

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA RINGCENTRAL

Wednesday,
July 8, 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: Well, if we are all here, then it
3 is 10:30 a.m., on Wednesday, July 8, and we will go ahead
4 and call to order the July meeting of the Texas State
5 Affordable Housing Corporation Board of Directors. As
6 everybody is aware, we are meeting via telephone and
7 webinar, due to the Disaster Declaration by the Offices of
8 the Governor.

9 And so, the first thing we will do is roll
10 call. So, Bill Dietz, I am present. Valerie Cardenas?

11 MS. CARDENAS: Present.

12 MR. DIETZ: Great. Then Courtney Johnson-Rose?

13 MS. JOHNSON-ROSE: Present.

14 MR. DIETZ: Lali Shipley?

15 MS. SHIPLEY: Present.

16 MR. DIETZ: Andy Williams.

17 (No response.)

18 MR. DIETZ: Should Andy be with us?

19 MR. WILLIAMS: This is Andy. I am here.

20 MR. DIETZ: Okay. Great. We are all present.

21 So, we do indeed have a quorum. Before we move forward,
22 let's all please join me in the Pledge of Allegiance.

23 (Whereupon, the Pledge of Allegiance was
24 recited.)

25 MR. DIETZ: And the Pledge to the Texas Flag.

1 (Whereupon, The Pledge to the Texas Flag was
2 recited.)

3 MR. DIETZ: Okay. That worked pretty well,
4 better than it does in my Zoom Boy Scout meetings. So, is
5 there any public comment before we move forward with the
6 President's Report?

7 (No response.)

8 MR. DIETZ: No. So, Mr. Long, if you have a
9 President's Report for us, that would be great.

10 MR. LONG: Thank you, Mr. Chairman, and
11 Members. I want to just do a couple of things to get
12 started. First, I want to wish all of you a happy start
13 to your summer. I hope each of you had a great Fourth of
14 July weekend, and are staying safe.

15 I also wanted to let you know that I recognize
16 that this agenda for today is rather short. Normally, we
17 would not require your time and put you in a position to
18 take away from your normal schedule, but we do have a
19 timely issue.

20 Tab Item 2 is time sensitive. And given that
21 we are able to meet remotely, currently under the Disaster
22 Declaration from the Governor, we felt it was appropriate
23 to go ahead and ask you to spend about 35 to 45 minutes of
24 your time today for a meeting in which we will get a
25 couple of other things accomplished, along with the one

1 that is time sensitive, relating to our bonding authority.

2 With that, I also wanted to just let you know
3 that staff continue to work from home. Right now, I have
4 everybody working from home through July, and anticipate
5 coming back in August 3rd, Monday, August 3rd. However, I
6 will tell you that that is subject to change.

7 We continue to get just crazy numbers on COVID
8 cases across the state, specifically in Austin and Travis
9 County, in areas surrounding Travis County. And we are
10 going to just play this as open as possible. Letting you
11 know that it is always going to be staff safety, and their
12 families' safety first. And so, we will continue to do
13 so.

14 With that said, I will let you know that the
15 staff are doing an amazing job of staying on top of all
16 the workload. We have a great system that has been
17 developed, obviously, over the several months we have been
18 working from home. And I just want to thank the staff and
19 let you know that it is business as usual at TSAHC.

20 So, with that said, I will tell you that I
21 continue to have calls from the Governor's Office about
22 every other week, to get updates. They are meeting with
23 all the Executive Directors via group call. And when we
24 do have those calls, we are given an update on what their
25 expectations are, or potentially opening of the state and

1 the agencies themselves.

2 That said, let me go into my report. The Loan
3 Committee met yesterday, July 7th. Mr. Williams joined us
4 by conference call. And while we did not have the new
5 loan that we considered, we did go through the process of
6 reviewing and discussing our existing loan portfolio and
7 program reports.

8 And so, with that, unless Mr. Williams has
9 any -- there were no issues that came up during the
10 meeting. We didn't vote on anything. So, with that, I
11 will conclude that discussion point, unless Mr. Williams
12 has any thoughts on it. Andy, do you have any thoughts
13 you want to add?

14 MR. WILLIAMS: David, I do not have any
15 thoughts. Thank you.

16 MR. LONG: Okay. Thank you. Obviously, in all
17 the Board packets -- you should have received this
18 electronically. You have the program and financial
19 reports provided under Tabs A through C. I will quickly
20 go over some of the quick updates for the programs.

21 Homeownership Program continues to see very
22 strong demand in the loan programs, exceeding last years'
23 reservations. I think we just are doing a phenomenal job.

24 The staff is seeing a ton of volume, a lot of lender
25 input and feedback. I know both the home ownership side

1 and the compliance side are working beyond belief right
2 now, doing a lot of extra work to make sure that lenders,
3 borrowers and files are being reviewed in a timely manner.

4 I did send the Board members a written copy of
5 my President's Report. So, rather than going down each
6 and every item, I would just kind of hit a few high
7 points.

8 The down payment hurdle classes are now
9 available on Zoom and we have two of those scheduled in
10 July. We are conducting -- continuing to conduct lender
11 trainings with seven Overcoming Down Payment Hurdles
12 classes scheduled.

13 The Homeownership Team had signed up some
14 additional loan officers for lender trainings. And that
15 is going very well. And then, we actually approved three
16 new lenders in our Single-Family Homeownership Programs to
17 participate in Being an Eligible Lender and listed on our
18 website.

19 Under the Development Finance program, I do
20 want to highlight -- I mentioned this in the Loan
21 Committee meeting yesterday. I know we talked about all
22 the programs that we do on Multifamily. But under
23 Development Finance, I just think, I want to make a
24 statement and commend the staff: David Danenfelzer and
25 Cassandra, specifically.

1 We were able to close the Hamilton Valley
2 transaction on Tuesday, the 30th, last week. And I just
3 want to explain to you that that was a phenomenally large
4 transaction that we closed. It included 21 properties
5 across the state of Texas, including 21 USDA properties, I
6 might add.

7 And it will help a lot of people with
8 rehabilitation of a lot of units, in very needed areas,
9 rural areas across the state. And I just think it is
10 important for the Board to know that that project was
11 probably in the works about two years. And it came down
12 to literally the last minute, eligible minute before close
13 of business with the DTC before we could close those
14 bonds. And we got it closed.

15 And I say, David and staff and the Board needs
16 to know that we had a great professional team that worked
17 on that, throughout that transaction and I just want them
18 to know that that was something, that I am very proud that
19 that got done. And I want to thank David and Cassandra
20 personally and publicly for that work.

21 Under Fundraising and Business Development, we
22 received some donations from Hibernia Bank, in support of
23 our Housing Connection Program. And that we continue to
24 make application to other financial institutions in
25 support of some of our other programs, specifically, the

1 Permanent Supportive Housing Institute, which is our new
2 training program, that we are launching this fall.

3 Under marketing, I think it is a really neat
4 thing that got launched. I think we have been mentioning
5 this to you, and we appreciate the fact that Ms. Cardenas
6 and Ms. Shipley have already volunteered to help and
7 participate on one of our webinars.

8 But the Single-Family Group, along with
9 Marketing, launched our On the House Podcast. It will
10 include nine episodes, focused on different aspects of the
11 home-buying process, and we will release those podcasts as
12 we develop them.

13 So, I want to invite all the Board members that
14 haven't already committed to participate. You are more
15 than welcome to participate. We would love to have your
16 expertise.

17 And I listened to several of the podcasts
18 already that have been launched, and the staff do a great
19 job of incorporating the guest presenters that are
20 included in those. And I think they are going to really
21 help a lot of borrowers and lenders in the process.

22 Texas Foundations Fund -- oh, really quickly,
23 let me go back. On the marketing side, Laura and a lot of
24 staff -- but Laura specifically has been working very
25 diligently on our 2019 annual report. We hope to have it

1 released later this month.

2 This will be the 2019 Annual -- Fiscal Year
3 2019 Annual Report. It is a milestone for us. It is our
4 25th-year anniversary report. So, we are very excited to
5 have a lot of insight and highlight some of the state.
6 Areas across the state -- it is broken out by region for
7 this presentation.

8 And I want to thank Laura, Katie and -- I know
9 a lot of people, so I am going to leave somebody off. So,
10 I am not going to say everybody's name. But Laura and
11 Katie have been spearheading this, and they have done a
12 great job putting this together.

13 I have made a final review of it, and I know
14 Janie has done some reviews of it. But we are very
15 excited to have this out. And when it is all ready, we
16 will make sure that Board members each receive a hard copy
17 of that sent to you. So, I look forward to your feedback
18 on that.

19 On the Foundations Fund, our Grant-Funding
20 Program, the Foundation Fund applications are due back --
21 were due back on the 19th. We received 38 applications,
22 which is a significant increase -- about a 50 percent
23 increase over a prior number of applications we received
24 during the last cycle. And we are in the process of
25 reading those applications, and anticipate making

1 selections, and bringing those recommendations to the
2 Board at our September meeting.

3 Permanent Supportive Housing Institute, I
4 mentioned this earlier. The Institute is accepting
5 applications -- excuse me, released its applications for
6 developers and interested parties to apply on June 24th.
7 They are due back by July 22nd, later this month.

8 And we are expecting about a total of six
9 development teams from cities across the state of Texas,
10 based on the feedback we have received. So, that will be
11 a really nice start to the first ever Permanent Supportive
12 Housing Institute that we will kick off.

13 I also want to mention, on the Single-Family
14 Rental program, one of the things that has been a little
15 bit of a dilemma for us is how we conduct our onsite Asset
16 Oversight site visits to all of our multifamily properties
17 that we have, along with, also, our single-family
18 properties that we have. For the multifamily properties,
19 we have been working with counsel on that, to make sure
20 that we are not only meeting the standard of what we have
21 said in our bond documents, but also legally meeting our
22 documents -- our eligibility for making those under the
23 Code.

24 So, what we are doing is, we are going to start
25 doing some virtual site visits. I am not sure exactly how

1 that is all going to look yet, but we are working on
2 getting that developed with our issuer counsel and trying
3 to finalize the new review guidelines. And we expect
4 being able to and conducting our first virtual visits in
5 late August.

6 Under our -- something that we probably will
7 expand on in future Board meetings as we progress, under
8 the rental program, United Way of Texas, one of our
9 tenants at our office building of 1910 East MLK, just up
10 the street from our current office building, has told us
11 that they are going to start working from home 100 percent
12 of the time.

13 They are going to go to a virtual office. And
14 as a result, they brought to us a request to do an early
15 termination of their lease, which they were in the second
16 year of a three-year lease.

17 After discussing that with them and internally,
18 we decided that we would be able to accommodate them with
19 a lease termination effective December 31st, which is
20 about 18 months ahead of schedule. Maybe not 18 months,
21 but not quite 18 months ahead of schedule.

22 But as a result, we also told them that we
23 wanted to take that time to look for a new tenant. I want
24 to commend the staff, James and Selena, that they were
25 able to market the space. And we actually have a new

1 tenant that we are going to be looking at and finalizing,
2 hopefully by the end of this month.

3 And they would look to start as a new tenant at
4 1910 on August 1st. That new group is Youth Rise of
5 Texas. And they are an organization dedicated to
6 uplifting the voices of young people harmed or
7 criminalized and deport related -- decriminalization and
8 deportation. So, we are looking forward to having them
9 take over that space.

10 One of the other things that we did, is we also
11 got a couple of other bites on whether or not that space
12 was available. And while we did have another interested
13 party, FrameWorks, which is a housing counseling agency,
14 they needed some additional space beyond what was
15 available at 1910.

16 But they are very interested in 2200 space, if
17 that becomes available -- but when it becomes available,
18 when we move into our new building. And we will continue
19 to have dialogue with the Board members about utilization
20 of our current office space, as we are just vacating that
21 space and moving into our new building towards the end of
22 the year.

23 The last thing I wanted to mention is just that
24 Mr. Routt Thornhill and Mr. Scott Marks, both of Coats
25 Rose, our General Counsel firm, I think, are both on the

1 phone with us, today, in today's conference call --
2 webinar Board meeting. So, if you have any questions,
3 they are available to participate.

4 With that, Mr. Chairman, I will just conclude
5 with, our next scheduled Board meeting is Wednesday,
6 August 12th, at 10:30. And if there is any questions
7 regarding the reports that were included in the Board
8 packet, or any comments regarding the update I just
9 provided, I am happy to answer any questions. And with
10 that, I will conclude my remarks, Mr. Chairman.

11 MR. DIETZ: Great. Thank you, Mr. Long. Are
12 there any questions or comments for Mr. Long, before we
13 proceed with the action items?

14 (No response.)

15 MR. DIETZ: If so, I will remind you to unmute,
16 and please state your name before speaking, so that we all
17 know who is talking. Okay. I don't hear any questions
18 for Mr. Long on the President's Report.

19 So, we will move into our action items for our
20 meeting today. Tab Item 1 is the presentation, discussion
21 and possible approval of the minutes from the Board
22 meeting held on June 10, 2020. Are there any questions,
23 corrections, or comments with regard to the minutes?

24 (No response.)

25 MS. JOHNSON-ROSE: This is Courtney Rose.

1 Motion to approve.

2 MR. DIETZ: Thank you. Is there a second?

3 MS. CARDENAS: This is Valerie. Second.

4 MR. DIETZ: Okay. It has been moved and
5 seconded that we approve the minutes from the Board
6 meeting held on June 10. Is there any public comment?

7 (No response.)

8 MR. DIETZ: I don't hear a public comment. So,
9 all in favor, please unmute, and say aye.

10 (A chorus of ayes.)

11 MR. DIETZ: Are there any opposed?

12 (No response.)

13 MR. DIETZ: Okay. The Board meeting minutes
14 from June 10th are approved as submitted.

15 Tab Item 2, the presentation, discussion and
16 possible approval of a resolution regarding the submission
17 of one or more applications for allocation of private
18 activity Bonds to the Texas Bond Review Board for
19 Qualified Mortgage Revenue Bonds.

20 MS. LEVECQUE: Good morning, Mr. Chairman, and
21 members of the Board. This is Joniel LeVecque, the
22 Director of Home Ownership Programs. It has been quite a
23 while since I have seen all of you in person. And I look
24 forward to being able to do that again soon. Or
25 hopefully, here very soon.

1 Under Tab Item 2, we are asking the Board to
2 approve a resolution authorizing the Corporation to submit
3 one or more applications for our 2020 annual allocation in
4 the amount of \$98,187,302. This resolution authorizes the
5 Corporation to file with the Texas Bond Review Board a
6 Notice of Intent to Issue Bonds and a State Bond
7 application in connection with qualified mortgage revenue
8 bonds.

9 It also authorizes the Corporation to execute
10 any certificates and documents relating to converting all
11 or a portion of the annual allocation of qualified
12 mortgage revenue bonds to mortgage credit certificates.
13 And to take any other necessary actions to implement a
14 mortgage credit certificate program and/or bond program,
15 including, but not limited to, any publications of any
16 required notices.

17 Please let me know if you have any questions.
18 And I ask your approval of this resolution.

19 MR. DIETZ: Great. Thank you.
20 Are there any questions or comments from the Board?

21 (No response.)

22 MR. DIETZ: Okay. I don't hear any. I would
23 entertain a motion at this time, if the Board is so
24 inclined.

25 MS. SHIPLEY: This is Lali. Motion to approve.

1 MR. DIETZ: Great. Is there a second?

2 MS. JOHNSON-ROSE: Courtney Rose with a second.

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

5 (No response.)

6 MR. DIETZ: Okay. I don't hear any public
7 comment. All in favor of approval of the resolution
8 regarding the submission of the allocation of private
9 activity bonds, please unmute, and say aye.

10 (A chorus of ayes.)

11 MR. DIETZ: Any opposed?

12 (No response.)

13 MR. DIETZ: Okay. The resolution is approved.

14 And then finally, Tab Item 3 is the presentation,
15 discussion and possible approval of Joint Venture
16 Development Guidelines.

17 MS. RAMIREZ: Good morning, all. This is
18 Cassandra Ramirez. Can you hear me?

19 MR. DIETZ: Yes.

20 MS. RAMIREZ: Cassandra Ramirez. I am a
21 development finance specialist at TSAHC. And the Joint
22 Venture Guidelines that are presented for approval were
23 developed with input from staff and General Counsel as a
24 reference guide for us to review, negotiate, and create
25 joint venture projects with for-profit and nonprofit

1 developers.

2 The terms are based on other JV project
3 examples that our General Counsel provided, and input from
4 staff based on projects to date. Scott Marks is available
5 as well, if you have any specific questions.

6 But again, these guidelines are to be provided
7 to developers so that they know what TSAHC is looking for,
8 in terms of terms and structure for these projects, to
9 assist us in guiding and moving forward with projects as
10 they come up.

11 MR. DIETZ: Okay. Great. I see we have got a
12 copy of all that that we can review. Are there any
13 questions or comments about these guidelines from the
14 Board?

15 MS. CARDENAS: This is Valerie. I guess, just
16 a general question. Do we find that most developers
17 comply? Or do we find that we have to make exceptions to
18 any of the guidelines?

19 MS. RAMIREZ: This is Cassandra again. It is
20 complicated because these projects can come in a variety
21 of forms. And the project developed to date -- that we
22 have vetted to date did have some issues meeting some of
23 the guidelines.

24 And that is why we put it in writing, so that
25 we are upfront with developers on what we need for a

1 financial review, for example, for a for-profit developer.

2 I know third-party financial reviews can be an issue.

3 But if we are upfront with the guidelines that
4 we are presenting, we can just move along the review
5 process after, to see if it is a good project to present
6 to the Board. You know, they are general guidelines. We
7 anticipate exceptions.

8 But it is at least a starting measure to move
9 forward with these kinds of projects. And it is also hard
10 to say, based on whatever construction financing and other
11 capital sources are coming in. But it is more of a
12 general guide for us.

13 MS. CARDENAS: Okay. Thank you.

14 MR. MARKS: Scott Marks with Coats Rose. I
15 just wanted to point out that the guidelines state that to
16 the extent that a joint venture development proposal is
17 not satisfied with one of the guidelines, that they will
18 point that out in the presentation to the Board and the
19 written materials that will go to the Board.

20 So, it is anticipated that some of the joint
21 ventures may not meet all of the guidelines. But we would
22 certainly point that out to the Board, if they don't meet
23 all of them.

24 MS. CARDENAS: All of the guidelines. No. And
25 that is good. I mean, we just -- not that there is. But

1 you know, guidelines are good, but you also want to make
2 sure that there is not any subjectivity, you know, when
3 making an exception.

4 And so, if you are saying, that you know, if
5 there should be, and it would be outlined in the
6 presentation to the Board, then obviously, that is good,
7 to keep us all in check.

8 MR. MARKS: That is right.

9 MS. RAMIREZ: Correct.

10 MR. DIETZ: Great. Any other comments or
11 questions?

12 (No response.)

13 MR. DIETZ: I don't hear any. So, we would
14 entertain a motion, if we are so inclined.

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

16 MR. DIETZ: Is there a second?

17 MS. JOHNSON-ROSE: Mr. Chairman, this is
18 Courtney Rose. Second.

19 MR. DIETZ: Okay. It has been moved and
20 seconded. Is there any public comment, or further
21 discussion?

22 (No response.)

23 MR. DIETZ: Okay. All in favor of the approval
24 of the Joint Venture Development Guidelines, as submitted,
25 please unmute, and say aye.

1 (A chorus of ayes.)

2 MR. DIETZ: Any opposed?

3 (No response.)

4 MR. DIETZ: Okay. The Joint Venture
5 Development Guidelines are approved as submitted.

6 MS. RAMIREZ: Thank you all.

7 MR. DIETZ: Thank you. I don't think we have
8 any reason to go into a closed meeting today. And so,
9 unless there are any additional announcements, or closing
10 comments, I think we are about finished for the day.

11 Anything else we need to go over, Mr. Long?

12 MR. LONG: No, Mr. Chairman. I think we are
13 good. I think that covers everything. Again, just a
14 reminder, for everybody's tentative schedule, the next
15 scheduled Board meeting is August 12 at 10:30. And we
16 will continue to update you, whether or not that will be
17 done under a physical onsite visit or continue to be under
18 a virtual webinar.

19 MR. DIETZ: It sounds like, for right now, we
20 are expecting that to be virtual, most likely. Is that --

21 MR. LONG: That is correct. Yes, sir.

22 MR. DIETZ: Correct. Okay. Great. Well,
23 thank you very much, everyone, for your time today. And
24 this virtual -- we are getting used to this virtual
25 meeting format, so it is flowing really smoothly, but I

1 concur with some of the other people that said, I am ready
2 for a personal meeting again. So, hopefully, we will be
3 back to that point sooner rather than later.

4 So, unless there is anything else, it is now
5 10:56 a.m. on July 8, and the meeting is adjourned.

6 (Whereupon, at 10:56 a.m., the meeting was
7 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: via RingCentral
DATE: July 8, 2020

I do hereby certify that the foregoing pages, numbers 1 through 23, 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: July 13, 2020

(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752