.

MS. CARDENAS: This is Valerie. Motion to approve.

MR. DIETZ: And is there a second?

MS. SHIPLEY: This is Lali. I'll second.

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

(No response.)

MR. DIETZ: No public comment, so all in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Okay. I heard several ayes. Any opposed?

(No response.)

MR. DIETZ: Okay. The Board meeting minutes from February 12, 2020 are approved.

Tab item 2, the presentation, discussion and possible approval of a resolution regarding the submission of a 2020 application for allocation of private activity bonds, notice of intention to issue bonds, and state bond application to the Texas Bond Review Board for single
family mortgage revenue bonds.

MS. LeVECQUE: Good morning, Mr. Chairman and Board members. This is Joniel LeVecque. I am the Homeownership Programs Director at TSAHC.

The item that we have before you today under tab item 2 and also under tab item 3 references the same single-family bond transaction. Tab item 2 is basically an inducement resolution allowing us to submit a 2020 application for allocation of private activity bonds and a notice of intention to issue bonds and the state bond application to the Texas Bond Review Board.

This single-family bond transaction is actually similar to the single-family bond transaction that we did last year, that the Board approved last year for the Homes for Texas Heroes Home Loan Program. This year we are requesting to access $64 million of the Corporation's bond cap to serve homebuyers at or below 80 percent of the area median family income. This income limit will vary depending on what county the homebuyer is purchasing the home in.

So, in addition to the homebuyers being restricted to that 80 percent AMFI, they must also be a first time homebuyer and they also must meet certain purchase price restrictions. Homebuyers that meet those eligibility requirements and also meet the FHA, VA or USDA
underwriting guidelines will be eligible to receive 4 percent of down payment assistance in the form of a grant and that down payment assistance can be used towards a homebuyer's closing costs and their down payment.

So, with the Board's approval today and approval from the Bond Review Board during their board meeting in May, and if market conditions remain favorable, we would look to move forward and market the bonds in June and close on the transaction in July.

The Corporation will continue to work with Raymond James & Associates as underwriters and Norton Rose Fulbright as our bond counsel. Both have worked with TSAHC for many years. We will also work with CSG Advisors as our financial advisors, Ballard Spahr as our disclosure counsel, and we'll also continue to work with Lakeview Loan Servicing as our master servicer.

So, with that, I'll conclude my remarks and I'm more than happy to address any questions at this time.

MS. CARDENAS: This is Valerie. I'm sorry. Did you mention what the rate was going to be?

MS. LeVECQUE: Actually, no. We do not know that at this time. We plan on pricing the bond in early June, and just so that you're aware, if the market remains favorable we can move forward, but if we see that in early June that the market does not maintain a substantial
benefit to the homebuyer, we'll either hold off on closing
on the transaction or stop the process altogether. But we
will not close on the bond transaction until we know that
we can offer a favorable rate to the homebuyer.

MS. CARDENAS: Okay. And as far as the down
payment assistance that will work in conjunction with the
bond, is it going to be similar to what we already have in
place? Is there a cap? I know the current one has like
3, 4, 5 -- well, for a particular bond there's one that's
3, 4 and 5, and there's one that's just a flat 5 percent.

MS. LeVECQUE: Right. So currently with our
TBA program, our intention is that the bond program would
complement the TBA program and actually offer a
potentially lower rate than the TBA program. So, we would
not move forward with the bond program if we couldn't
offer a better product than what we currently have through
our TBA program, and our TBA program is currently 3, 4 and
5 percent DPA available, the bond program would be 4
percent.

MR. DIETZ: Great. Thank you. This is Bill.
Any other questions or comments?
(No response.)

MR. DIETZ: Okay. So, we are looking for
approval of this resolution at this time. Correct?

MR. LONG: Yes, sir.
MR. DIETZ: Okay. Is there a motion to approve the resolution as submitted?

MS. CARDENAS: This is Valerie. Motion to approve resolution as submitted.

MR. WILLIAMS: This is Andy. I'll second it.

MR. DIETZ: Okay. The motion has been moved and seconded. Is there any public comment?

(No response.)

MR. DIETZ: Okay. Hearing none, all in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution passes.

Okay. Tab item 3, the presentation, discussion and possible approval of a resolution authorizing the issuance, sale and delivery of single family mortgage revenue bonds, Series 2020A (Non-AMT); authorizing the trust indenture official statement bond purchase agreement and continuing disclosure agreement relating to such bonds; making certain findings and determinations; authorizing the execution of documents and instruments necessary or convenient to carry out the Texas State Affordable Housing Corporation Single Family Home Loan program relating to such bonds; and containing other
matters incident and related thereto.

MS. LeVECQUE: Good morning again. This is Joniel LeVecque again.

And as I mentioned earlier under tab item 2, tab item 3 is referencing the same single family bond transaction that we just discussed under tab item 2 but we are now requesting approval of a resolution authorizing the issuance, sale and delivery of the Series 2020A single family mortgage revenue bonds, along with approval of the substantially final documents.

We've actually been working diligently over the last several weeks with our partners, some of which I just mentioned during the last tab item, our bond counsel, financial advisor, underwriter and disclosure counsel and all their various lawyers -- quite a few lawyers on the team -- to put together all of these documents for our proposed Series 2020A single family mortgage revenue bond transaction.

And also, as I just mentioned a moment ago with Valerie's question, TSAHC began working on this 2020A transaction with the goal in mind of providing a tangible financial benefit to eligible homebuyers, so with the recent descriptions in the financial market having been significant and severe, I just want you to be aware that TSAHC and its team will continue to monitor the market
conditions in the coming weeks and months, and our overall
goal will not change and TSAHC staff will only move
forward with the transaction if that goal can be achieved.

So, with that, I will conclude my remarks and
I'm more than happy to address any more questions at this
time.

MR. DIETZ: Okay. Thank you. Are there any
questions or comments? This is Bill.

MS. SHIPLEY: This is Lali, for the Board
members that aren't here, everyone else can see that.

(General laughter.)

MS. SHIPLEY: So, if the market does take a
turn and we need to re-think everything, we can still pass
this resolution and then adjust or assess how everything
is, and we're not setting anything in stone right now?

MS. LeVECQUE: Correct, correct. We can delay
closing, you know, and decide to delay it to some point or
we may decide that it's just not a good time at all and
cancel the whole transaction, but we have the ability to
do that. You're giving us approval to move forward if we
see that market conditions are favorable.

MS. SHIPLEY: Okay. Perfect.

MR. DIETZ: Great. Any other questions? This
is Bill speaking.

(No response.)
MR. DIETZ: Okay. Hearing none, is there a motion?

MS. JOHNSON-ROSE: This is Courtney. So, moved.

MR. DIETZ: And a second?

MS. CARDENAS: This is Valerie. I second.

MR. DIETZ: Okay. This is Bill. It's been moved and seconded. Is there any public comment?

(No response.)

MR. DIETZ: Hearing none, all in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution passes.

MS. LeVECQUE: Thank you.

MR. DIETZ: Thank you. Thanks for your presentation.

Tab item 4 which is the presentation, discussion and possible approval of a resolution authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of The Park on 14th, located in Plano, Texas, including creating entities, negotiating finance documents and filing applications to obtain debt financing and housing.
MS. RAMIREZ: Good morning all. This is Cassandra Ramirez, Development Finance specialist.

Regarding tab item number 4, this is regarding a 9 percent tax credit application that was submitted at the end of February. We submitted a 60-unit multifamily rental project serving families that is aligned with the City of Plano's needs. We decided to submit a full application to the State after receiving the general support of the city, so it makes our application a little bit more competitive, and this resolution is a requirement of the tax credit application.

To give you a little bit of a background. This is a site that TSAHC has had in its portfolio since 2012. We have attempted tax credit applications in the past that haven't been successful. In 2018, we initially submitted for senior housing, it didn't get funded that year, and in 2019, we submitted a pre-application for senior housing that wasn't competitive so we didn't submit the full application, but with the city's support, we decided to go and submit a full application. So, this resolution is regarding that application and is a requirement of the application itself.

I'm happy to answer any questions you guys have.
MR. DIETZ: Are there any questions from Board members?

(No response.)

MR. DIETZ: Okay. Hearing none -- this is Bill speaking -- is there a motion?

MS. CARDENAS: This is Valerie. Motion for approval.

MS. JOHNSON-ROSE: This is Courtney. Second.

MR. DIETZ: Okay. This is Bill. It has been moved and seconded. Is there any public comment?

(No response.)

MR. DIETZ: If there is none, all in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Okay. Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution passes.

Tab item 5 is the presentation, discussion and possible approval of a resolution approving a Texas Housing Impact Fund construction loan in an amount not to exceed $785,000 to Project Transitions for Roosevelt Gardens, a 40-unit apartment complex in Austin, Texas, targeting households earning 30 percent area median income and 50 percent area median income.

MS. RAMIREZ: This is Cassandra Ramirez again,
Development Finance Specialist.

Regarding tab item number 5, this was an agenda item in yesterday's Loan Committee meeting, and we at the meeting approved this loan.

Currently, just to give you a little bit of background, this is project in Austin, Texas, in the Bright View Neighborhood. Project Transitions has been around for over 30 years, they do wonderful work for persons living with HIV and AIDS and do wrap-around supportive services for their clients. They currently have a 22-unit apartment complex at this site, and they deemed that it's just most cost-effective to demolish and build a new 40-unit project that would better serve their community and their clients.

They fund-raised significantly and have been awarded close to $5 million in deferred forgivable financing from TDHCA -- I'm sorry -- from the City of Austin rather, $2 million in forgivable financing from TDHCA, and in your project summary you have a list of the other sources.

At Loan Committee yesterday, the terms that were approved were a loan in the amount of $785,000, a two-year construction loan at 3 percent interest, the Corporation will collect monthly payments of interest on any of the outstanding principal balance of the loan, the
Corporation will collect a $7,850 commitment fee, and we've also conditioned this loan on the project receiving more of the financing that they are applying for which includes an AHP grant from the Federal Home Loan Bank of Dallas, and they should hear on that in July of this year.

Does anybody have any questions for me on this project?

MS. CARDENAS: This is Valerie. It's going to target 30 and 50 percent. I know other projects we've looked at they allow for a certain percentage at either 60 or 80, so this entire project will just be exclusive to meeting these 30 and 50 percent of median income requirements?

MS. RAMIREZ: Yes. The affordable rents are way below what they could charge, even with the financing terms that they have, but because of the clientele they serve, they receive Housing Opportunities for Persons With AIDS, HAPWA funds, that helps them subsidize their operating costs and offer extremely affordable rents to their clients.

MS. CARDENAS: Okay. Thank you.

MR. DIETZ: Great. This is Bill. Are there any other questions or comments?

MS. SHIPLEY: This is Lali.

So, the $785- is not included in the $8.9
MS. RAMIREZ: It is. They're fund-raising for it right now but in our underwriting, we have the portion that's going to make it up and uncommitted. So, they're submitting a grant application in March to the Federal Home Loan Bank and are also doing a capital campaign to raise funds.

MS. SHIPLEY: Okay. On the last page where it says its 100 percent, that means planned 100 percent is fund-raised, these are all in the works, these aren't secured funds?

MS. RAMIREZ: So, what they're fund-raising for is approximately $600,000 and then they have an AHP grant out in March for $500,000.

MS. SHIPLEY: Okay.

MS. RAMIREZ: So, it's conditioned on them getting that AHP award for us to fully commit the loan and/or meeting 50 percent of their fund-raising goal. And they have an excellent track record for fund-raising. They did a similar campaign in 2005 for one of their projects, Doug House, where they raised over $500,000 in a year's term. It was another complete scrape and rebuild.

MS. SHIPLEY: Okay.

MS. RAMIREZ: They have close to half committed, so it's a wonderful project.
MR. DIETZ: Great. Any other questions or comments?

(No response.)

MR. DIETZ: Okay. Hearing none, is there a motion to approve?

MS. CARDENAS: This is Valerie. Motion to approve.

MS. JOHNSON-ROSE: This is Courtney. I will second.

MR. DIETZ: Okay. It has been moved and seconded. Is there any public comment?

(No response.)

MR. DIETZ: Okay. Hearing none, all in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution passes. Okay. It looks like that brings us to the end of our agenda. Is there any further item to be discussed, Mr. Long?

MR. LONG: No, Mr. Chairman, there's not. We don't have any need to go into closed session at all, and with that, I think we can conclude.

I would like to again thank the Board members
for participating in such unique circumstances, and again, thank you so much for your commitment and leadership to make this all happen and keep our business moving forward.

MR. DIETZ: Great. This is Bill. Thank you, everybody, for meeting under these unique circumstances. I encourage everybody to be safe and comply with CDC guidelines.

And, David, I heard you were asking that not more than ten people to be in the room, so it sounds like that's exactly what we're doing at Texas State Affordable Housing Corporation, is complying with all the safety precautions that have been recommended, so thanks for doing that.

MR. LONG: You bet.

MR. DIETZ: Okay. Well, with that, it is now 10:58 a.m., and the Texas State Affordable Housing Corporation Board meeting is adjourned. Thank you very much.

(Whereupon, at 10:58 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: March 18, 2020

I do hereby certify that the foregoing pages, numbers 1 through 2525, 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: March 24, 2020

(Transcriber)

On the Record Reporting
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