

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA TELECONFERENCE

Wednesday,  
May 13, 2020  
10:30 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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P R O C E E D I N G S

1  
2 MR. DIETZ: Then it is 10:30 a.m. on Wednesday,  
3 May 13, and I want to welcome everybody to the first  
4 completely virtual meeting of the Texas State Affordable  
5 Housing Corporation. And before we get started, we'll do  
6 our roll call here.

7 Bill Dietz? I am here.

8 Valerie Cardenas?

9 MS. CARDENAS: Present.

10 MR. DIETZ: Courtney Johnson-Rose?

11 MS. JOHNSON-ROSE: Present.

12 MR. DIETZ: Lali Shipley?

13 MS. SHIPLEY: Present.

14 MR. DIETZ: And Andy Williams?

15 MR. WILLIAMS: Present.

16 MR. DIETZ: Okay. We do have a quorum. And  
17 before we get started, I know there will be some direction  
18 on how exactly this meeting will be run here shortly, but  
19 I'd like to ask everybody, before speaking each time, just  
20 to identify themselves so that we all know who it is  
21 that's speaking.

22 And so, before we begin, let's start with the  
23 Pledge of Allegiance. And as I remind -- I'm involved in  
24 my son's Boy Scout troop, and as I remind them, you don't  
25 need a flag for the Pledge of Allegiance, so if you don't

1 have a flag present, don't worry about it.

2 Just go right ahead and join us for the Pledge  
3 of Allegiance. So, I will lead us.

4 (Pledges were recited.)

5 MR. DIETZ: And that worked better than some  
6 Zoom meetings I've been doing in Boy Scouts. Thank you.  
7 And before we begin, is there any public comment?

8 (No response.)

9 MR. DIETZ: Hearing none, do we go straight to  
10 the President's Report, or do we have -- are we doing the  
11 overview --

12 MS. ELLINOR: Bill, I think --

13 MR. DIETZ: -- before we do the President's  
14 Report?

15 MS. ELLINOR: -- yeah. Let's do a quick  
16 overview, just so everyone on the call understands --

17 MR. DIETZ: Great. Perfect.

18 MS. ELLINOR: -- the protocol and their tool.  
19 So, this is Sarah, everyone. Thank you, Bill.

20 So again, as Bill mentioned, please keep your  
21 line muted until it's your turn to speak or until you wish  
22 to speak, just to cut down on background noise. When you  
23 unmute your line, you may have to unmute both your webinar  
24 component as well as your phone, or it may be one or the  
25 other. Everyone seems to be different.

1           So, if you begin speaking and it sounds like  
2 people can't hear you, just try both. Announce yourself,  
3 as he said, as a courtesy to the court reporter,  
4 Elizabeth, and this includes Board members.

5           So, Board members, if you wish to make a  
6 comment on a particular tab item, just make sure you  
7 introduce yourselves. I know that people that are  
8 presenting the tab items are used to that, but you may not  
9 be. So -- and then everyone listening in the audience,  
10 you are on listen-only mode.

11           So, if you wish to make a public comment or,  
12 you know, would like to comment on something, please  
13 indicate so in the chat feature. I'll be monitoring that,  
14 and I will unmute your line individually, should you like  
15 to make a comment.

16           I think that's all. So, I'll go ahead and  
17 start off with David Long in your President's Report.

18           MR. LONG: Bill, you good to go?

19           MR. DIETZ: Great. Absolutely. Thank you,  
20 Sarah, for that explanation. David, we're ready for the  
21 President's Report.

22           MR. LONG: Okay. Again, for the record, this  
23 is David Long. Good morning, Chairman Dietz and Board  
24 members. Given that the Board meeting is being held via  
25 webinar and teleconference this morning, I'm going to

1 streamline my President's Report because we have a rather  
2 long agenda.

3 So, first, let me just thank the Board members  
4 for meeting under these unique circumstances. As Mr.  
5 Dietz mentioned, this is the first time we've ever had a  
6 Board meeting under these circumstances and via this  
7 virtual nature.

8 So, I want to thank you guys for being able to  
9 be available under these circumstances. I also want to  
10 make a special thank you to Sarah Ellinor and Rebecca  
11 DeLeon for their role in coordinating and hosting today's  
12 Board meeting.

13 I know each of the Board members received a  
14 training call from Sarah and she was able to kind of go  
15 over the process and the procedural points of this  
16 meeting. So, thank you, Sarah and Rebecca, for making  
17 that happen.

18 I also want to thank all the staff that  
19 participated in getting this Board book together. It's  
20 been a little unique for us to do it separate and apart  
21 from each other, but it worked out just fine. As the  
22 Board may or may not know, we've been working from home  
23 since March 19.

24 During that time, we've been able to maintain  
25 TSAHC's business as usual, which I'm very proud of. We've

1 been able to maintain calls and coordinate with all of our  
2 third-party vendors, as well as our partners in the  
3 industry that we work with and our lenders and realtors  
4 and everybody else.

5 So, I want to thank the staff and I'm very  
6 proud of what we've been able to accomplish in that. They  
7 actually have done a really good job. We had a little bit  
8 of fun one day on a call. Staff sent in some pictures of  
9 their home offices, and it was quite interesting to see  
10 what some of the staff considered to be home offices.

11 So, they've done a really good job of making  
12 their home offices very functional. We anticipate going  
13 back into the office, assuming all is still given the go-  
14 ahead, on June 1. Until then, we will continue to allow  
15 staff to work from home if they wish.

16 Some staff, I know, started to go back into the  
17 office this week, but it's a very limited number, and  
18 we'll continue to make sure that the staff, when they do  
19 return, are receiving the supplies needed to make sure  
20 that they have the ability to maintain social distancing,  
21 the cleanliness, health and safety of the staff, which is  
22 our utmost concern.

23 For the Board members, program and financial  
24 reports are under Tabs A through E of your Board book that  
25 was sent out to the Board members and to the public on our

1 website. I would allow any of the questions you might  
2 have on that to be brought up at this time, just because  
3 we have the staff that are available to answer those  
4 questions.

5 One of the unique reports in that, obviously,  
6 is our compliance -- Quarterly Compliance and Resident  
7 Services Report. And then in addition, we have our  
8 quarterly -- well, it's not really quarterly, but we have  
9 our quarterly fundraising report.

10 We get that -- we know about it on a daily  
11 basis, and are reported monthly, but it does have -- the  
12 quarterly fundraising report is in there as well. So, if  
13 you don't have any questions, I would just let the Board  
14 know that yesterday, via conference call, the Loan  
15 Committee met.

16 We met at 10:30. We did consider a 90-day  
17 extension to a loan that the Board had previously  
18 considered a while back in committee as eligible and  
19 authorized to make an extension on that, and the Committee  
20 approved a 90-day extension to Hamilton Valley portfolio  
21 project.

22 The loan was delayed, obviously, due to some  
23 circumstances and the volatility in the market, not to  
24 mention the COVID-19 issues that we're dealing with. So,  
25 we do anticipate within that 90 days that transaction will

1 close, and that loan will be able to be -- the extension  
2 of 90 days to be sufficient.

3 In addition, the Committee reviewed the typical  
4 program reports and our loan portfolio reports. We didn't  
5 have any additional issues that were addressed, and the  
6 staff also reported on some ongoing activity they are  
7 looking at that may eventually come to the Loan Committee  
8 in the future.

9 Andy Williams, Board representative to the Loan  
10 Committee, was also present via phone call, and so at this  
11 time, Mr. Williams, if you have any comments or questions  
12 that you'd like to kind of add on, I'm happy to let you do  
13 so at this time.

14 MR. WILLIAMS: Thank you, David. I do not have  
15 any comments or questions. Thank you.

16 MR. LONG: Okay. Thank you. And again, thank  
17 you, Andy, for joining. The last thing I'll bring up in  
18 my President's Report, Mr. Chairman -- so I'll streamline  
19 the program areas because I've had a chance to talk with  
20 each of the Board members or provide you each updates on  
21 some things that were in the program area reports.

22 But I will let you know that, a while back, the  
23 Board approved an RFP for our financial auditor services.

24 That RFP goes out rather timely, and we do have three  
25 responses back from that. At this time, we're not ready

1 to make a recommendation to the Board.

2 We haven't completed our review and scoring of  
3 those responses, but we do anticipate having those to you  
4 in the near future, and at that time, we'll be bringing  
5 that to the Board for their consideration and voting on  
6 that.

7 With that, Mr. Chairman, I'll go ahead and  
8 conclude my remarks. I would just again add that the  
9 staff have been doing an exceptional job in making sure  
10 that everything is getting done. We have a lot of things  
11 that are going on in a lot of the program areas.

12 As I mentioned before, each of you should have  
13 gotten some updates from me. And with that, I'll  
14 conclude. The only other thing I'll add with is, I know  
15 Mr. Thornhill is online. He is with Coats Rose, serving  
16 as general counsel for the Corporation, and so if you have  
17 any questions during the meeting, Mr. Thornhill is  
18 certainly available to answer those questions.

19 And then also, the last thing is, the next  
20 meeting of the Corporation is generally scheduled for  
21 June 10, which is the Wednesday, June 10. So, with that,  
22 I'll conclude, unless there's any questions.

23 MR. DIETZ: Great. This is Bill Dietz  
24 speaking. Thank you, David. Are there any questions or  
25 comments from Board members pertaining to the President's

1 report?

2 (No response.)

3 MR. DIETZ: Okay. Hearing none, we'll go into  
4 our action items for today's meeting. Tab 1 is the  
5 "Presentation, Discussion and Possible Approval of Minutes  
6 of the Board Meeting held on March 18." And so, are there  
7 any comments, corrections, questions about the minutes?

8 (No response.)

9 MR. DIETZ: If not, is there a motion to  
10 approve the minutes?

11 MS. CARDENAS: This is Valerie Cardenas. So,  
12 moved.

13 MR. DIETZ: Thanks, Valerie. Is there a  
14 second?

15 MR. WILLIAMS: This is Andy Williams. I'll  
16 second.

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

19 (No response.)

20 MR. DIETZ: Okay. All in favor -- I guess we  
21 will say, aye, and then I'll -- each time, I'll call for  
22 any opposed, so that we can have an opportunity to  
23 vocalize that as well. So, all in favor, please say, aye.

24 (A chorus of ayes.)

25 MR. DIETZ: Okay. Any opposed?

1 (No response.)

2 MR. DIETZ: Okay. Then the -- Tab 1, the  
3 minutes from the Board meeting on March 18, are approved.

4 Tab Item 2 is the "Presentation, Discussion and  
5 Possible Approval of a Resolution Regarding the Submission  
6 of one or more Applications for Allocation of Private  
7 Activity Bonds, Notices of Intention to Issue Bonds and  
8 State Bond Applications to the Texas Bond Review Board and  
9 Declaration of Expectation to Reimburse Expenditures with  
10 Proceeds of Future Debt for the Fawn Ridge Apartments  
11 Project."

12 Is there a presentation regarding that tab  
13 item?

14 MR. DANENFELZER: Yes. This is David  
15 Danenfelzer, Senior Director of Development Finance. I'll  
16 just ask one question. Sarah, should I go ahead and share  
17 my screen at this point?

18 MS. ELLINOR: Sorry. Do you have something  
19 that you need to present to them, or is it just your  
20 virtual --

21 MR. DANENFELZER: Just the --

22 MS. ELLINOR: -- presentation?

23 MR. DANENFELZER: -- Board packet. It's just  
24 the Board packet.

25 MS. ELLINOR: No. You don't need to present

1 that to them, I don't believe, unless --

2 MR. DANENFELZER: Okay.

3 MS. ELLINOR: -- they should have that up in  
4 front of them, unless they want you to share it but --

5 MR. DANENFELZER: All right. I'll go ahead and  
6 do just a verbal presentation, then, of some of the notes  
7 I was going to share on this particular project. We are  
8 discussing Fawn Ridge Apartments. It is located in The  
9 Woodlands, Texas.

10 It's a 120-unit acquisition and rehab project  
11 that will be completed by Involved Communities -- or  
12 Involved Community Management, which is the official  
13 developer of the project. The property is primarily a  
14 Section 8-based contract property.

15 So, there is assistance to individual  
16 households at the property through the Section 8 Program,  
17 but it is privately owned and operated. It does meet our  
18 targeted housing need for at-risk preservation projects.  
19 And as the, you know, financial summary and everything and  
20 the write-up show, the total budget for this project is  
21 about \$24.9 million.

22 And while about 15.5 million of the project  
23 will be in the form of bonds, there's also tax credits,  
24 reserves and other funding coming into the project. This  
25 is using a very familiar project -- or product to us now

1 in the lending world.

2 It's called the Freddie Mac TEL Program, or  
3 Tax-Exempt Loan. We've done a number of these in recent  
4 years. We're currently closing a project right now with  
5 one of these products, and so it is something that we're  
6 very familiar with, and you know, we've got a lot of  
7 support internally and with the Texas Bond Review Board on  
8 this structure.

9 I know that the developer is probably just  
10 listening in today. I don't know that they registered,  
11 but I will mention that Involved Communities is a group or  
12 organization formed in 1996, and they have more than  
13 10,000 units across the nine-state region, predominantly  
14 in the south, southeast, to Texas, and a few other  
15 scattered states.

16 They run a number of different programs on a  
17 charitable basis, including the state of -- part of the  
18 state of Alabama's 529 College Savings Plan, providing  
19 health care and other guidance to their tenants and a lot  
20 of community management and community services.

21 While I'm not familiar with Involved Community  
22 Management directly -- I've not worked with them and we've  
23 done a project with them before -- they are supported  
24 locally in Texas by Barry Palmer with Coats Rose as  
25 developer counsel, as well as Janna Cormier, who's a

1 consultant with JC Development Consultants.

2 She's actually the principal. And we have  
3 worked with both of these groups multiple times on other  
4 transactions, so we know that they're well-supported for  
5 new projects here in Texas. With that, I'll go ahead and  
6 just open the floor, or give it back to Mr. Dietz for any  
7 questions from Board members.

8 MR. DIETZ: Great. Thank you, David. Are  
9 there any questions from Board members?

10 MS. CARDENAS: This is Valerie. So, I was  
11 reviewing it, right -- and it says that the majority of  
12 that will remain -- the tenants will remain in the  
13 complex. Very few will be displaced. I guess in all of  
14 these costs, if there's individuals that are displaced,  
15 would that cover any of their relocation, temporary  
16 relocation?

17 How --

18 MR. DANENFELZER: Yes.

19 MS. CARDENAS: -- would that be handled?

20 MR. DANENFELZER: It -- sure. So, every  
21 project is required to have a relocation plan. That's  
22 required both for the tax credits and for the bonds. The  
23 relocation plan for this will be developed, and it will be  
24 provided to us prior to closing on the project, and we'll  
25 make sure that it has been approved by both HUD, which is

1 the Section 8 entity overseeing that, as well as the Texas  
2 Department of Housing, which oversees the tax credits.

3 The relocation plan basically is a plan of how  
4 to move and complete the rehab, so the tenants are least  
5 impacted. It may include some temporary relocation of a  
6 tenant from one unit to another after it has been rehabbed  
7 so that their unit can then be rehabbed, or it may also  
8 allow them to move out of the property and have temporary  
9 lodging while the rehab is undergoing.

10 We know that, with COVID-19, that has become a  
11 significant question for a lot of developments that are  
12 currently under rehab. It is one of the major impacts to  
13 one of our other developments, that David mentioned  
14 earlier, Hamilton Valley.

15 In this case, they'll have to develop that  
16 plan, but we do know that, because of some of the extra  
17 precautions that regulatory agencies are asking developers  
18 to take in rehab, there will probably be a little bit more  
19 money put aside to make sure that not only is -- are the  
20 tenants treated well and relocated properly, but then  
21 there's proper cleaning of each of their units prior to  
22 reoccupation. So --

23 MS. CARDENAS: Okay. Thank you. And then one  
24 last question. I guess I read that the neighborhood has a  
25 higher percentage of renters, right, in The Woodlands and

1 Harris, but with the household median income for that  
2 census tract -- is at 95, and Harris at 90, and so 97 of  
3 the 120 are designated for Section 8.

4 So, I guess I'm just wanting some clarity with  
5 such higher income levels versus Section 8. I guess I'm  
6 assuming that with Section 8, you're going to have certain  
7 income levels. Right?

8 MR. DANENFELZER: Right.

9 MS. CARDENAS: And so, these --

10 MR. DANENFELZER: Right.

11 MS. CARDENAS: -- and it's saying, well, these  
12 are higher. So how is that working, that 97 of the 120  
13 units are Section 8, when we're saying that, for this  
14 census tract, the household median income is higher?

15 MR. DANENFELZER: Right. And so, what we're  
16 actually seeing there is that the majority of the other  
17 units, the other apartment complexes in this census tract,  
18 are market rate, and they are actually pushing the median  
19 income upwards for this census tract.

20 So, what we have is actually is what we  
21 consider a high opportunity area, one where incomes are  
22 generally higher. Access to educational services and  
23 other commercial services is higher than it might normally  
24 be in a census tract with much lower median incomes.

25 And so, these 97 assisted units represent --

1 they may represent all of the affordable units in this  
2 census tract, and we're seeing that those individuals have  
3 higher access to, you know, other services which would be  
4 customary near a higher income area.

5 And so, we would generally consider that a  
6 really good thing, that we're allowing people to integrate  
7 into higher income areas and not have to be, you know,  
8 segregated in lower income census tracts.

9 MS. CARDENAS: Okay. Thank you.

10 MR. DIETZ: Great. Thank you. And this is  
11 Bill Dietz. Any other questions from Board members?

12 (No response.)

13 MR. DIETZ: Okay. Then is there a motion to  
14 approve?

15 MS. CARDENAS: This is Valerie. So, moved.

16 MR. DIETZ: It has been moved. Is there a  
17 second?

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

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

21 (No response.)

22 MR. DIETZ: Okay. Since there is no public  
23 comment, all in favor, please say aye.

24 (A chorus of ayes.)

25 MR. DIETZ: Are there any opposed?

1 (No response.)

2 MR. DIETZ: Okay. Tab Item 2, the approval of  
3 the resolution regarding the submission of the private  
4 activity bonds relating to the Fawn Ridge Apartments  
5 project is approved.

6 I'm going to move on to Tab Item 3, which is  
7 the "Presentation, Discussion and Possible Approval of a  
8 Resolution Regarding the Submission of one or more  
9 Applications for Allocation of Private Activity Bonds,  
10 Notices of Intention to Issue Bonds and State Bond  
11 Applications to the Texas Bond Review Board and  
12 Declaration of Expectation to Reimburse Expenditures with  
13 Proceeds of Future Debt for the Marshall Apartments."

14 Is there a presentation relating to this tab  
15 item?

16 MR. DANENFELZER: Yes. David Danenfelzer,  
17 Senior Director of Development Finance again. Before I  
18 begin the presentation on Marshall Apartments, I do want  
19 to make one thing clear. I kind of skipped over it in the  
20 last presentation.

21 But the last agenda item and the next three are  
22 inducement resolutions for bond projects. This is not the  
23 Corporation's approval of these projects in final form.  
24 This only gives the Corporation authority to apply and  
25 reserve volume cap for these projects, and it also gives

1 us authority to move forward with the developer and its  
2 financing team to develop bond documents, to create a  
3 program and project that will be -- meet all of the state  
4 and federal requirements necessary for this -- for the  
5 bonds.

6 And then we will bring these projects back to  
7 the Board prior for final approval at some point in the  
8 future, when they are ready to be closed. So, I just  
9 wanted to be clear on that. This is not a final approval  
10 of these projects.

11 You all will get to see them before they are  
12 approved in final form. So, with that said --

13 MR. DIETZ: Does that -- I'm sorry. This is  
14 Bill Dietz. Does that apply --

15 MR. DANENFELZER: Sure.

16 MR. DIETZ: -- to Tab Items 2 and 3 and any  
17 other tab items, or is that just 2 and 3 that applies to?

18 MR. DANENFELZER: Tab Item 2, Tab 3, Tab 4, and  
19 Tab 5. I believe it --

20 MR. DIETZ: Okay.

21 MR. DANENFELZER: -- was all three, or all four  
22 of those tabs are inducement resolutions.

23 MR. DIETZ: Pardon. Thank you for that  
24 clarification.

25 MR. DANENFELZER: Yeah. So back on track with

1 Tab 3. We're talking about Marshall Apartments. It's a  
2 100-unit acquisition and rehab project, very similar to  
3 Fawn Ridge. It is supported with Section 8 project-based  
4 contract, as noted before.

5 So it is very, very similar, and has all the  
6 same parties in regards to the developer, Involved  
7 Community Partners -- Community Management, and has a very  
8 similar bond structure, although the total bonds -- or  
9 total project costs for this is 19.5 million, and again,  
10 the bond amount anticipated is 19.1 million, and this will  
11 be, as well, structured as a Freddie Mac TEL project.

12 So -- I'm sorry. Was there a question there?

13 MR. LONG: David, this is David Long. There  
14 was a lot of background static during that part of your --

15 MR. DANENFELZER: Oh.

16 MR. LONG: -- presentation. I don't know if  
17 you heard that or not, but if anybody's got their phone  
18 on -- not on mute and we could get it muted while David  
19 presents, that would be very helpful. Thank you.

20 MR. DANENFELZER: Does anyone need me to repeat  
21 anything so far?

22 (No response.)

23 MR. DANENFELZER: All right. Hearing none, I'm  
24 going to go ahead and continue with my presentation. The  
25 Marshall Apartments is located in Austin, Texas. It's

1 actually relatively close to our current offices, and it  
2 is a longstanding project here in central Austin.

3 The neighborhood is historically a single-  
4 family neighborhood, and this project is located adjacent  
5 to one of Austin's magnet schools, Kealing Middle School.

6 And it also has a similar makeup in the sense that, while  
7 the median households for this census tract are generally  
8 a little bit lower compared to that other census tract we  
9 looked at in The Woodlands, if you look at the  
10 neighborhood or the zip code in general, it is actually  
11 much higher.

12 And so, this is kind of a unique census tract  
13 in the way it was carved out in the incomes for this area.

14 But we have seen, through market analysis, that many of  
15 the homes in this neighborhood, and particularly in the  
16 adjacent census tracts, have gone through an enormous  
17 amount of gentrification and in cost increases.

18 Average home prices are now between \$300 and  
19 \$400 a square foot for this area. So, this is a very  
20 fast-changing neighborhood and has been for about five or  
21 six years. Again, I don't know that there's need to go  
22 much into a developer summary.

23 We discussed Involved Community Management  
24 before and their support team with Coats Rose and JC  
25 Development Consultants. So, I'll go ahead and open it

1 back up for questions from the Board.

2 MR. DIETZ: Are there any questions from the  
3 Board on Tab Item 3?

4 (No response.)

5 MR. DIETZ: Okay. And hearing none, is there a  
6 motion?

7 MS. CARDENAS: [inaudible].

8 MR. DIETZ: I couldn't quite make -- is it --

9 MS. CARDENAS: This is Valerie. So, moved.

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

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

13 (No response.)

14 MR. DIETZ: And Sarah, I presume that, at any  
15 point in time, if there was a public comment, you would be  
16 alerting us. Correct?

17 MS. ELLINOR: Yes, sir. There's no --

18 MR. DIETZ: Okay. Great.

19 MS. ELLINOR: -- public comment.

20 MR. DIETZ: Okay. Good. Is -- then it has  
21 been moved and approved. There's no public comment. All  
22 in favor, please signify by saying aye.

23 (A chorus of ayes.)

24 MR. DIETZ: Are there any opposed?

25 (No response.)

1 MR. DIETZ: Okay. Well, Tab Item 3 is  
2 approved.

3 On to Tab Item 4, which is the "Presentation,  
4 Discussion and Possible Approval of a Resolution Regarding  
5 the Submission of one or more Applications for Allocation  
6 of Private Activity Bonds, Notices of Intention to Issue  
7 Bonds and State Bond Applications to the Texas Bond Review  
8 Board and Declaration of Expectation to Reimburse  
9 Expenditures with Proceeds of Future Debt for the Shady  
10 Oaks Manor Apartments."

11 MR. DANENFELZER: Hi. This is David  
12 Danenfelzer, Senior Director of Development Finance. And  
13 this project looks like the previous two. We're talking  
14 about Shady Oaks Manor which is a property located in Fort  
15 Worth, Texas with 138 units, and this is, again, an  
16 acquisition and rehab project.

17 Shady Oak Manor is a senior community and does  
18 have Section 8 project-based contract associated with it,  
19 so it does meet both our senior and our preservation set-  
20 asides or targeted housing needs for the TSAHC's Bond  
21 Program. The acquisition and rehab have a budget of  
22 18.2 million, or approximately 18.2, and of course, that  
23 will be rounded out by housing tax credits, deferred  
24 developer fees and other income and funding to the  
25 project.

1           One difference between this and the previous  
2 two is that the bonds will be purchased by -- through a  
3 private placement agreement with Bellwether Enterprise,  
4 another group that we're very familiar with, a very large  
5 national organization that purchases bonds very frequently  
6 in Texas. And so, it is a structure that we're familiar  
7 with.

8           And there's -- and it will look basically like  
9 many of our other private placement transactions that  
10 we've done in recent years, including the Hamilton Valley  
11 project, which we're working on currently. Shady Oaks  
12 Manor is, as I mentioned, located in Fort Worth.

13           It's relatively close -- or it's actually  
14 relatively far away from the downtown area, but it is  
15 along State Highway 199 and 820. It's in an area which,  
16 you know, we generally would consider sort of one of the  
17 inner-ring suburb areas of Fort Worth, and the census  
18 tract, again, has kind of unique characteristics in the  
19 sense that most of the census tract for this particular  
20 property is actually associated with Lake Worth and a park  
21 system.

22           So, looking at the economics and the market  
23 study, what's kind of unique in the sense that, while the  
24 median incomes for the tract were low, we do know that  
25 adjacent tracts were also higher and in much better

1 condition. But also, this census tract in particular has  
2 a relatively low number of total households because it is  
3 related -- literally adjacent to a lake and a very large  
4 regional park for Tarrant County.

5 Again, you know, I'll mention that the  
6 developer on this is Involved Communities and has the same  
7 support team in Coats Rose and JC Development Consultants.  
8 So, I'll leave it open for questions.

9 MS. CARDENAS: This is Valerie. So, since this  
10 is the same developer, it's just kind of a general  
11 question. Do we have a certain cap in extending credit to  
12 a single developer? You know, criteria just -- I mean, I  
13 don't know, just to make sure that they're not  
14 overextended financially, and then -- or overextending  
15 themselves, and then also just with the project management  
16 itself?

17 I know they're a big company, but you know,  
18 just a question to ask.

19 MR. DANENFELZER: Yeah. I think that's a good  
20 question. One point of clarity is that the Corporation is  
21 not extending credit. What we are actually doing is  
22 making sure that the credit facility by the bond purchaser  
23 and the developer meets the federal and state requirements  
24 for the issuance of private activity bonds.

25 While we do look at the creditworthiness, and

1 our financial advisor or municipal advisor does look at  
2 the financial worthiness of each of the applicants and  
3 looks at their background, we don't necessarily consider  
4 this an extension of credit.

5 It's really just to make sure that, again --  
6 that the agreements to loan, or bond agreements, between  
7 the two parties meet all the federal and state  
8 requirements. We will certainly continue ongoing asset  
9 oversight and compliance of the properties to ensure  
10 they're meeting those requirements long-term, but again,  
11 we don't currently have any caps that we set on individual  
12 developers.

13 And at this point in time, for the three  
14 developments that they're proposing, it's under  
15 \$45 million total for the three transactions, and you  
16 know, I'd note that the -- that we are allowed and we have  
17 done deals as large as \$75 million per project, using  
18 private activity bonds.

19 So, this would be, you know, between the three  
20 deals, about half of what we have extended to one single  
21 developer in the past.

22 MS. CARDENAS: Okay. Yeah. So, it's in line.  
23 And maybe the extension of credit wasn't the right term.  
24 Right? For lack of a better word.

25 We're basically endorsing the project, putting

1 it together, doing the analysis, and like you said, making  
2 sure that it meets, you know, all the different levels of  
3 requirements. And so yeah. It was just a question to  
4 see -- and I'm glad you answered that.

5 You said, hey, we've seen projects, you know,  
6 to a single developer or -- the highest at 75. And so, it  
7 was just -- you know, is there ever a cap? Not so much a  
8 cap. Right? But to where we just say, you know, that  
9 maybe they are overextending themselves?

10 MR. DANENFELZER: Yeah. And certainly, in our  
11 review of these developers, as we get more into it as  
12 well, you know, we will depend on our municipal adviser to  
13 kind of key us in on any risks for the developer level.  
14 But we also trust that the bond purchaser, the banks that  
15 are purchasing these bonds or investing in them, have also  
16 done their due diligence and made sure that they feel that  
17 the developer is creditworthy.

18 MS. CARDENAS: Good.

19 MR. DIETZ: Great, great. Thank you, David.  
20 Any other questions for David from this tab item?

21 MR. WILLIAMS: This is Andy. David, and for  
22 the Board, I'm actually very familiar with this project,  
23 and this is a really great project simply because, from  
24 the data you don't see, it's really a high opportunity  
25 area, and this was a project that was syndicated, and the

1 residents currently in that community are being kind of  
2 gentrified.

3 So, for someone to come in and kind of re-  
4 syndicate this project, it's exactly what our mission is,  
5 because that tract of land for senior housing is about  
6 10 minutes from downtown. It anchors Lake Worth and Fort  
7 Worth. So, it's a high opportunity area that's being  
8 transitioned really quickly, and it's really exciting for  
9 me to see someone take that project down, and we're  
10 actually going to be a part of it.

11 MR. DIETZ: Great. Well, that's good to hear.

12 Any other comments or questions for David? All right.  
13 If there are none, is there a motion?

14 MR. WILLIAMS: This is Andy. I'll motion to  
15 approve.

16 MR. DIETZ: Thanks, Andy. Is there a second?

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

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

20 (No response.)

21 MR. DIETZ: Okay. Hearing none, all in favor,  
22 please signify by saying aye.

23 (A chorus of ayes.)

24 MR. DIETZ: Any opposed?

25 (No response.)

1 MR. DIETZ: Okay. Then Tab Item 4 relating to  
2 the Shady Oaks Manor Apartments is approved.

3 Tab Item 5 was the "Presentation, Discussion  
4 and Possible Approval of a Resolution Regarding the  
5 Submission of one or more Applications for Allocation of  
6 Private Activity Bonds, Notices of Intention to Issue  
7 Bonds and State Bond Applications to the Texas Bond Review  
8 Board and Declaration of Expectation to Reimburse  
9 Expenditures with Proceeds of Future Debt for the W. Leo  
10 Daniels Towers."

11 MR. DIETZ: David?

12 MR. DANENFELZER: Sure. Dave Danenfelzer,  
13 Senior Director of Development Finance. This project, as  
14 Mr. Dietz noted, is for the W. Leo Daniels Towers located  
15 in Houston, Texas and includes 100 units reserved for  
16 seniors.

17 The project developer will be ITEX Group, which  
18 is a group we've worked with before, but has been around  
19 Texas a long, long time. Leo Daniels is also a unique  
20 project, a little bit different than the others in the  
21 sense that, while it is an at-risk preservation and senior  
22 supportive housing development for our target housing  
23 needs, this project will also be receiving some funding  
24 through the City of Houston's CDBG Disaster Relief Program  
25 related to Hurricane Harvey.

1           Because of that, while the total budget of  
2 22.8 million will be met by both tax-exempt bonds, housing  
3 tax credits and deferred developer fees, the City's CDBG  
4 Program will provide a large infusion here of funding so  
5 that it will take up most -- pay down most of the bonds.  
6 The permanent bond amount long-term will be only  
7 4.35 million, and so that 10 million in additional City  
8 money will help bring those bond amounts down.

9           As far as, you know, initial underwriting, it  
10 looks very strong. We're very happy to be involved and  
11 help rehabilitate this property, which is a bit older, but  
12 at the same time, you know, in a good area of Houston and  
13 someplace that we'd like to, you know, continue to support  
14 and rehab.

15           The renovations will be quite significant on  
16 this, probably much more than other properties, because of  
17 some of the damage that was received during Hurricane  
18 Harvey. There has been quite a bit of deferred  
19 maintenance since that event occurred and -- by the  
20 current owner, and so the rehab will be quite significant,  
21 with completely new roofing, sort of exterior sheeting,  
22 new doors, windows, hardware, lots of both repairs  
23 interior and exterior to the development.

24           And as noted before, too, in the other  
25 presentations, we will have some relocation of the

1 tenants. That will all be handled, and that relocation  
2 plan will be developed and approved by the Corporation  
3 prior to, you know -- you know, prior to final approval by  
4 the Board.

5 ITEX Group, moving on to developer summary, is  
6 a Texas-based, for-profit developer. While they were  
7 formed in Port Arthur, really, their executive offices are  
8 now in Houston, though they do have a group of staff still  
9 based in Port Arthur. And they have over 6,900 units in a  
10 number of different states including Texas, Louisiana and  
11 Colorado.

12 Chris Akbari is the principal and president/CEO  
13 of the company. He took over from his father a number of  
14 years ago, who formed the company, and has been a  
15 longstanding, you know, participant both in affordable  
16 housing, but other both nonprofit and sort of university  
17 and other programs throughout the state, and particularly  
18 in the southeast of Texas.

19 The development team also includes consultants  
20 who are familiar with -- and I'll note too that Coats Rose  
21 is also the developer counsel on this, and Barry Palmer,  
22 once again, is involved in this transaction. I'll go  
23 ahead and leave it open for questions at this time

24 MR. DIETZ: Great. Thanks, David. This is  
25 Bill Dietz. Are there any questions from Board members or

1 comments?

2 MS. SHIPLEY: This is Lali. I might just be  
3 missing it, but is there a projected cost per unit for  
4 this development for the renovation?

5 MR. DANENFELZER: Yeah.

6 MS. SHIPLEY: Like 106?

7 MR. DANENFELZER: That would be the rehab.  
8 Yeah. Let me go up to the --

9 MS. SHIPLEY: Right.

10 MR. DANENFELZER: -- presentation part, because  
11 there's -- I do mention it in the presentation that  
12 there's about \$106 per unit of rehab going on, which is  
13 quite high, but this property, as I noted, has received  
14 damage and does have a higher-than-normal rehab per unit  
15 requirement.

16 The tax credit --

17 MS. SHIPLEY: Okay.

18 MR. DANENFELZER: -- program requires only  
19 \$37,000 per unit, but this one is obviously significantly  
20 higher.

21 MS. SHIPLEY: -- because of [inaudible]?

22 MR. DANENFELZER: Yeah. And then if you go  
23 into the underwriting summary, in the second page, which  
24 is the summary of sources and uses, you'll see the total  
25 cost per unit is \$228,378. So, these are individually

1 costly units, but really quite within the market of  
2 today's rehab and even new construction properties.

3 This is becoming a number more and more  
4 familiar to us.

5 MS. SHIPLEY: Okay.

6 MR. DIETZ: Great. Thanks, David. Any other  
7 questions or comments?

8 (No response.)

9 MR. DIETZ: Is there a motion?

10 MS. CARDENAS: This is Valerie. So, moved.

11 MR. DIETZ: Okay. We've got a motion from  
12 Valerie, and I think I heard somebody about to do a  
13 second.

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

15 MR. DIETZ: Okay. Great. Thanks, Andy. So,  
16 it has been moved and seconded. Is there any public  
17 comment?

18 (No response.)

19 MR. DIETZ: Okay. Hearing none, all in favor,  
20 please signify by saying aye.

21 (A chorus of ayes.)

22 MR. DIETZ: Any opposed?

23 (No response.)

24 MR. DIETZ: Okay. Then Tab Item 5 is approved.  
25 On to Tab Item 6, which is the "Presentation, Discussion

1 and Possible Approval of a Resolution amending the  
2 provisions of Resolution No. 18 19, as amended by  
3 Resolution No. 20-01 relating to the Texas State  
4 Affordable Housing Corporation Multifamily Housing Revenue  
5 Note (the Ventura at Fairgrounds Apartments) and resolving  
6 other matters incident and related thereto."

7 So, presentation about Tab Item 6.

8 MR. DANENFELZER: Sure. Dave Danenfelzer,  
9 again, Senior Director of Development Finance. This  
10 particular project, you've looked at many times. We've  
11 actually approved these bonds in the past as well. To  
12 give you a short history of it, we did look at this  
13 project actually in 2018 and were hoping to close in 2019.

14 Due to some issues with the City of Midland and  
15 requirements for additional road work that needs to be  
16 done on the site, that was delayed last year, and we had  
17 hoped to be able to close that in January 2020. However,  
18 that has been pushed back slightly, predominantly because  
19 of different changes in how the bond program worked, but  
20 also with timing of reservations.

21 But we have -- you know, we renewed the  
22 reservation early this year. We've been working towards  
23 closing and we had originally hoped to close in early May.  
24 However, about four weeks ago, the developer called us and  
25 was -- had been -- informed us that, due to COVID-19, that

1 the primary construction lender, JPMorgan Chase, had  
2 withdrawn from the transaction.

3 They had quoted that, because of COVID-19 and  
4 high exposure in the oil markets, they were no longer able  
5 to participate in the transaction. This is obviously  
6 somewhat of a unique situation. We don't often see  
7 construction lenders pulling out, but we're also in a very  
8 unique and historic time.

9 The developer, however, has very strong ties to  
10 a number of different financial partners, and they were  
11 able to very quickly replace the lender -- replace Chase  
12 with two different organizations. One is ATEX Lending --  
13 or ATEX Financial, and Greystone Financial.

14 The overall structure of the project is not  
15 changing at all. All we are doing is swapping out in the  
16 individual parties that are lending. Those parties have  
17 done all of their due diligence and have pre-underwritten  
18 the project.

19 They are ready to go with all of the same terms  
20 and conditions that the bonds had when we approved this  
21 earlier this year and did a previous amendment, as is  
22 noted in the body the resolution there, on January 22, but  
23 we do need to amend our resolution to update it, in order  
24 to update it so that it does mention ATEX and Greystone.

25 And I'll note that, in the body of the

1 resolution, the actual partner that is being used, the  
2 initial purchaser by ATEX is America First Multifamily  
3 Investors. And so that's just a point of clarity. We  
4 want to make sure that you understand that that entity is  
5 not by its branded name, ATEX.

6 It's actually America First Multifamily  
7 Investors. But again, Freddie Mac is really the ultimate  
8 purchaser of these bonds, even though Greystone will be  
9 the seller servicer, and Freddie Mac has reconfirmed its  
10 commitment to this project, and helped them with reduced  
11 interest rates as well.

12 So even though there may have -- there has been  
13 a little bit of increase since the beginning of the year  
14 in total construction costs, it's well within our buffer  
15 of understanding and we're, you know, well able to meet  
16 all those needs to get the project completed.

17 So, this really did happen quite quick, and I  
18 want to thank our bond counsel for jumping on it and  
19 helping us go through all the hurdles, and we've  
20 communicated these changes also to the Texas Bond Review  
21 Board, who continues to support the project.

22 So, at this point, I'll turn it over for  
23 questions, if there are any.

24 MR. DIETZ: Thanks, David. Are there any  
25 questions from the Board?

1 (No response.)

2 MR. DIETZ: David, this is Bill Dietz. So,  
3 this is, physically, it's just the exact same thing that  
4 we've approved with the substitution of lending partners  
5 that you referenced. Correct?

6 MR. DANENFELZER: Correct. Right.

7 MR. DIETZ: Great. Any questions from the  
8 Board or comments?

9 (No response.)

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

11 MS. JOHNSON-ROSE: Mr. Chair, this is Courtney.  
12 I'll make the motion for possible approval.

13 MR. DIETZ: Thanks, Courtney. Is there any --  
14 is there a second?

15 MS. CARDENAS: This is Valerie. Second.

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

18 (No response.)

19 MR. DIETZ: Okay. Hearing none, all in favor,  
20 please signify by saying aye.

21 (A chorus of ayes.)

22 MR. DIETZ: Any opposed?

23 (No response.)

24 MR. DIETZ: Okay. Then the motion passes -- is  
25 approved. On to Tab Item 7, which is the "Presentation,

1 Discussion and Possible Approval of an Amendment to the  
2 Guidelines, Scoring Criteria and Targeted Housing Needs  
3 for the Allocation of Qualified Residential Rental Project  
4 Tax Exempt Bonds under the Multifamily Housing Private  
5 Activity Bond Program Request for Proposals and the  
6 501(c) (3) Bond Program Policies for Calendar Year 2020."

7 Is there a --

8 MR. DANENFELZER: Hi.

9 MR. DIETZ: -- on this tab item?

10 MR. DANENFELZER: Hi. This is Dave  
11 Danenfelzer, again, Senior Director of Development  
12 Finance. As you can tell, I've been a little bit busy,  
13 and so with -- one of the real reasons for this change is  
14 because of statutory changes which occurred last year in  
15 the Private Activity Bond Program.

16 The most significant one of that was the fact  
17 that the individual per-project limit was originally  
18 25 million prior to last year, and the Legislature rose  
19 that number up to 50 million per project. Now, that has  
20 taken off a great deal of pressure on what used to be  
21 something that, after August 15, which was a significant  
22 benchmark date for the program statewide, at that point,  
23 developers could come in with developments over 25 million  
24 and apply for larger projects around the state.

25 Because of that change last year, though, and

1 that raising of the cap to 50 million, many deals have  
2 been able to get in line earlier, larger deals,  
3 particularly in urban areas, 200, 300, 400 units, and  
4 those deals have kind of moved through the process.

5 But one unique thing that is changing is it is  
6 also allowing smaller deals that did not get volume cap  
7 early in the year to apply now for volume cap reservations  
8 and then wait until August 15 to see what additional cap  
9 becomes available from other sub-ceilings or other areas  
10 of this -- of the private activity world that are not  
11 utilizing their initial set-asides.

12 So, in reaction to that, one of the things  
13 that's happened for our program is that we've received  
14 applications in excess of the volume cap that were  
15 initially allocated on January 1. We will be able to meet  
16 all of the projects that you approve today with the volume  
17 cap we have, but we do know that there's additional  
18 projects that are planning to apply for our June and July  
19 Board meetings, and we realize that there may be a risk in  
20 how we collect our fee structures and not getting fees in  
21 a timely manner, and being able to cover the professional  
22 costs that our bond counsel and others take on in  
23 reviewing these applications and getting them to the  
24 inducement stage.

25 So, with that long introduction, I'll just

1 state that there's two sections related to our fees,  
2 Section 12(b) and 12(c), which we're amending today. What  
3 we'd like to do is move the inducement fee, which  
4 originally was five days after the inducement resolution  
5 was proposed, to five business days before.

6 In this way, we will get that funding. We'll  
7 be able to pay any costs of bond counsel or our activities  
8 related to the inducement process and ensure that we can  
9 move quickly after the inducement process to do things  
10 like public hearings and other actions, without having to  
11 wait.

12 We're also asking to sort of change some of the  
13 language and just clarify when the professional deposit  
14 fee, which is collected to cover not only the bond counsel  
15 but also our municipal advisor and our issuer counsel fees  
16 -- and this will help ensure that we also have additional  
17 capital from the developer and fees to pay for the work to  
18 get to our bond reservation application.

19 We just want to make sure that we're not left  
20 holding the tab for bond counsel and other services if  
21 developers try to push too many deals into the pipeline  
22 and then don't get their reservations in August and then  
23 leave us holding the bill for that work. So, it is a  
24 little bit preemptive, but we also know that, because of  
25 the demand that's coming in June and July, this will be

1 kind of a necessary change to make sure that we don't get  
2 left holding the bill.

3 MR. DIETZ: Great. Thanks, David. Is there  
4 any question for David from the Board or comment?

5 (No response.)

6 MR. DIETZ: Or if not, is there a motion?

7 MR. WILLIAMS: This is Andy. I'll motion to  
8 approve.

9 MR. DIETZ: Thanks, Andy. Is there a second?

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

11 MR. DIETZ: Okay. We have a motion. It's been  
12 moved and seconded. Is there any public comment?

13 (No response.)

14 MR. DIETZ: Okay. Hearing no public comment,  
15 all in favor, please signify by saying aye.

16 (A chorus of ayes.)

17 MR. DIETZ: Is there any opposed?

18 (No response.)

19 MR. DIETZ: Okay. Hearing none, it is  
20 approved. Tab Item 7 is approved. On to Tab Item 8,  
21 which is the "Presentation, Discussion and Possible  
22 Approval of the 2020 Texas Foundations Fund Guidelines."

23 MR. WILT: Good morning, Chairman and Board  
24 members. This is Michael Wilt, Senior Manager of External  
25 Relations. And can you just confirm that y'all can hear

1 me?

2 MR. DIETZ: Loud and clear.

3 MS. CARDENAS: We can hear you.

4 MR. WILT: All right. Perfect. I feel like  
5 Dave should do this one. He's on a roll, but I guess I'll  
6 go ahead and do it. I am here to present Tab Item 8.  
7 This is an action item, asking the Board to approve the  
8 2020 Texas Foundations Fund Guidelines.

9 With your approval of the guidelines today, we  
10 plan to open the application as early as tomorrow, May 14.

11 As you might recall, in February, which seems like a  
12 couple years ago, we released the draft of the guidelines  
13 for public comment, and that public comment was open from  
14 February 13 through March 16.

15 During that time, we received two comments, one  
16 saying that everything was working just fine. Let's not  
17 change anything. And the other comment suggested a  
18 change, and I'll get to that in a little bit. It's  
19 reflected in the redlined version that you have in your  
20 Board book.

21 And I'll walk you through that change and other  
22 changes that we made, and then there was one for our  
23 attorney. So, if you start in the 2020 partner  
24 application process, we updated the dates. This is  
25 because we didn't have an April Board meeting.

1           We would have brought these guidelines to you  
2 at that time and opened the application earlier. So now,  
3 we intend to open it this month, and then we're extending  
4 the deadline to apply for two weeks, until June 19. In  
5 the partner threshold requirements on page 2, if you move  
6 down a little bit, under six, financial requirements,  
7 there's language that's been added that financial reviews  
8 have to be done by a third-party certified public  
9 accountant.

10           This came at the request of our attorneys.  
11 Melinda Smith, our CFO, reviewed it and made a slight  
12 modification. So, the language that exists in this  
13 redlined version is a combination of the attorneys'  
14 suggested language and then Melinda's suggestion as well.

15           On page 4, this is the last one, and it's the  
16 new language around the administrative allowance. We're  
17 going to -- we propose allowing an administrative  
18 allowance of up to 5 percent of the grant amount, or  
19 10 percent in special circumstances if the partner can  
20 justify it.

21           This is based on a comment that we received,  
22 and also, feedback in general from all the nonprofit  
23 partners that we work with, whether it's through this  
24 program or our HEART Program, that as budgets tighten and  
25 these programs are becoming harder to execute, which is an

1 ongoing situation, they need a little administrative  
2 support to continue operating their programs.

3 And we actually used to allow for an  
4 administrative allowance when our grants were larger. We  
5 took it out due to the matching grant system. The grant  
6 amount, while we're handing out -- working with more  
7 organizations, are a little bit smaller, and if you take  
8 out an admin fee, it doesn't leave an incredible amount  
9 left over, but we feel like that, given the current  
10 situation, it is fair and the right thing to do, to go  
11 ahead and add that administrative allowance back in.

12 That concludes my comments. Happy to answer  
13 any questions you have.

14 MS. SHIPLEY: This is Lali. Oh --

15 MR. DIETZ: Go ahead, Lali.

16 MS. SHIPLEY: -- thanks. Michael, what exactly  
17 is considered an administrative allowance? And is that  
18 something that needs to be specifically outlined for  
19 partners somewhere?

20 MR. WILT: We -- administrative allowance can  
21 go for -- to pretty much anything. It can just be -- and  
22 we kind of allow for it within the current guidelines for  
23 things like staff salaries, but just related -- any sort  
24 of program costs that are related to implementing the  
25 program that don't go towards direct costs, and this is

1 typically more common in the home repair side than it is  
2 with supportive services side.

3 So say, the home repair side, there -- you rack  
4 up some either staff time or ancillary bills that aren't  
5 directly related to the home repair itself and the  
6 contract work that is procured to do those home repairs,  
7 anything outside of the scope of direct costs that would  
8 go towards the home repair would be considered  
9 administrative costs.

10 MS. SHIPLEY: Okay. And that's not something  
11 that partners need to, I guess, prove or follow up, that  
12 they've used the funds in a certain way? It's kind of  
13 deliberately less flexible?

14 MR. WILT: Yeah. We ask for a budget whenever  
15 they apply for the grant program. So, it is something  
16 that we'll review to make sure that the administrative  
17 costs aren't unreasonable.

18 But typically, we allow a little bit of  
19 flexibility with them, and leave it up to them on how they  
20 administer the program -- or administer the grant, I  
21 should say -- the program that the grant supports.

22 MS. SHIPLEY: Okay. Great.

23 MR. WILT: Great.

24 MR. DIETZ: Good. Any other questions or  
25 comments?

1 (No response.)

2 MR. DIETZ: Okay. Hearing none, is there a  
3 motion?

4 MS. CARDENAS: This is Valerie. So, moved.

5 MR. DIETZ: Is there a second?

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

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

9 (No response.)

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

12 (A chorus of ayes.)

13 MR. DIETZ: Any opposed?

14 (No response.)

15 MR. DIETZ: Okay. Then the 2020 Texas  
16 Foundations Fund Guidelines are approved. On to Tab Item  
17 9 -- yeah. Thank you. On to Tab Item 9, which is the  
18 "Presentation and Discussion on Developing a Statewide  
19 Housing Task Force."

20 So, this does not carry with it any approval.  
21 We're not taking any action today. We're just simply  
22 having a presentation and discussion about the potential  
23 to develop a Statewide Housing Task Force.

24 MR. LONG: Yeah. Mr. Chairman, this is David  
25 Long. I'll go ahead and start. I just want to

1 acknowledge that Andy Williams has been a huge part in  
2 this discussion. So, first, thank you to Andy. And we've  
3 had a chance to discuss the developing consequences and  
4 potential opportunities that may result from the current  
5 economic downturn that we're seeing as a result of the  
6 COVID-19 and resulting changes in unemployment and  
7 everything else.

8 I would like to kind of maybe make a  
9 comparison. In 2007, the housing crisis that developed as  
10 a result -- that developed, left a lot of financial  
11 institutions and investors in severely-overvalued real  
12 estate and mortgage-backed securities portfolios, and we  
13 saw a dramatic increase in the foreclosures that were not  
14 only in Texas, but across the country.

15 Numerous safeguards and changes were  
16 implemented throughout the industry to mitigate poor  
17 lending practices that led to massive foreclosures, and  
18 while the devastation was extensive and a lot of families  
19 were negatively impacted, the ability to deploy financial  
20 resources, capital, if you will, in an effort to acquire  
21 and bring the thousands of foreclosed properties online,  
22 back online, created an opportunity for affordable housing  
23 providers.

24 TSAHC, being one of those providers, developed  
25 a program and was able to acquire several properties in

1 that -- during that process. We worked -- we developed --  
2 David Danenfelzer and his team developed not only the  
3 program, but a very extensive partnership -- group of  
4 partners that they worked with to develop these  
5 properties, creating affordable housing and homeownership  
6 opportunities across Texas.

7 I would suggest that a similar opportunity may  
8 be available to us as a result of the current economic  
9 downturn. There was a recent article, a report in the  
10 Wall Street Journal, that investors are looking to deploy  
11 resources and take advantage of the opportunity that may  
12 be created by the pandemic, if you will, pandemic-created  
13 economic downturn that we're seeing. And by putting  
14 together these funds, they plan to acquire the debt that  
15 the lenders are trying to get rid of, whether that be  
16 through the real estate or acquiring the mortgage-backed  
17 securities and whatever it might be.

18 In anticipation of both the commercial and  
19 residential real estate portfolios that will be impacted,  
20 there'll be a lot of anticipated downsizing and downturn  
21 in that industry. There are indicators right now that  
22 about 11 percent of the more commercial mortgage  
23 converted -- that have been converted into mortgage  
24 securities will go delinquent in early May.

25 That amount is actually -- that percentage is

1 actually greater than what happened during the housing  
2 crisis in 2008. CoreLogic recently reported that, while  
3 delinquencies are at historic lows and they continued to  
4 fall through February, their last month of reporting,  
5 which was the 26th straight month of declines in  
6 delinquencies in mortgages, they are expecting a jump, a  
7 significant jump, in the months ahead, as the impact of  
8 the coronavirus outbreak continues to impact not only the  
9 economy but employment opportunities and the overall  
10 ability of the people to maintain their housing needs.

11 The development funds and investors that are  
12 preparing right now, as I mentioned earlier, they're being  
13 proactive. They want to be able to create funds that they  
14 can acquire and be intentional about how their funds are  
15 deployed and put into work for utilization and acquisition  
16 of these properties that may become available.

17 And the creation of a Statewide Housing Task  
18 Force would position our Corporation, TSAHC, to expand our  
19 outreach, improve our data access, and provide the ability  
20 for us to create affordable housing in high opportunity  
21 areas and typically areas we may have not been able to  
22 access in the past.

23 I think part of the benefit we would garner  
24 through a task force would be being able to access  
25 resources both in intellectual as well as the data I

1 mentioned earlier, and I think one of the things that Mr.  
2 Williams has been talking about extensively with me and  
3 with David Danenfelzer is how we bring together the  
4 resources from the talent that may be available to tap  
5 into serve on this task force.

6 Mr. Williams himself has extensive knowledge  
7 and experience in this industry as well as professional  
8 relationships that would be beneficial to developing the  
9 task force. So, I would like for Andy, if you don't mind,  
10 to bring to the presentation kind of your thoughts and  
11 perspective on how you think this task force can move  
12 forward.

13 So, with that, Mr. Williams, if you want to  
14 kind of add on, I'm happy to chime in as we go along.

15 MR. WILLIAMS: Thank you, David and Board,  
16 fellow Board members. I've been speaking with David.  
17 This -- actually -- conversation started prior to COVID-19  
18 and a lot of it came from some of the, you know, vantage  
19 point I've had on the ground looking at some of the  
20 smaller communities.

21 So in addition to the action items that David  
22 was able to articulate for us being able to execute our  
23 mission in the distress, the fact is, Texas has a high  
24 unemployment area, and our mission of workforce housing is  
25 going to have to become the light, because it really is

1 the workforce community that is being affected.

2 And based on my professional experience, some  
3 of these communities, both urban and rural markets,  
4 they're ill-equipped. We have task forces standing up in  
5 cities, municipalities, and they're trying to figure out  
6 the problem.

7 The problem just got worse, and I believe the  
8 task force will essentially do that. It will give us a  
9 tactical advantage in the market so that we can reach the  
10 local communities in the in-state, provide housing to  
11 local families, and we can build a coalition of capable  
12 builders and developers and make them aware of our  
13 opportunity to collaborate and to refund projects, because  
14 oftentimes, in some of the communities that I work in and  
15 around, they are limited, and so a lot of this is about  
16 capacity-building.

17 A lot of this is about creating, mixing some  
18 communities, as we've seen some of the projects that  
19 have -- are coming through, the opportunity areas of  
20 developers, for-profit developers, market-rate developers,  
21 take a pause.

22 This is really an interesting opportunity for  
23 TSAHC and us to take a tactical stance on providing, you  
24 know, subsidized housing in opportunity areas that are in  
25 close proximity to commercial transit that really is a

1 unique situation. But at the same time, because of the  
2 massive layoffs and the unemployment, our indication from  
3 looking and researching internally in our conversations is  
4 that the workforce community is going to be affected,  
5 which is going to put additional strain on the staff.

6 And a lot of this is about augmenting the  
7 staff. The Board and the staff, we do a great job for the  
8 state of Texas, but we're limited, and I believe that  
9 right now is the time to take a proactive approach, tap in  
10 and garner some more resources, and get very laser-focused  
11 on workforce and affordable housing, and be proactive  
12 versus reactive, as we come out of COVID-19.

13 MR. LONG: And so -- this is David Long again.  
14 Mr. Chairman and members, I don't think we're actually --  
15 Andy, correct me if I'm wrong -- but I don't think we're  
16 really looking for the Board to take action on this. We  
17 just wanted to let you know kind of what the thought is in  
18 terms of moving forward.

19 I think Mr. Williams would love for this to be  
20 something that the Corporation has an active participation  
21 in, but certainly not taking the lead on, per se, from the  
22 standpoint of all of our staff managing being the task  
23 force.

24 I think there are significant individuals that  
25 not only we may know of, that Mr. Williams knows of,

1 potentially as the Board members, you guys have input,  
2 that you can provide that could help us create a really  
3 strong task force membership that would guide us and give  
4 us insight and help us access data and other resources  
5 that we can utilize to be proactive, as Mr. Williams said,  
6 in trying to address the needs that are going to come out  
7 of the current economic downturn.

8 So, Andy, do you have a --

9 MR. DIETZ: This is Bill --

10 MR. LONG: -- yeah. Go ahead, Bill. Go ahead.

11 I'm sorry.

12 MR. DIETZ: No. I was just going to say, thank  
13 you very much to Andy and to David for your kind of  
14 leadership on, you know, putting together some thoughts  
15 and ideas for us about this endeavor. It sounds really  
16 interesting.

17 MR. LONG: So, Andy, I guess from this  
18 standpoint, Andy, are you really just -- do you want us to  
19 just continue to come back to the Board with kind of  
20 updates? Is that how you envision us moving forward?  
21 Because I think one of the things, we need to do is  
22 discuss kind of a mission, further define a mission, as  
23 well as identifying task force membership that we want to  
24 maybe consider and identify how best to access those  
25 personal resources.

1           MR. WILLIAMS: Thank you, David. Yes, that is  
2 correct. My thoughts were just to bring it to light, and  
3 then also, you know, allow the Board to comment and share  
4 their thoughts, if they share my perspective, as we, you  
5 know, look at, you know, what does, you know, 2022, 2025  
6 look like for Texas?

7           And you know, if not, you know, share that as  
8 well.

9           MR. DIETZ: Great. Any comments from Board  
10 members or questions for Andy, for David?

11          MS. CARDENAS: This is Valerie. So, I think,  
12 you know, obviously any endeavor that is going to help  
13 stimulate our economy in Texas, you know, in whatever  
14 sector of business is great. I would suggest, if you --  
15 there was a lot of talking.

16          There was a lot of information. I'm more of a  
17 visual -- I guess if -- maybe update us, if it's even just  
18 one page, to say, this is what it would look like. This  
19 is what the end result may potentially look like, right,  
20 which would, you know, benefit all and TSAHC having a hand  
21 in it.

22          So, I know this is very preliminary. It was  
23 just, you know, to bring it to light, as you mentioned,  
24 but if there -- for the next time, if it's just to say,  
25 look. We're estimating the task force will be so many

1 individuals. This is what we're trying to accomplish, and  
2 again, this would be more or less what would be hopefully  
3 the end result.

4 MS. JOHNSON-ROSE: This is Courtney. I totally  
5 agree that this is a great concept, and I think the point  
6 is well-taken that the workforce housing, as well as  
7 affordable housing, is going to become even more important  
8 and critical for the state in the upcoming year and months  
9 to come.

10 So I think that it's great to have a task force  
11 or a group that is constantly talking about opportunities  
12 and where opportunities are, and a great mechanism for  
13 TSAHC to be able to use, to pretty much source developers  
14 and being able to kind of spread the word to a targeted  
15 group about the resources that we offer.

16 So, I think it's great in concept. To  
17 Valerie's point, would love to hear more about it.

18 MR. LONG: This is David Long. And what -- I  
19 guess what I would say is, certainly, we will work --  
20 staff will work with Mr. Williams to try and put together  
21 a one-pager, a white paper, if you will, narrative to  
22 allow for the Board to have a better perspective of what  
23 this looks like as we move forward.

24 And we certainly will keep you informed as we  
25 move along as well. So I will take that initiative with

1 Mr. Williams, and we'll work internally with staff at  
2 TSAHC, as well as with Mr. Williams' leadership and  
3 guidance to kind of move forward with kind of assembling  
4 the task force, and we'll keep you up to date as we move  
5 along.

6 MR. DIETZ: Great. Thanks again. This is Bill  
7 Dietz. Thanks again, Andy and David. Any other questions  
8 or comments about this particular endeavor?

9 (No response.)

10 MR. DIETZ: Okay. If not, then we will move  
11 into Tab Item 10, which is the "Presentation, Discussion  
12 and Possible Approval of Additions to the Corporation's  
13 Fiscal Year 2020 Broker Listing."

14 MS. SMITH: Good morning.

15 MR. DIETZ: Do we have a presentation about  
16 that?

17 MS. SMITH: Yes. Good morning. This is  
18 Melinda Smith. I'm the Chief Financial Officer. And this  
19 is really just a procedural item. Our investment  
20 advisors -- the investment advisor that helps us with the  
21 Corporation's investment has asked us to add a list to the  
22 broker listing -- a name -- pardon me -- to the broker  
23 listing and the Public Funds Investment Act requires that  
24 the Board approve the broker listing.

25 So, we're adding the name, Robert W. Baird, to

1 the list of brokers that the advisors can use to purchase  
2 securities.

3 MR. DIETZ: Great. Thank you, Melinda. Any  
4 questions or comments about that broker listing?

5 (No response.)

6 MR. DIETZ: Okay. If not, is there a motion?

7 MS. CARDENAS: This is Valerie. So, moved.

8 MR. DIETZ: Thanks, Valerie. A second?

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

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

12 (No response.)

13 MR. DIETZ: All right. And then before we vote  
14 to approve, note for the record that -- this is Bill Dietz  
15 again -- that I am abstaining from this particular tab  
16 item due to a business relationship with one of the listed  
17 brokers.

18 And so, we'll go forward with the vote. All in  
19 favor, please signify by saying aye.

20 (A chorus of ayes.)

21 MR. DIETZ: Any opposed?

22 (No response.)

23 MR. DIETZ: Okay. So, the Corporation's Fiscal  
24 Year 2020 Broker Listing is approved with four ayes and  
25 one abstention.

1 MS. SMITH: Thank you very much.

2 MR. DIETZ: Thank you. Great. All right. Is  
3 there any reason to go into a closed meeting today?

4 MR. LONG: This is David Long. No, sir.  
5 There're not any items needing to be addressed under  
6 closed session.

7 MR. DIETZ: Great. Any other business or  
8 comments or discussion points before we close our meeting?

9 MR. LONG: Just a reminder, Mr. Dietz. David  
10 Long again. Currently, the next scheduled Board meeting  
11 tentatively is June 10.

12 MR. DIETZ: Fantastic. Well, thank you very  
13 much. I think that went pretty well. Thanks again to  
14 Sarah and Rebecca and anybody else that worked hard to  
15 make this unique format happen, and I appreciate  
16 everybody's attendance and efforts in making this flow  
17 very smoothly. So, with that, we are adjourned.

18 (Whereupon, at 11:49 a.m., the meeting was  
19 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board

LOCATION: teleconference

DATE: May 13, 2020

I do hereby certify that the foregoing pages, numbers 1 through 6161, 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: May 15, 2020

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(Transcriber)

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