TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA RINGCENTRAL

Wednesday,
June 10, 2020
10:00 a.m.

BOARD MEMBERS:

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

Tab 1  Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on May 13, 2020.

Tab 2  Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Park on 14th Apartments.

Tab 3  Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Sandpiper Cove Apartments.

CLOSED MEETING none

ANNOUNCEMENTS AND CLOSING COMMENTS 20

ADJOURN 22
MR. DIETZ: So, welcome everybody to the June 10, 2020, meeting of the Texas State Affordable Housing Corporation. As we are not meeting in person due to the March 13, 2020 disaster declaration, we will be meeting telephonically in the RingCentral meetings.

So, I will call roll to begin with here. Bill Dietz, Chair? I am present. Valerie Cardenas?

MS. CARDENAS: Present.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Present.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Present.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Present.

MR. DIETZ: Okay. We are all present telephonically, and so we do have a quorum. And before we go further, let's start the way we always do with the Pledge of Allegiance.

(Pledges were recited.)

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

(No response.)

MR. DIETZ: Okay. Hearing none, I'll just
remind the Board members or anybody that's going to speak
to please identify yourself prior to speaking so that we
all know who's talking, and we'll -- with that, we'll just
move into the President's report. Mr. Long?

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

My name is David Long. I just wanted to give you a quick
update. I know I sent -- the Board members have a copy of
my full President's Report, and in the effort to kind of
minimize how much time I spend speaking during the
webinar/conference call, I will go ahead and just
summarize what I sent you guys.

I do want to kind of take a few minutes to talk
a little bit about what's going on internally with the
office here at TSAHC. I think it's important for you to
know that we are taking every step possible to ensure the
staff are safe. The people that we work with, our
professionals, our team, has made every effort we can to
draft and have written protocols that have been sent to
the staff about how to manage and ensure safety when we do
return to the office.

But let me step back and just kind of tell you
what we're doing. Based on some calls that I've had with
the Governor's Office, as well as with other executive
directors, we are currently working from our home offices
through July 3, and we are anticipating returning to the
office on Monday, July 6.

As a result of that, being something that's predicated on additional information we may receive from the Governor's Office and other local authorities, we will leave that date in place until we're told otherwise. But I wanted to reassure you that, as a result of what we're seeing and what we're hearing, we are allowing staff to continue to work at home.

I will add to that, though, that I'm really excited and proud of the staff. We have not, as far as I know, missed anything that's going on. We continue to stay extremely busy. Staff have done a phenomenal job with staying on top of all of the workload.

We are staying engaged, as you will see from some of the stuff that was in the report. We're doing webinars for lender trainings. We're doing -- we're closing bond deals. We are making sure vendors are getting communications back and forth so that single-family mortgages are being originated.

We are doing everything we need to do to make sure that it's business as usual at TSAHC. So, for that, I commend the staff, and I also commend the Board for your leadership during these unique and very critical times for us to kind of stay on top of everything.

A quick update on a couple of other things.
The Loan Committee met yesterday, June 9, at 10 o'clock, via teleconference. Everybody attended. We also had staff that called in, and Mr. Williams attended via teleconference as well.

During that meeting, we had the opportunity to read our standing reports. No major issues on the standing reports. We did also approve a $100,000 loan to Chicon phase 2, to the redevelopment of a project that we're working on with the group that did the Chicon phase 1.

That $100,000 loan was made as a pre-development loan, the first one we've made under a funding that we put together for a pre-development loan fund. So that's a pretty exciting loan to get that out the door.

We've only had this program in the fund books for about three weeks, maybe less, and it's nice to have a committee making an approval to move forward with that. And so hopefully we will see that project not only go to pre-development, utilizing our funds, but also move on to another project that we will be a participant in.

The rest is really program update. As I said, I sent this report to each of you. As you saw in the report, TSAHC continues to have business as usual.

We're still fundraising, including funding. We had trainings that were going on, on the Single-Family
side. David Danenfelzer will be making presentations today. It will be the David Danenfelzer show today, when it comes to the transactions that you're looking at for your consideration.

We had -- I will say that June is National Homeownership Month, and we'll be releasing a nine-episode webinar to -- that you can go on -- people can go on and look and listen to, and it focuses on the home-buying process. I've listened to the first two episodes. I encourage you, as the Board members, if you want to, to go on to our website, open those up and listen to them.

I think the staff have done a phenomenal job of putting them together, and I think it's really an important way for us to have outreach to the people that we are trying to ensure have access to not only our programs, but ensure that they understand as much as they possibly can about the home-buying process.

Under the Single-Family Rental Program, we did have the opportunity to identify three additional purchases that we want to start putting our reservation on. Those will close sometime in next year, but we did go ahead and make a reservation on three condominiums in an affordable complex in south Austin called the Canopy at Westgate.

Those three condominiums -- the project is
being developed by the City of Austin, Momark Development
and Austin Habitat for Humanity. So, we're real excited
about your name on a couple of reservations for those
properties.

We'll continue to monitor that development, and
hopefully, we'll be able to purchase and close on those
loans next year. With that, Mr. Chairman, I will go ahead
and conclude my remarks. I know everybody has already
heard, as far as professionals -- Routt Thornhill is on
the phone, general counsel with Coats Rose.

So, if anybody has any questions during the
meeting, don't hesitate to ask. Next scheduled Board
meeting is July 8, Wednesday, July 8, at 10:30. We'll
keep you informed as we move forward into the summer
months and we get to close to that time frame as to
whether or not we'll be actually holding that meeting
based on demand for the Board's time.

So, Mr. Chairman, with that, I will conclude,
unless there's any further comments or questions.

MR. DIETZ: Great. Thank you, Mr. Long. Go
ahead, Courtney.

MS. JOHNSON-ROSE: Mr. Chairman, I did have a
question. David, thank you for sending this out to us
beforehand. It was great to have, and as I was saying,
was so useful, thoroughly so. I did have a question on
the new pre-development loan program --

MR. LONG: Sure.

MS. JOHNSON-ROSE: -- that being the Austin metro. Is that program a possibility for other areas, not just Austin?

MR. LONG: I'm going to turn that over to Cassandra and Dave Danenfelzer to respond to. I would tell you right now, I think its kind of a pilot loan fund and the funding kind of came for that area, but I'll let them discuss if there's maybe some future thought on expanding it, as far as the pilot goes.

But David or Cassandra, do you want to respond to Ms. Rose's comments on that, or question?

MR. DANENFELZER: Good morning. This is David Danenfelzer, Senior Director of Development Finance. First of all, it would be great if I could see you all. Anyways, I'm trying to imagine all your smiling faces up there looking back at me. But yeah.

So, the funding that we received for this came through the Austin Community Foundation. They had been entertaining a number of requests from local housing organizations about pre-development but did not have a real mechanism of providing a loan product in that manner.

So, because of some of our previous partnerships with them, including the Chicon phase 1,
which we've talked about previously, as well as another project in Austin called AHA! at Briarcliff, Austin Community Foundation has built, you know, a good relationship with us, and we with them.

So, they came to us to see if we could potentially provide this channel for pre-development funds in the Austin area. It's an excellent program for us to launch. We really like how it's been structured. But I will note, we are hopeful that this is recoupable, and this is something that we may be able to reach out to other community funds across the state.

We'll find other funders that would be able to bring it beyond the Austin metro area.

MS. JOHNSON-ROSE: Okay. Excellent. Thanks. Thank you for that.

MR. LONG: Any other --

MR. DIETZ: Great.

MR. LONG: -- questions?

(No response.)

MR. LONG: Okay.

MR. DIETZ: Great, great. Thank you, Mr. Long and Mr. Danenfelzer. Any other questions or comments from the Board before we move on?

(No response.)

MR. DIETZ: All right. If not, then we will
move into the action items for our meeting today. Tab
Item 1 is the "Presentation, Discussion and Possible
Approval of the Minutes of the Board Meeting held on May
13, 2020."

If you need to take a minute to review those,
and does anybody have any questions? Any Board members
have any questions or comments about the minutes?

MS. JOHNSON-ROSE: No, sir.

MR. DIETZ: Okay. Is there a motion to
approve?

MS. JOHNSON-ROSE: So, moved by Courtney Rose.

MR. DIETZ: Great. What about a second?

MS. SHIPLEY: Yes.

MS. CARDENAS: This is Valerie. I'll second.

MR. DIETZ: Okay. It's been moved and seconded
that we approve the minutes of the Board meeting held on
May 13, 2020. All in favor, please unmute and say aye.

(A chorus of ayes.)

MR. DIETZ: Are there any opposed?

(No response.)

MR. DIETZ: Okay. Then the minutes from the
May Board meeting are approved. Tab Item 2 is the
"Presentation, Discussion and Possible Approval of a
Resolution Regarding the Submission of One or More
Applications for Allocation of Private Activity Bonds,
Notices of Intention to Issue Bonds and State Bond
Applications to the Texas Bond Review Board and
Declaration of Expectation to Reimburse Expenditures with
Proceeds of Future Debt for the Park on 14th Apartments."

Mr. Danenfelzer, I believe you're going to
enlighten us about this tab item.

MR. DANENFELZER: Yes. Good morning again.

David Danenfelzer, Senior Director of Development Finance.

Yeah. The Park at 14 is -- at 14th is a planned
Department complex. As noted in the write-up, it will --
it has a plan to be a 60-unit project targeting families
in the Plano area of low and extremely low income.

The project has been something that we've been
working on for a number of years. This is a project that
the Corporation actually owns. We purchased it back in
2012, and we've been working on a number of different
plans through different processes to try to get it
redeveloped for affordable housing through the years.

We are currently actually in an application
cycle for 9 percent housing tax credit for this site, and
our development partner, Diana McIver & Associates. That
application is moving forward, but the application round
is very competitive.

We're close to being in the award -- kind of
targeted awards, but we're not right there. So, in order
to kind of look at other options, we did discuss with the
development team whether or not bond application would be
worthwhile.

We decided it's a good back-up plan, if for any
chance the 9 percent application does not come through.
And so, in order to make sure we meet certain timelines
and allocation requirements for bonds, we wanted to bring
this to you for an inducement at this time.

And I'll note right now that the number of
inducements are just an approval by the Board giving staff
the authority to move forward with certain actions
including the application for reservation of bonds,
developing of bond documents, and engaging our
professional service providers, bond counsel, municipal
adviser and issuer counsel in the process of moving the
project forward.

This is not an allocation of funding or an
approval of the bond. We will develop all that material
and come back to you once those are developed and we have
a final bond resolution ready to discuss with the Board,
if we go that direction.

But this approval today will give us the option
to go through a bond-issuing process and take the project
forward, utilizing some of our volume cap from this year
or potentially next year in 2021, if the time isn't quite
right for this year.

I don't know if there's any more I can add to the write-up that you have before you. You know, I will note that, again, we've been working with Diana McIver & Associates for about three years now on this project. We've taken it through the 9 percent competitive tax credit round twice, but it is again -- it is a very competitive process.

Less than half of the applications that go in at the beginning of the year even make it to the full application cycle, and unfortunately, there is a limited number of tax credits available, and so we are -- like I said, previously, we're right outside the bubble right now of getting tax credits, but there are changes to the scoring and other things ongoing.

So, we're hopeful that we may move up the ladder here in the next month for the planned July 23 allocation of those tax credits by the Texas Department of Housing and Community Affairs. So, I'll close my comments at this point, and ask if there's any questions?

MR. DIETZ: Great. Thank you, David. Any questions or comments from the Board?

(No response.)

MR. DIETZ: Okay. If there aren't any questions or comments, then we would entertain a motion.
MS. JOHNSON-ROSE: Mr. Chairman, this is Courtney with a motion to approve.

MR. DIETZ: And is there a second?

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

MR. DIETZ: Okay. Great. It's been moved and seconded. All in favor, please unmute and say aye.

(A chorus of ayes.)

MR. DIETZ: Okay. Any -- great. Thanks. Any opposed?

(No response.)

MR. DIETZ: Okay. I do not hear any, so the resolution is approved. On to Tab Item 3, the "Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Sandpiper Cove Apartments."

MR. DANENFELZER: Okay. Good morning again. David Danenfelzer, Senior Director of Development Finance. Again, I'll start this one with just reminding you that this is an inducement resolution. It is not approval of the project.
So again, like I had noted, you're just allowing us to move forward with the process of reviewing drafting documents, and then we will bring this back to you, if it meets all of our requirements and get a final bond approval sometime later in this year.

This project is with ITEX Group, a developer that we also induced a project with last month. That was called W. Leo Daniels Towers in Houston. This project is in Galveston.

And it is a 192-unit project located pretty much in the center of the island, a little bit on the north side, if you're familiar with Galveston. I always consider the main drag more of an east-west route. But in any case, the project is older.

It was built in 1969 and has a variety of different apartment sizes. The total development project is about 41.8 million, and the project is going to be a little bit unique, because the project does qualify for historic state and federal tax credits. And so, there will be an additional tax credit coming up, outside of the traditional 4 percent housing tax credit, which will help pay down those bonds.

But not all of the bonds will be paid down. There will be a portion of the bond amount that will be -- that will continue on for this project through the life of
the project. That will be the 15 or 30 years.

Now, there's also a significant amount of rehab. You'll notice the 74,000 per unit, and that is a large number. But again, some of that is driven up by the need to ensure that the historic tax credit and federal tax credit are properly preserved, and so that the property will not just get a brand-new window.

It will get a new window which has some historic content and the Secretary of the -- the U.S. Secretary of Interior's Standards for Historic Preservation. We looked at market conditions for the project as well. We do think it's a good neighborhood.

It's a mix of residential and some small businesses, but predominantly residential, though it is located just south of the outside of a railroad and shipping docks. But again, if you're familiar with Galveston, almost the entire north side of the island is a rail dock and shipping dock, so it's hard to get away from those areas on the island, unless you're right on the beach.

You know, we looked at some of the median household incomes for the area, which are lower than the state's average for this census tract. But overall, Galveston does have a lower median household income than the state as well, which is an interesting indicator for a
community that we often consider a vacation destination. But I think that's also a key indicator that it's predominantly a service industry, but then also a shipping industry, and most of the people that live on the island do work more in the service industries rather than in the industrial jobs and other things.

Most of the people in those areas apparently live more mainland, Texas City and elsewhere, and then commute into town. We do have a note again about relocation and tenant resources for this project. Like all rehabilitation projects, you know, there is a significant amount of rehab that is done inside, so the relocation of tenants will be minimized as much as possible, and there is a plan that is required for this to occur, to make sure that tenants are not displaced.

Almost all of the tenants will return to this project when it is completed. Some may be temporarily replaced. And we do know from some other recent projects that are currently closing that both state and federal regulators are requiring some additional steps to be taken because of COVID-19, and so we are -- you know, we'll be working with the developer and looking for those plans to come out with certain additional steps to ensure a lower amount of contact between contractors who may be going in to work on the kitchens and the actual tenants.
And we'll kind of update you later, once we have a full plan developed and then bring it back for bond approval. I'll try to cut short the rest of my presentation and just let you know that, you know, ITEX Group is a group that is based in Texas.

We've worked with them, like I noted earlier, on the W. Leo Daniels Towers project in Houston. We are familiar with them and their development team. And at this point, I'll turn it back to y'all for any questions.

MR. DIETZ: Great. Thank you, David. Any questions for -- or comments from the Board?

(No response.)

MR. DIETZ: Okay. Hearing none, I would entertain a motion?

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

MR. DIETZ: Is there a second?

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

MR. DIETZ: Okay. It has been moved and seconded. All in favor, please unmute and say aye.

(A chorus of ayes.)

MR. DIETZ: Great. Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution is approved. Thank you very much, David.

MR. DANENFELZER: Thank you.
MR. DIETZ: And it looks like, Mr. Long, unless I'm mistaken, that brings us to the end of our action items for today's meeting. Is that correct?

MR. LONG: We would probably try and minimize the amount of time we spend having -- putting together a full Board meeting. I will say, one of the blessings that comes out of being able to meet like this during these unique times is that we're able to pull the Board members together, minimize the amount of time you have to be away from your daily activities, enable -- allow us to be able to have you available to help us move forward with some of the transactions.

So, while today's meeting was a short meeting, we really appreciate your availability and time spent with us. I think it's good for us to know that we have you available, and we'll continue to meet like this until we're told otherwise.

So hopefully, this is a way that allows all of us to get together rather quickly, even when we have small agendas. Mr. Chairman, we do not have any need to go into closed session. I'd remind the Board members again, as I said earlier, that the next scheduled Board meeting is scheduled for July 8 at 10:30.

We will keep you posted as agenda items become available for that meeting. And unless there's anything
else from the Board members, or any of the staff, with that, Mr. Chairman, we would be able to conclude the meeting.

MR. DIETZ: Great. Well, I, as Chair, would just like to say to the staff and all our partners, thank you for your continued commitment to the organization in a difficult time. I know it's hard, like Mr. Danenfelzer said earlier, to keep doing this without everybody being able to see each other, and so we appreciate everybody's commitment.

And it also may be difficult when you are distressed or distraught about, you know, global events, and so appreciate everybody's continued commitment, and I'll say, on behalf of the Board, just as human beings, you know, we abhor racism. We abhor the abuse of positions of authority, and we abhor institutionalized inequality, and we recognize that issues like that have been endemic to societies for a long time, and I'm proud to be a part of an organization that, as a result of both its mission, its leadership and just a commitment of all the staff and partners, is working in some small way to combat those things.

So, thank you to everybody, and you've got the full support of the Board in any way that you need us.

MR. LONG: Thank you, Mr. Chairman.
MR. DIETZ: Any other further comments from the Board, or any public comment?

(No response.)

MR. DIETZ: Okay. Hearing none, we will adjourn at -- it's about 11 o'clock on June 10 and thank you very much.

(Whereupon, at 11:00 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:      TSAHC Board
LOCATION:        via RingCentral
DATE:            June 10, 2020

I do hereby certify that the foregoing pages, numbers 1 through 2323, 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:            June 12, 2020

(Transcriber)

On the Record Reporting
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