TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING
VIA RINGCENTRAL

Wednesday,
October 14, 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
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## ACTION ITEMS IN OPEN MEETING:

**Tab 1**  Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on August 12, 2020.

**Tab 2**  Presentation and Discussion of the Fiscal Year 2020 Annual Financial Audit.

**Tab 3**  Presentation, Discussion and Possible Approval for Texas State Affordable Housing Corporation to enter negotiations with the Texas Department of Transportation to administer grant funding provided by Texas Department of Transportation to support affordable housing initiatives in communities affected by Texas Department of Transportation's North Houston Highway Improvement Project.

**Tab 4**  Presentation, Discussion and Possible Approval of a Resolution Approving the Corporation's Fiscal Year 2021 Investment Policy.

**Tab 5**  Presentation, Discussion and Possible Approval of the Fiscal Year 2021 Broker Listing.

**Tab 6**  Presentation, Discussion and Possible Approval of the 2020 Texas Foundations Fund Nonprofit Partners.

**Tab 7**  Presentation, Discussion and Possible Approval of the Appointment of Member(s) to the Board of Directors of Texas
Community Capital, LLC.

Tab 8 Discussion and Possible Approval of a Resolution Authorizing the Issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (W. Leo Daniels Towers) Series 2020A-1 and 2020A-2, a Funding Loan Agreement, a Borrower Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the notes; and other provisions in connection therewith.

Tab 9 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 Gardens of Balch Springs Apartments.

Tab 10 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 Riverstation Apartments.

Tab 11 Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2021.

Tab 12 Presentation, discussion and possible
approval of a $1,700,000 loan to the DF Sagebrush Apartments, LP, an affiliate of the Texas Housing Foundation, for the refinance of the Sagebrush Apartments, a 60-unit affordable rental project in Brady, Texas.

CLOSED MEETING

ANNOUNCEMENTS AND CLOSING COMMENTS

ADJOURN

none

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72
MR. DIETZ: Okay. Great. Well, it is 10:30. So, welcome everyone to the October 14, 2020 meeting of the Texas State Affordable Housing Corporation Board of Directors. Before we start, we are continuing to operate under the Disaster Declaration by the Office of the Governor, so we're meeting remotely, and a couple of notes with regard to that.

If you could identify yourself by name before speaking, whether you're a Board member or otherwise. For public comments, Sarah, if you can just let me know if there's somebody that needs to public comment, or not. Then we will know to move on from that.

And then for Board votes, I will be doing it roll call style so that we're sure to be able to hear all of the votes. So welcome, and we will do our roll call first. Bill Dietz? 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? Andy, are you with us? I don't hear Andy, but is he online, Sarah?
Ms. Ellinor: Yeah, I see him. Andy, unmute yourself.

Mr. Williams: I'm present.

Mr. Dietz: Oh, great. Heard you that time, Andy. Fantastic. Thank you. Good. Then we are all present and accounted for, so we do indeed have a quorum. Before we begin with the President's Report, I'd like you all to join me, please, with the Pledge of Allegiance.

(Pledges were recited.)

Mr. Dietz: Great. Thank you. And before we move forward, is there any public comment? Sarah, anybody available for public comment?


Mr. Dietz: Oh, great, great.

Ms. Ellinor: But I don't --

Mr. Dietz: Good. All right. Then, Mr. Long, to you for the President's Report.

Mr. Long: Good morning, everyone, and thank you, Mr. Dietz. I know the Board members should have each received the President's Report this morning. Just my quick narrative, but I'll go over it real briefly. But I actually, as I said in my email, really kind of want to
focus on making some introductions to you this morning.

So real quick, over the President's Report, before I get to the introductions, the program area reports are in Tabs A through C of your Board book that you received. Hopefully, you've had a chance to look at those.

If there's any questions, staff and/or I will be happy to answer any of those questions. In addition, I want to give you a quick update on a couple of other things. Our new building continues to progress. We are moving along rather quickly at this point in time.

I always want to thank David and Cassandra for their oversight on this project. David has -- this is the third time David has done a building with TSAHC. He has continued to not only handle his daily responsibilities, which you'll see, he's heavily involved with today's agenda, but also the fact that he and Cassandra have managed all of the oversight in working with our contractor and over our architects, so I appreciate their help on that.

We literally will finish out phases on a lot of this. We will be doing an initial, very preliminary walk-through on the building later this week. I think there's a lot of things that are going on that we're starting to get updates on, and things need to be finished out.
Some approvals from the City still are required, but I think you're going to be very pleased with the results of the building. And we're very happy with where we're at, along that process. We are in the process of packing up our current office.

Staff still have access to come into the office if they want on a limited basis. But at the same time, we do want them to be able to come in and start packing up their office, since it's much needed.

The Loan Committee met yesterday. I want to thank Mr. Williams. He's always available and participates in those meetings. So, Mr. Williams, thank you very much for your participation.

We did have several items that we made decisions on. Those were included in the agenda that I provided to the Board as part of their oversight, along with my President's Report.

One of the items which will be discussed under Tab Item 12 later today -- Cassandra Ramirez will be making that presentation at that time. With that, Mr. Chairman, I'm just going to go into -- well, I do want to say one more thing, and that is Michael Wilt participated yesterday.

Texas Association of CDCs is having their Annual Policy Summit, which is a -- this year, they've
taken it a little step further. This year, they've included more of a national event. In the past, it's been a -- kind of a statewide event.

And Michael participated on a panel yesterday as the moderator, dealing with a very important topic, which is foreclosures and rental evictions that are likely to become a big issue here with the moratorium, and people are going to have to start dealing with landlords and mortgage companies. So, Michael, thank you for your role on that.

To the introductions, obviously, we like to typically have an opportunity for the Board members to meet face-to-face with new staff members. Our business continues to grow, and we are constantly looking for quality team members, people who want to join our team here at TSAHC.

We take pride in the people that we hire and are really excited to have three people I want to introduce to you. One of them has been here almost six months. Kayla Gillaspy is a Single-Family Compliance Specialist. She joined us in March, in the middle of March.

Unfortunately, for all three of these people, they've not had the chance to meet with the Board. So, they are on the call today. So, if you want to either
give them a hello or give them any grief or embarrass them in any way, please feel free to do so.

So, Kayla Gillaspy joined us in March as a Compliance -- Single Family Compliance Specialist. Paul Kaegel, also a Single-Family Compliance Specialist, joined us in the middle of September. And then, last, but not least, Erica Mitchell has recently joined the Development Finance team as the Development Finance Coordinator.

She joined us just earlier this month. I want to obviously welcome each of them to the team at TSAHC. Kayla and Paul hit the ground running. I know Erica has been going through some trainings, working with Dave and Cassandra.

But at the end of the day, these are very qualified people. We're excited to have them join our team, and I hope the Board recognizes not only the quality of people that we're hiring, but also the fact that our business is growing, as we continue to hire, even during the pandemic.

So, with that, Mr. Chairman, I'll conclude my remarks. Again, special welcome to Erica, Paul and Kayla. If the Board has any comments or anything, they'd like to offer up to the new staff members, feel free to do so. But otherwise, their pictures and their brief bios are in front of you.
I think Sarah's been flipping through the screen on each of them. So, if there's any questions, feel free to answer them. I mean, ask them now and they can answer them. But other than that, Mr. Chairman, I'll conclude my remarks.

MR. DIETZ: Great. Thank you very much, and welcome to all three of our new staff members. Okay. We'll move on to the action items.

Tab 1 is the presentation, discussion, and possible approval of minutes from the Board Meeting that was held on August 12, 2020.

Are there any questions, corrections, or comments with regard to the minutes?

(No response.)

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

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

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

MR. DIETZ: Okay. It's been moved and seconded that we approve the minutes from the August 12 Board meeting, as submitted. Is there any public comment?

(No response.)

MR. DIETZ: Okay. Then I will go through the roll call. Hold on one second. Let me pull that back up so I'll have it front of me for the rest of the meeting.
Okay. All in favor -- Valerie Cardenas?

MS. CARDENAS: Aye.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Aye.

MR. DIETZ: Lali Shipley? If you're on mute, remember to unmute.

(No response.)

MR. DIETZ: Andy Williams?

(No response.)

MR. DIETZ: Okay. I didn't hear either Lali or Andy.

MR. WILLIAMS: Aye.

MR. DIETZ: Oh, there's Andy. Lali?

MS. SHIPLEY: Can you hear me? I'm unmuted.

MR. DIETZ: Now, I could.

MS. SHIPLEY: Oh. Aye.

MR. DIETZ: Okay. Great. Okay. Good. So, the Board minutes from the August 12 meeting are approved.

Tab Item 2, the presentation and discussion of the fiscal year 2020 annual financial audit.

MS. SMITH: Good morning. My name is Melinda Smith and I'm the Chief Financial Officer. The Corporation is required to have a financial audit every year. It's required by our enabling legislation, and the
audit is due in December of each year.

And this morning, we have Jimmy Romell and Veronica Lomas Day from Maxwell, Locke & Ritter -- are here to give you just a short overview of what will be happening. I'll turn it over to Jimmy. Jimmy's a partner with Maxwell, Locke & Ritter.

MR. ROMELL: So good morning. As Melinda mentioned, I'm Jimmy Romell with Maxwell, Locke & Ritter, and I serve as the audit partner for the audit of TSAHC for your fiscal year 2020. Along with me today is Veronica Day, and she serves as our manager on the engagement.

And so, I'm actually going to turn it over to Veronica, and she'll go through the specifics of the time frame for the fiscal year '20 audit.

MS. DAY: Thanks, Jimmy. So, this is Veronica Day, and as Melinda had mentioned, the audit report is due in December. So, we will be starting the audit fieldwork starting this month, at the end of October, and then we're planning on issuing the report during the December Board meeting.

And so, our services, as Melinda had mentioned, was that there is a financial statement audit. We also have a HUD audit report that we do, and we also look at compliance with the Public Funds Investment Act. So, in
addition, this year, there will also be a single audit that will be performed, and so that's because the Corporation has received more federal funds than in the prior years.

And when you have federal funds that are expended during the year that exceed -- the fiscal year that exceed 750,000, then you're required to have a single audit report. So, this won't change the deadline. It will still be in December, but there will be additional procedures that we will be performing during our audit.

So, if you have any questions or at any point would like to talk with either Jimmy or myself, then we are available to you. But that's all that I have.

MR. DIETZ: Great.

MS. SMITH: Thank you.

MR. DIETZ: Melinda, any other comments regarding the audit?

MS. SMITH: No, not at all. Just wanted to say, thank you and --

MR. DIETZ: Great.

MS. SMITH: -- thanks to Veronica and Jimmy for being here this morning.

MR. DIETZ: Okay. Great. Any questions from the Board for either Melinda or either of the individuals handling our audit?
MR. DIETZ: Okay. And I don't think that tab item requires any action at this point in time.

MS. SMITH: Correct.

MR. DIETZ: Okay. Great. We'll move on to Tab Item 3, the "Presentation, Discussion and Possible Approval for Texas State Affordable Housing Corporation to enter negotiations with the Texas Department of Transportation to administer grant funding provided by Texas Department of Transportation to support affordable housing initiatives in communities affected by the Texas Department of Transportation's North Houston Highway Improvement District."

MS. CLAFLIN: Great. Good morning. This is Katie Claflin, TSAHC Director of Communications and Development. Tab Item 3 is an action item that requests approval from the Board to enter negotiations with the Texas Department of Transportation, or TxDOT, to administer a minimum of $27 million in grant funding. The funding will support affordable housing initiatives in communities affected by TxDOT's North Houston Highway Improvement Project, which is a multi-billion-dollar transportation project that will expand and realign sections of Interstate I-45 in North Houston.

The project will impact several neighborhoods,
many of which are comprised primarily of low income and minority residents. I am joined today by Carlos Swonke and Stefanie Tan, who are representing TxDOT, and you'll hear from Carlos in a few minutes.

He'll provide a few details on the transportation project itself, the specific communities that will be impacted, and TxDOT's vision for the partnership. But before I introduce Carlos, I do want to highlight a few important details on the partnership.

So first, your approval today will allow us to enter negotiations with TxDOT to draft a contract to administer the grant funding. TSAHC staff will seek approval from the Board of Directors again before executing the final contract.

Second, the $27 million in grant funding will be provided in addition to the funding provided directly to the households and businesses that will be displaced. So, this grant funding is not part of that funding, nor does it replace that funding.

Third, due to the size of the project, it's our intention to hire a consultant to help us identify the specific housing needs of the affected communities. We really want to take a thoughtful approach to administering these funds, to maximize the benefits to the local communities.
We therefore anticipate launching this project around mid-2021, and the partnership will include some administrative funding for TSAHC to allow us to cover these costs and other costs that we might incur. And then finally, before I hand it over to Carlos, I just want to say that TSAHC staff have really enjoyed working with TxDOT staff on this project so far.

We're very flattered that they have invited us to partner with them on this and are really excited that they're investing in affordable housing in this way. So, with that, I'd like to introduce Carlos Swonke who is representing TxDOT.

MR. SWONKE: Well, thank you, Katie. Good morning, everybody. I'm Carlos Swonke, Director of TxDOT's Environmental Affairs Division. First, thank you for this opportunity to introduce this discussion item about TxDOT's affordable housing initiative, really, to communities affected by the North Houston Highway Improvement Project, or NHHIP.

The NHHIP is a multi-billion-dollar transportation project that will expand and realign sections of Interstate 45, from Beltway 8 on the north side of Houston through downtown, US-59 south of downtown. It will also realign sections of Interstate 10, US-59, and I-69 in the downtown area and widen US-59/I-69 east
and south of downtown.

We've included a location map in your briefing packet, as you can see, and if you're familiar with the Houston area, these are very major roadways in the center of Houston. This is a very big, very impactful project. These much-needed improvements will improve safety, reduce flooding, and improve mobility on these sections of highway.

An unavoidable consequence of widening these freeways is the highly developed -- in the highly developed urban core of Houston is the displacement of residents. TxDOT will be providing individual displaced residents compensation for their property, moving -- pay for moving expenses and relocation assistance.

In TxDOT's analysis of the effects of the project on community cohesion, we considered how adjacent neighborhoods were changing. In particular, those neighborhoods are comprised primarily of low income and minority residents.

Examples of these neighborhoods are Independence Heights, the Near Northside, Fifth Ward, and the Third Ward. As part of our overall project communication, TxDOT has committed to support affordable housing initiatives in those communities most affected by the project.
This was in our final Environmental Impact Statement that was just issued a couple of weeks ago. The mitigation is intended to compensate for the direct effects of residents' displacement and the indirect effect of potentially contributing to ongoing housing affordability problems in the Houston area, in these neighborhoods in particular.

The intent of this initiative is to construct affordable housing relating to the related efforts to develop and/or facilitate affordable housing in these areas. To carry out this effort, TxDOT is committing an amount of no less than $27 million towards developing affordable housing in the neighborhoods most affected by the NHHIP project.

I might add that TxDOT has never put forward such an effort in mitigating for these types of projects -- I mean, impacts. TxDOT wishes to partner with TSAHC to implement this affordable housing mitigation. We have previously considered several other options for carrying out this initiative, but in the end, recognize that TSAHC's expertise and grant administration in affordable housing, plus its experience in the Houston area, made your agency a desirable partner in carrying out this commitment.

With TSAHC, TxDOT can be confident, feel
confident, that the program will be administered according to the same public accountability and transparency standards that TxDOT has held. And finally, I just want to add, as well as Katie mentioned, we've enjoyed and have been encouraged by preliminary discussions with your staff and look forward to advancing this idea towards tangible benefits for these neighborhoods and residents in Houston.

As Katie mentioned, if the Board approves moving forward with this partnership, the next step will be to draft a written agreement outlining the terms of the partnership. With that, I'd be happy to answer any questions.

MR. DIETZ: Thank you for that presentation. Are there any questions from Board members, from either -- for either Ms. Claflin or for TxDOT?

MS. JOHNSON-ROSE: Mr. Chairman, this is Courtney Johnson-Rose. I don't have a question, but I do just want to thank TxDOT for thinking of TSAHC, and I am hopeful that we're able to enter into a relationship. I'm from the Houston area and very familiar with these communities, and it's a great opportunity, and I just commend TxDOT for this effort.

And again, you know, I am hopeful that TSAHC will be able to work with you all, because these communities will be quite affected, but this is a great
way to develop affordable housing. I'm so very excited
about this potential partnership.

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

(No response.)

MR. DIETZ: Okay. I don't hear any. So,
Katie, are there any additional elements of the
presentation that we need to hear, or are we ready to move
forward with a motion?

MS. CLAFLIN: I don't believe so. We will
certainly keep the Board updated as we move toward that
written agreement. But yeah. At this time, we would just
ask for your approval to move forward with this
partnership.

MR. DIETZ: Okay. Great. And if I understand
correctly, this is a preliminary authorization to enter
into kind of the negotiation and coming up with a
finalized agreement, and then you'll come back to the
Board once we have a finalized agreement --

MS. CLAFLIN: Absolutely.

MR. DIETZ: -- much like -- yeah. Okay.

Great.

MS. CLAFLIN: Review and approve that final
agreement.

MR. DIETZ: One quick question I have. So the
27 million, I guess that is just -- does that just represent an addition to the normal budgeting that would be done for this particular project, or is that -- have you had to find other areas to cut back on in order to make that 27 million available?

Or how does that work?

MR. SWONKE: Yes. This is Carlos again. Yeah. It is part of the project funding and budget. So, with -- you know, as mentioned, this is part of a large mitigation program for a variety of issues, community and otherwise.

And so, we see the payment and the funding for these mitigation efforts as incorporated in the project funding overall, similar to what is put forward for construction of the project and design of the project.

There is part of the budget set aside for mitigation, environment mitigation.

MR. DIETZ: I see. I see. Great. And this is a portion of that environment mitigation budget?

MR. SWONKE: Yes, exactly. Just one piece.

Yes.

MR. DIETZ: Yes. Great, great. Well, thank you. No. I think this is a great, you know, partnership to be embarking on, and this is exactly the sort of thing that the Texas State Affordable Housing Corporation was intended to do when it was created by the Legislature.
So, we appreciate you recognizing that and coming to us and allowing us to help in that capacity. So, with that, I would entertain a motion.


MR. DIETZ: Okay. Is --

MS. CARDENAS: Second.

MR. DIETZ: -- there a second?

MS. CARDENAS: This is Valerie.


So, it's been moved and seconded that we approve the proposal to enter discussions with the Texas Department of Transportation with regard to the North Houston Highway Improvement Project.

Is there any public comment?

(No response.)

MR. DIETZ: Okay. I don't see any requests for public comment on the chat. So, we will proceed with a vote. I'll do it roll call style. Bill Dietz, yes. Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.
MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. So, it is approved. Thank you very much for the presentation. We look forward to hearing more about it when you come back for final approval.

MS. CLAFLIN: Thank you so much.

MR. DIETZ: Thank you.

MR. SWONKE: Thank you.

MR. DIETZ: Great. So, we'll move on to Tab Item 4, which is the "Presentation, Discussion and Possible Approval of a Resolution Approving the Corporation's Fiscal Year 2021 Investment Policy."

MS. SMITH: Good morning. This is Melinda Smith again. I'm the Chief Financial Officer. The Corporation is required to follow the requirements of the Public Funds Investment Act, and part of that Act requires that we have an investment policy and that that investment policy be approved annually.

So that's what we are asking the Board to do. This is our investment policy, and we've made two changes to it, the first one on page A-9. We have increased the stated maturity on commercial paper from 180 days to 270 days, so from six months to nine months.

And then additionally we've added a possible
investment, a triple-A rated, SEC-registered, short-term duration fund. It's a mutual fund. And our investment advisor suggested that we add this because interest rates have fallen so drastically and it's very difficult to invest in anything that is safe but brings any returns.

So, she felt that it was important to add this, so we have done that. And those are the only two changes that we have made to the investment policy. Do you have any questions about the policy or the changes that we've made?

We're asking that the Board approve the policy with these changes.

MR. DIETZ: Any questions from the Board members?

(No response.)

MR. DIETZ: Okay. If there are no questions for Ms. Smith, then I'd entertain a motion to approve.

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

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

MR. DIETZ: Okay. It has been moved and seconded that we approve the fiscal year 2021 investment policy. Is there any public comment?

(No response.)

MR. DIETZ: I don't see any. So, we'll go
through roll call vote. Bill Dietz? Yes.

Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. So, the fiscal year 2021 investment policy is approved.

Tab Item 5 is the "Presentation, Discussion and Possible Approval of the Fiscal Year 2021 Broker Listing."

MS. SMITH: Again, this is Melinda Smith. In addition to the investment policy, the Public Funds Investment Act also requires that we ask the Board to approve a broker listing each year, and we have quite an extensive list and we have made some changes to it, the majority of which are just because these various firms have merged and un-merged and their names have changed.

In addition, we've added one, UBS. The brokers are -- for each investment we purchase, there are three bids, and the -- our investment advisor uses this list of brokers to select from, in purchasing and getting those bids and purchasing investments for us.
And so, we are asking the Board to approve the new list for fiscal year 2021.

MR. DIETZ: Great. Any questions about that for Ms. Smith?

(No response.)

MR. DIETZ: Hearing none, I would entertain a motion to approve.

MS. CARDENAS: Valerie. So, moved.

MR. DIETZ: And is there a second?

MS. JOHNSON-ROSE: Mr. Chairman, this is Courtney. I'll second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the fiscal year 2021 broker listing as submitted and as -- with the noted changes. Is there any public comment?

(No response.)

MR. DIETZ: Okay. Hearing none, I'll go through the roll call vote, and please note that I will abstain from this particular vote due to financial relationship that I have with one of the listed brokers.

Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?
MS. SHIPLEY: Yes.

MR. DIETZ: Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. The broker listing for fiscal year 2021 is approved. Thank you, Melinda.

MS. SMITH: Thank you so much. Thank you.

MR. DIETZ: All right. So, we'll go to Tab Item 6, which is the "Presentation, Discussion and Possible Approval of the 2020 Texas Foundations Fund Nonprofit Partners."

MR. WILT: Good morning, Chairman Dietz and Board members. I'm Michael Wilt, Senior Manager of External Relations. I'm here to present Tab Item 6 which asks you to consider and possibly approve our 2020 Texas Foundations Fund Partners.

The 2020 round of Texas Foundations Fund is structured just like our last two rounds in that we match public and private funds raised by selected partners. So the partners are selected on a two-year term with matching grant funds available each year, and to qualify as a partner, you have to meet certain threshold requirements which are outlined on the first page of the write-up that's included in your Board packet.

I did want to note that we changed one thing for the funding. We are allowing 5 percent of the grant
to go towards administrative or technical costs associated with carrying out the program. The primary motivation for this change is the ongoing COVID-19 pandemic.

We've seen some organizations struggle to keep their programs operational, especially on the home repair side because a lot of organizations depend on volunteer labor, for example, and they couldn't do that anymore. So, this administrative assistance will help them keep their programs operational, even if it's just a little bit, 5 percent of the grant.

The 2020 application period opened this past May, and the deadline to submit was June 19. We received 38 applications, which is a lot, from throughout the state of Texas. We conducted a two-part, thorough review of all applicants and determined that 33 of the 38 met the requirements necessary to be selected as a partner.

We've included a brief description of each proposed partner in the write-up. So, you can see what programs the matching grant will support and their funding priority to serve with the grant, and also the counties that they're serving.

You can also see the new partners you will be working with during this grant term. They're indicated by an asterisk on the page that has all the partners listed. I also wanted to briefly touch on the regional dispersion
of our partner organizations.

It's something we're really proud of, this funding round and every funding round. We have two partners in the Panhandle, four in West Texas, four in North Texas, eight in Central Texas, two in East Texas, two in South Texas, eight in Southeast Texas, and three in the Rio Grande Valley.

Total funding for this round is $610,500, which is $18,500 per partner. It's a little bit more than we budgeted for, but we're also awarding grants to more partners than we've ever awarded. And we also like to have it be a round number, so 18,500 is what we landed on.

I also wanted to quickly mention, since the inception of the Foundation's fund grant program, we've awarded more than $3.7 million over 10 funding cycles. This is our -- the beginning of our 11th funding cycle, and if you approve this amount today, it will bring our investment up to more than $4.3 million in grant funding.

If approved, the next steps on our end is we send out a grant agreement with each partner. They have six months to access their grant funding. Any funds not accessed over that time will be available to a statewide pool, but we hope that doesn't happen.

And a partner has to use 100 percent of the matching grant and submit a report at the end of each
period before they can have access to their next grant.
That's all I have. Happy to take any questions.

MR. DIETZ: Great. Thank you. Are there any questions for Michael from the Board?

(No response.)

MR. DIETZ: One question, a quick -- that I have, Michael. So, sounds like we had five organizations apply that were not eligible, based on our criteria, and I guess, do we kind of help those organizations figure out, okay, here are the things that are not -- they're the reasons that you're not eligible, and here's what you can do so that perhaps in the next round you could become eligible?

MR. WILT: Yeah. Two of them were because they didn't own the housing, and one of them, they were trying to get supportive services. And so, you know, we're pretty clear in our guidelines that if you want -- if you are asking for grant funds to go towards something like that, you have to own and operate the housing.

MR. DIETZ: Okay.

MR. WILT: So, you can't really help them fix that. The other ones were all financial reporting reasons, and we are pretty strict when it comes to requiring an audit.

And with one organization, they didn't require
an audit because of their overall budget. They required a financial review, but it wasn't quite the type of review that we were looking for because we needed something from a CPA. And that's an organization that we are definitely working hand-in-hand with.

We've worked with them in -- through other initiatives and are helping build up their capacity. They're quite small still, and we're -- you know, as they scale up in operation, we're trying them walk through, you know, what that looks like on the financial reporting side in order to unlock funding like this that could be available.

So, any sort of -- if it's a financial reason, we try and help them in that regard figure out how to come up with the necessary reporting.

MR. DIETZ: Great. And the funds for this primarily just come from our general operating funds, and then in the budgeting process, we dedicate a portion to -- you know, one of the line items goes to this particular effort.

Is that correct?

MR. WILT: That's correct. Right. This is funded by TSAHC revenue.

MR. DIETZ: Yeah, yeah. I think it's a great -- it's a good element of what TSAHC does and hope
we continue to increase the funding that we give to this
program so we can continue to help more and more entities
like the ones outlined here.

MS. CARDENAS: Michael, this is Valerie. Just
out of, I guess, curiosity over the course of these grant
funds being awarded, have you -- has the -- has TSAHC ever
faced any challenges where maybe monies were not used
accordingly or not complied with, you know, the process,
you know, during the disbursement of funds, or as maybe
you all are doing, you know, a random inspection or just
kind of things of that nature?

MR. WILT: We have pretty strong reporting
requirements. Fortunately, we've never encountered a
problem where there's been a misuse of funds. There have
been organizations that have changed how they would like
to use the funds over the course of a grant term, and
we've allowed for modifications to the grant agreement.

I would say the most common thing that's
happened is organizations haven't accessed part of their
funding or all of their funding. And in instances like
that, we collapse that into a general pool and provide
that to, you know, other partners that -- they can use the
funding.

But it's a complicated and tricky process on
how you award leftover funds that are in a general pool
available to anybody, so it's something we like to avoid. If an organization is struggling with, like, identifying a household to provide home repairs or if they're struggling with something, we like to figure it out with that organization, as opposed to providing those excess funds to somebody else.

MS. CARDENAS: Okay. Thank you.

MR. DIETZ: Great. All right. Any other questions for Michael?

MR. LONG: Mr. Chairman?

MS. JOHNSON-ROSE: Umm --

MR. LONG: Go ahead, Courtney.

MS. JOHNSON-ROSE: Mr. Chairman, this is Courtney. This is coming out of our general funds, but it's flowing through the Foundation. Correct? I just wanted to be sure that I understood that correctly.

MR. DIETZ: Is that right, Michael? Do we -- we're contributing it from the general fund to the Foundation, and then the Foundation is distributing the -- is that how it works?

MR. WILT: Well, we don't have a Foundation set up, but I mean, I think Melinda can probably explain how exactly it's included --

MS. SMITH: Yeah.

MR. WILT: -- in the budget.
MS. SMITH: I'd be happy to. It's just -- it's coming out of our general fund money. We haven't established a specific, you know, foundation, although this money is separated and used specifically for this purpose, and we budget it every year.

It's part of our program expenditures, if that makes sense.

MR. DIETZ: Okay, okay, okay. Yeah. I think that since it said, Texas Foundations Fund, I think that's what they're --

MS. SMITH: Yeah.

MR. DIETZ: -- but there's not a --

MS. SMITH: Yeah.

MR. DIETZ: -- there's not really a separate bank account or a separate account somewhere with the Texas Foundations Fund money. It's just -- we have allocated a certain portion of our revenue to support this project.

Is that correct?

MS. SMITH: Correct. We do keep it separate on the books, so in a way, it's separate, but yeah, that's --

MR. DIETZ: Sure.

MS. SMITH: -- exactly right.

MS. JOHNSON-ROSE: Okay.

MR. DIETZ: Courtney, does that answer your
questions?

MS. JOHNSON-ROSE: Yes, it does. Thank you, Mr. Chairman.

MR. DIETZ: Great. Any other questions?

MS. JOHNSON-ROSE: Mr. Chairman, I would do a motion to approve.

MR. DIETZ: Great. Is there a second?

MS. CARDENAS: Valerie. Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the Texas Foundations Fund nonprofit partners. Is there any public comment?

(No response.)

MR. DIETZ: Okay. I don't see one. So, we'll go through a roll call vote. Bill Dietz? Yes. Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. So, the Texas Foundations Fund nonprofit partners are approved. And is that correct, that should say 2020 there on the Texas
Foundations Fund Nonprofit Partners, or --

MR. WILT: Yes.

MR. DIETZ: -- should it say, 2021? It is?

Okay.

MR. WILT: It's for a term of 2020 to 2022, to be exact.

MR. DIETZ: Okay, okay. But we just call it, 2020, because that's the opening year. Great.

MR. WILT: That's correct.

MR. DIETZ: Good, good. Thank you for that clarification. Okay.

On to Tab Item 7, the "Presentation, Discussion and Possible Approval of the Appointment of Member(s) to the Board of Directors of Texas Community Capital, LLC."

MR. LONG: Mr. Chairman, can you hear me?

MR. DIETZ: Yes.

MR. LONG: Good. Before I go off on Tab Item 7, I want to go back to Tab Item 6, and I want to thank Michael, the staff, and accounting. There's a lot of work that goes into this. This program is something I'm truly passionate about.

The Corporation started this back in 2008. The Board has been very generous over the years with us, allowing us to expand our funding to this program, and as everyone has mentioned, this is something that comes
directly from the excess revenues that the Corporation generates and the Board has graciously over the years expanded that funding source.

And to add on to the comment you made, Mr. Chairman, earlier about liking to see us expand the funding on this again, I'm going to give you a heads-up that for the next year's budgeting, when we get a chance to reevaluate the amount of money, I'm going to ask the Board to likely increase this significantly, because I think this -- what we're seeing is a greater and greater demand for more nonprofits.

As Michael said, 38 applicants. We tend to have a huge demand from the nonprofit community, and this is such a great resource that we offer them for meeting the housing needs across the state. I just would like to see our Board give consideration to expanding the funding source out of this significantly, given that our budget, if we can -- if we have the opportunity to do so, I'd like to do that.

But again, my comment was just to thank Michael and his team and the effort that goes into reviewing and putting this together, a lot of work. And I know accounting steps in and helps a lot with the review of the financials, so thank you to everybody for that, and thank you, Board, for your approval of Tab Item 6. It's really
a great program, and I'm really excited to see it continue.

Tab Item 7 is the approval of the Board's, TSAHC's Board, to appointees to the Texas Community Capital Board. The Texas Community Capital, for those Board members that are not aware -- or that we haven't had a chance to do this in a while -- Texas Community Capital is a 501(c)(3) entity that the Texas Association of CDCs and Texas State Affordable Housing Corporation reinvented over five years ago as a way for us to try and identify ways to expand our scope of resources for funding affordable housing by becoming a CDFI.

If -- for a quick backdrop on the history of this, the Corporation, TSAHC, originally tried to apply to become a CDFI and we were not eligible to do so because of certain restrictions on governmental entities being -- becoming CDFIs. In coordination with the Executive Director at that time, now Matt Hull at TACDC, the Corporation -- Corporation's Board and TACDC's Board of Directors agreed to allow us, these two entities, to create or revive an existing 501(c)(3) which is called Texas Community Capital.

Over the last several years, we have focused very heavily on trying to become a CDFI. We had one application submitted that was declined due to lack of
activity or financial strength. Over the last several years, as I mentioned, we have worked very hard with TACDC and TSAHC to try and grow the capacity of that.

TACDC is a participant in an organizational program called the Community Loan Center, which is an alternative to payday lending. They have seen significant growth in the program which runs through TCC. That said, the makeup of the Board of TCC is nine members now.

Over the years, we've amended that. Originally, it was three members appointed by the TSAHC Board and three members appointed by the TACDC Board. The bylaws that were attached in the Board packet reflect that we've changed that.

And now it's three members from the TCC Board -- I mean, from TSAHC's Board appointed, three members from TACDC appointed, and then we have three members at large that are selected and approved by the existing Board appointed by TSAHC and TACDC. So essentially, six members appointed and approved three additional Board members.

At this time, what I'm looking to do is get the Board to approve two extensions to two of our Board members. Our current Board members consist of Cindy Leon, who is existing -- she is the acting chair of TCC and one of the TCC Board members -- TSAHC's Board members that's
appointed by our Board.

David Danenfelzer and Roy Nash are also Board members that our Board has approved to serve as Board members of TCC. I know it sounds a little confusing, but essentially what I'm trying to do today is, ask the Board's consideration and approval of the extension and reappointment of David Danenfelzer and Roy Nash to appointments -- to continue to serve as representatives approved by Texas -- by TSAHC's Board to serve on the TCC Board.

So as you see in the staff recommendations, we're recommending the appointment of Roy Nash to the Texas Community Capital Board, to begin essentially -- you know, these terms kind of already expired, so we're kind of a day late and dollar short, but we're trying to get this caught up.

The TCC Board doesn't meet on a monthly basis. They meet every other month, and so we kind of got a little bit behind the curve on this. So, what we're asking you to do is approve both Mr. Nash and Mr. Danenfelzer's appointments.

Moving forward, Mr. Danenfelzer would be for a two-year appointment and Mr. Nash's would be for an additional four-year appointment, and what that allows us to do is stagger the appointments to every two and four
So with that, Mr. Chairman, if I made this more complicated than it needs to be, what I'm essentially doing is seeking approval from the Board to reappoint David Danenfelzer and Mr. Nash to the previously referenced terms to serve and continue to serve on the Texas Community Capital Board of Directors.

MR. DIETZ: Great. Makes sense to me. Any questions for Mr. Long?

(No response.)

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

MS. JOHNSON-ROSE: Sorry, Bill. This is Courtney. I had a question. Is Roy Nash a staff member?

MR. LONG: No, he is not. Roy Nash is the Executive Director of the NeighborWorks Waco, a nonprofit organization that we have done business within the past.

MS. JOHNSON-ROSE: Okay.

MR. LONG: Mr. Nash's background is extensive in the affordable housing as well as in community development in Waco, and he has -- he was previously approved by TSAHC's Board to serve as a Board member, and he came in on a short -- shortened term.

He was one of the two-year -- original, two-year members that you guys approved, and so this would
give him a four-year term.

MS. JOHNSON-ROSE: Okay. All right. Thank you. With that, Mr. Chairman, I will make the motion for approval.

MR. DIETZ: Thanks, Courtney. Is there a second?

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve Mr. Danenfelzer and Mr. Nash as members of the Board of Directors of Texas Community Capital, LLC for the terms referenced. Is there any public comment?

(No response.)

MR. DIETZ: Okay. Hearing and seeing none, I'll go through a roll call vote. Bill Dietz? Yes. Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. The appointment of the members to the Board of the Directors of TCC, LLC is approved.
MR. LONG: Thank you to --

MR. DIETZ: On to Tab --

MR. LONG: -- David --

MR. DIETZ: Yes?

MR. LONG: -- for continuing to serve. David Danenfelzer, thank you, because he's doing so much for us right now. We appreciate his continued guidance and leadership. So, thank you for your support on that.

MR. DIETZ: Great. Tab Item 8, which is the "Discussion and Possible Approval of a Resolution Authorizing the Issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes for the W. Leo Daniels Towers Series 2020A-1 and 2020A-2, a Funding Loan Agreement, a Borrower Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement, authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the notes, and other provisions in connection therewith."

MR. DANENFELZER: Good morning. This is Dave Danenfelzer. Can y'all hear me all right?

MR. DIETZ: We can.

MR. DANENFELZER: Great. Yeah. So, we are talking about the W. Leo Daniels Towers in Houston, Texas. This is a project we brought to you several months ago for
inducements, and in that time, we've been working with the developer, the developer's partners, as well as other agencies to work through all of the hurdles and pitfalls that come with development. And we are at a point, though, where we have succeeded in bringing the project back to you with a recommendation to approve moving forward with the closing on the bonds.

This is the final bond resolution that TSAHC will pass. But please note that although TSAHC is approving this today, there are other agencies or entities that do need to approve and finalize the transaction before we officially close.

The transaction has not been approved for housing tax credits yet, though it is in process at the Department of Housing -- Texas Department of Housing and Community Affairs, for that process. And we will also, after this approval, submit an application for clearance to move forward with the closing to the Texas Bond Review Board. It's officially called [audio skip].

In any case, there's -- you know, the -- while the write-up in your Board talks a lot about the -- you know, the project itself, and we have updated some of the numbers in the financial summary as far as cost of rehabilitation, total cost of the project in different sources reduces for the project, one important change or
shift that has happened -- if you remember, back in August, we brought this transaction to you.

Because of some hurdles that the primary developer, ITEX Group, who originally applied to us, was having with the Texas Department of Housing on other projects not associated with this one -- and at that time, we also wanted to clarify that the original application not only included ITEX Group as the developer, but it did also include Jeshurun Development, and the -- many of the things that TDHCA, or Texas Department of Housing, have been sorted through.

ITEX has gotten clearance to move forward with participating more fully in the ownership of the property. So that is one of the changes that is coming to you today. So we have a much more solid and better understanding of the ownership structure with ITEX Group and Jeshurun, both participating in the ownership and operations of the project, long term.

At this point, really, I think there's not much else I can add to the summary and the presentation that you've received. I do know, and I want to make clear one thing that was a question actually asked of me a couple of weeks ago, and it is -- and I think this is an important thing.

The resolution talks about mortgage revenue
notes rather than the term “bonds.” Over the years, we've used that term “notes” versus bonds somewhat interchangeably. It is an important term under the IRS Tax Code rules, but both notes and bonds are tax-exempt securities which we can issue through the Private Activity Bond Program.

The main reason some bond purchasers or note purchasers use the term “note” is simply because of ways that they can take advantage of the Community Reinvestment Act. So certain banks and -- as well as other financial institutions like to use the mortgage revenue note process in order to take advantage and get credit under the CRA rules, rather than the bond process.

But essentially, the documents and the purpose of those documents and how they're enforced are all the same. They all meet the IRS requirements for tax-exempt securities.

And so that's just a question I know comes up every once in a while, and it did come up a couple of weeks ago, so I wanted to talk about that openly with the Board so there wasn't any question about [audio skip].

With that, I'll close my presentation and ask if there's any questions?

MR. DIETZ: Great. Any questions for the -- from the Board?
(No response.)

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

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

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

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

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution regarding the issuance of the mortgage revenue notes for the W. Leo Daniels Towers. Is there any public comment?

(No response.)

MR. DIETZ: Okay. I don't see or hear any, so we'll go through a roll call vote. Bill Dietz? Yes. Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. The resolution is approved. Thank you, Mr. Danenfelzer.

On to Tab Item 9, 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 for the -- to the Texas
Bond Review Board and Declaration of Expectation to
Reimburse Expenditures with Proceeds of Future Debt for
the Gardens of Balch Springs Apartments."

MR. DANENFELZER: Thank you. This is David
Danenfelzer, Senior Director of Development Finance. We
have a new project. We have actually a couple on today's
agenda. This is the first of two which we are inducing
today.

And as a reminder, the inducement process and
the resolution you're providing today allows -- gives
staff and the Corporation the authority to move forward
with beginning the process of developing all of the bond
documents, all of the review procedures, as well as the
TEFRA hearings or public hearings that are required to
meet the IRS Revenue Code in order to bring a project back
to you for final bond approval.

This process will take a few months, and in
this case, it will take a bit longer because we do not
currently have available volume cap for this project. We
will be able to utilize our volume cap for 2021. In
January, we will have access to that, and we will go ahead
and utilize that volume cap for this project.

So it will be a few months before we move forward, but it is often important for us to get the resolution for tax purposes as well because from the IRS perspective, once we have this resolution, the developer can begin taking steps too in their development process, including environmental surveys, engineering studies and other things. And they are able to then reimburse themselves from the bond proceeds at a later date once the bonds close. So, this is very helpful to the developer to get the inducement so early in the process.

Focusing in on the project, the project is being proposed by TDI Affordable Development. It is 185 units of new affordable housing construction targeted to seniors in Balch Springs, Texas.

As you [audio skip] from the Dallas-Fort Worth area, probably know a little bit about where it is. It's just south of Mesquite, and over off of where 20, and I believe, it's 635 or 80 intersect. But Balch Springs is a suburban area just outside of Dallas, and the project does meet our targeted housing needs for senior and service-enriched housing, which is why we -- it does meet our minimum requirement for targeted housing needs.

The project is also going to be part of a much larger subdivision or master-planned community called
[audio skip] Park. It's 173 acres, includes several hundred units of affordable -- not affordable housing, but market-rate housing as well as single family and multifamily housing in there, several hundred thousand square feet of office/commercial space.

Much of this is still to be planned and developed over the next couple of years, but this is a very large planned development that the city of Balch Springs is quite excited about, and they have provided letters of support for this project.

The total budget for the project is approximately $36.2 million, or about 176,000 per unit. This is a pretty -- I'd actually say, it's right in where the median cost of new affordable housing for the Dallas-Fort Worth area is occurring. But that's also very similar to market-rate housing in the Dallas-Fort Worth area, although these will be rent-restricted units and so [audio skip] affordable to households [audio skip] area.

As far as the developer goes, the developer, TDI Affordable Development, is a collaboration between JPI and Prudentia Development. JPI is actually one of the largest multifamily developers in Texas, who have more than 98,000 units in Texas and other states. You know, they are not a well-known affordable housing developer. However, what I understand from speaking both
with our bond counsel, who has a long history of working both in commercial and residential real estate, JPI is a solid, solid name, particularly in the Dallas-Fort Worth area, for their development and predominantly, kind of, high-end apartments.

So, we're kind of excited to see a developer who is known for their high quality of construction and their product start to look at entering the affordable housing market. Because it is something, I believe, from reading and understanding, that JPI's mission is to look at also giving back to the community, and they see this as the new way to do that in the Texas market, providing some affordable housing.

They've partnered with Ryan and Natalie Combs from Prudentia Development. I'll mention that I know Ryan from other projects that we have worked on, including his time at Bonner Carrington, but more recently, we did work -- TSAHC worked with Ryan when he was at Palladium USA to develop a project, including the [audio skip] in Midland project and the [audio skip] project.

Both of those projects are complete and operating and have excellent track records as well. So, we do believe we have a development team here that is well experienced both in affordable housing, but also very high-quality construction.
I think I'll go ahead and wrap there, and I'll allow the Board to ask any questions you may have.

MR. DIETZ: Great. Thank you for that explanation. Any questions from the Board or comments?

(No response.)

MR. DIETZ: Or motions?

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

MS. JOHNSON-ROSE: This is --

MS. SHIPLEY: This is Lali. I second.

I'm sorry, Courtney.

MR. DIETZ: All right. So that is the -- it has been moved and seconded. Is there any public comment?

(No response.)

MR. DIETZ: Okay. I don't see or hear any public comment, so we'll do our roll call vote. This is on the approval of the resolution regarding the submission of the private activity bonds, et cetera, for the Gardens of Balch Springs Apartments. Bill Dietz? Yes.

Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy Williams?
MR. WILLIAMS: Mr. Chairman, because of my interest in the [audio skip] program, I recuse myself from this vote.

MR. DIETZ: Okay. So, if we would please note that Mr. Williams abstains from this particular vote. With that, the motion is approved. So, thank you, Mr. Danenfelzer.

We'll go to Tab Item 10, which 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 Riverstation Apartments."

MR. DANENFELZER: Good morning again. This is David Danenfelzer, Senior Director of Development Finance. This application, like the last, is for an inducement.

Again, it allows the Corporation staff to move forward with planning and preparation for the development, and it also is a benchmark for the developer in order to start expending funds and attributing those to the bond proceeds in the future. But this particular project is -- was -- the application is from Dominium as the developer.

We worked most recently with Dominium on two
projects in the Midland area. Both those projects were new construction [audio skip], the Ventura at Tradewinds and Ventura at Fairgrounds projects. The Ventura at Fairgrounds project closed earlier this year, in June. This project, however, is an acquisition and rehab of an existing affordable housing complex. It's 236 units, and it does meet our targeted housing needs for at-risk preservation projects. The funding that will be utilized, including bonds, tax credits and other sources, will rehabilitate the property up to more current standards, and there is anticipation of spending approximately 47,000 per unit in the rehabilitation of these units.

I'll note, because this is a rehabilitation project, it is always the intent of the developer, as well as a requirement, to ensure that as many, if not all, of the existing tenants remain in place. Many of these rehabilitations occur while the tenants are in place. However, in certain cases, tenants are relocated on a temporary basis in order to complete the full rehab of the project. In this case, they will be still working on that relocation plan, and we will review that at a later date and prior to the final bond approval by the Board.

This property is located in the Dallas area,
and it's off South Great Trinity Forest Way, which is near the Trinity Golf Club. The neighborhood does have a very high percentage of renters, but it is kind of -- like many -- what I'll say is, it's -- the neighborhood in this census tract is quite large and does include a lot of not necessarily affordable, but mixed-rate, some affordable and some market-rate rental housing.

It is a very urbanized area, very walkable, and does have bus lines to many retail and educational services, as well as some jobs in industry and manufacturing. They're located not too far away, along the I-45 corridor.

As far as Dominium goes in the developer summary, you know, I mentioned that we've worked with them before. There's some information in the write-up about their experience.

Again, this project is also being worked on by Jeff Spicer, who is the vice president of Dominium. And we have worked with Mr. Spicer for -- on a number of projects, including those with Dominium, as well as the DF Sagebrush Apartments, which we are going to be talking about a little bit later today, though that project is not related to Dominium. I just want to [audio skip], Spicer does work for Dominium, but also has other interests in apartments and affordable housing projects, not associated
[audio skip].

So, at this point, you know, I'll just note that our recommendation is to move forward with the resolution, and ask if there are any questions?

MR. DIETZ: Okay. Thank you. Is there any question for Mr. Danenfelzer?

(No response.)

MR. DIETZ: Or is there a motion?

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

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

MS. JOHNSON-ROSE: This is Courtney. I'll second.

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

(No response.)

MR. DIETZ: Okay. I did not see or hear any, so we'll do our roll call vote. Valerie Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Courtney Johnson-Rose?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: Andy Williams?

MR. WILLIAMS: Yes.
MR. DIETZ: And Bill Dietz? Yes. So, the resolution is approved as submitted with regard to the Riverstation Apartments.

Tab Item 11 is the "Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2021."

MR. DANENFELZER: Again, good morning. David Danenfelzer, Senior Director of Development Finance. Each year, the Corporation is required by statute to review and new requests for proposals as well as to update our 501(c)(3) bond policy.

Several years ago, the Corporation did combine these into one document because they both relate to tax-exempt bonds or tax-exempt securities, and so we deal with them as one master document. And we have now done that for about six years, I believe.

In every year, there's obviously some little changes that we have to go through. Our bond counsel, issuer counsel and municipal advisers review these policies and also provide updates. Many times, the
updates are very minor because they're just small word change or things that have come down in interpretation from the IRS that do require us to make amendments to.

Sometimes, they're because of state law changes which we react to. And this year, in particular, state law changes from the last legislative session have significantly shifted the way the Private Activity Bond Program for multifamily housing operates in the sense of the flow of projects, when they can apply for certain volume cap, and the timing of those applications.

This last year, one of the reasons that the -- you know, outside of economic reasons and the low cost of debt, one major change in the statute was the size of developments that could be applied for prior to August 15 of each year, as well as how that process was managed in applying for those bonds.

And what we've seen here from TSAHC's perspective is that we have -- you know, we did, and we do anticipate allocating all of our volume cap from 2020. We have applications already approved now in excess of what we anticipate for our 2021 volume cap. And so, we've looked at the policies in order to rewrite some of the sections including, and most importantly, Section 5 regarding application review and Section 10 regarding awards and reservation of volume cap.
The first change in the application review process is that, while previously we would allow an application to submit an inducement to go through the process like we just did with the Gardens of Balch Springs and Riverstation, and then give them the flexibility to apply between January 1 and June 1 of each year, we've decided that we would -- one, we would hold out a period of time between June 1 and October of each year in order to allow us to get through the volume of applications that are utilizing our current volume cap, but also to give staff and the Board the ability to plan the next year's allocation and any changes that we might use.

What we realized is that the applications that we're looking at right now are really based on last year's RFP and so we've committed to following that into 2021. But if for some reason there was a major shift in the markets or other changes that came down, it would be difficult for us in 2021 to really change things on the applications that we already have. So, we're kind of creating a time period where we're not going to accept applications in order to plan for the next year.

The second thing that we're also doing is that flexibility to apply and then hold an inducement application open until June 1 of every year. We're moving that deadline back to May 1 in order to ensure that we can
utilize our volume cap efficiently, and if we have applications that are not moving forward, we can then move to other applications later in the process and bring them through, get their volume cap allocated, and then fully utilize our allocation each year.

So those are kind of the changes, in summary. I think there's other little details that are noted in the write-up, as well as the Board -- as well as the draft policies. And it's also important to note -- probably the most important thing is, this is a draft that is being requested your approval today for us to publish this draft.

We will collect public comment, and we will bring this back to you in December for final approval, once we've collected public comment, considered it, and included anything -- any other changes that result from that comment.

MR. DIETZ: Great. Thank you, Mr. Danenfelzer. Any questions from the Board?

(No response.)

MR. DIETZ: So, did I understand you correctly that this is -- we'll see this again before it's --

MR. DANENFELZER: Yes.

MR. DIETZ: -- finalized?

MR. DANENFELZER: Yes. The Board will see the
entire document once again, once it has been posted and we've collected public comments. There is always small changes that will occur between now and then. Most often, though, they are very small changes.

But we do -- you know, if we get very critical and important comments, public comment, that makes us reconsider something, we could also bring this back in November to discuss those critical comments or changes between now and November, or we'll just wait until December and discuss it at that time.

MR. DIETZ: Great. Is there a motion?

MS. JOHNSON-ROSE: Mr. Chairman, this is Courtney Rose. So, moved.

MR. DIETZ: Thanks, Courtney. Is there any second?

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: Okay. I think we've got Valerie seconding. So, it has been moved and seconded that we approve for publication for public comment the guidelines for the 501(c)(3) Bond Program policies for calendar year 2021. Is there any public comment at this time?

(No response.)

MR. DIETZ: I don't see or hear any, so we'll go to our roll call vote. Valerie?

MS. CARDENAS: Yes.
MR. DIETZ: Courtney?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali?

MS. SHIPLEY: Yes.

MR. DIETZ: And Andy?

MR. WILLIAMS: Yes.

MR. DIETZ: And Bill is also yes. So, the approval is granted for publication for public comment.

Tab Item 12 is the "Presentation, discussion and possible approval of a $1,700,000 loan to the DF Sagebrush Apartments, LP, an affiliate of the Texas Housing Foundation, for the refinance of the Sagebrush Apartments, a 60-unit affordable rental project in Brady, Texas."

And I believe we have Ms. Ramirez presenting.

MR. LONG: Cassandra, are you on mute accidentally?

MR. DIETZ: Sarah, can you tell if she's with us?

MS. ELLINOR: Yeah, it appears she is on audio, and -- but for some reason, it's showing that she's muted, and I can't unmute her to help her out. So, I don't know.

Perhaps Dave, do you know the presentation?

Maybe you want to present for her, or --

MR. DANENFELZER: Sure. I can go ahead and do
the presentation.

MR. LONG: Dave, before you start, Cassandra, if you can join, it would be a great opportunity. While Dave is starting, you can chime in as Dave finishes. Go ahead, Dave. Thank you.

MR. DANENFELZER: No problem. So, David Danenfelzer, Senior Director of Development Finance. This is a Texas Housing Impact Fund loan. We are proposing a $1.7 million refinance of the Sagebrush Apartments located in Brady, Texas.

The apartments is a 60-unit affordable housing complex, which the Corporation has had an involvement in since inception. The Corporation, as part of its background, actually was part of the original financing in 2003, and we were part of, at that time, a 9 percent housing tax credit application, or I should say, we were the financing member of the lender of that 9 percent application, and assisted in its original construction.

A few years ago --

MS. RAMIREZ: Can you guys hear me?

MR. DANENFELZER: Oh, there's Cassandra.

MS. RAMIREZ: Can you hear -- I don't know what's going on. Can you guys hear me?

MS. ELLINOR: We can hear you, Cassandra.

MR. DIETZ: We can hear you now. Yes.
MS. RAMIREZ: Oh, great. I don't know what happened with this, but if you'd like me to present, I'm happy to.

MR. DANENFELZER: Yeah. I just --

MS. RAMIREZ: All right.

MR. DANENFELZER: -- got -- I was just about to talk about the public benefit. So why --

MS. RAMIREZ: Great.

MR. DANENFELZER: -- don't you go ahead and pick it up from there?

MS. RAMIREZ: Sure. Well, good morning. I'm Cassandra Ramirez, Development Finance Manager with TSAHC. The agenda item write-up and resolution provided in your Board book is related to the refinance of two bridge loans, a $1,000,000 term loan from Loan Star Capital Bank, and an existing 700,000 term loan from TSAHC that matured on October 1, 2020. Both of these loans were made in 2017.

One -- a correction to note in your Board book is that the operating pro forma provided references an old interest rate calculation of 3.5 percent from September. We updated the interest rate closer to the Board meeting in October to 3.75 percent, with a debt coverage ratio still above TSAHC's 1.15 minimum debt coverage ratio.

TSAHC has worked with the Texas Housing
Foundation in previous projects, as David has mentioned, most recently, the Ventura at Tradewinds and Ventura at Fairgrounds projects. And let's see, what else.

So, the Loan Committee and staff met yesterday and approved the loan based on staff's recommendations, which includes an interest rate of 3.75 percent per annum for a 60-month term. Interest-only payments will be made during the first 24 months of the loan term.

All 60 units will retain their current affordability requirement term of the Corporation's loan and planned refinancing. And from your write-up, you can see that 100 percent of the units are required to be affordable to households at or below 60 percent of the AMI.

The Corporation will collect an origination fee of 17,000 on the date of the closing. Closing of the loan must occur simultaneously with other financing sources, and the Corporation must approve of any subordination or parity agreements.

Approval is conditioned on a satisfactory financial review, property inspection review and appraisal. Staff did review past on-site monitoring reports from the Texas Department of Housing and Community Affairs, and reviewed current financials available, as well as completed a cap rate analysis of the building and
referenced an approximately value of 2.6 million.

The Corporation will include an asset oversight agreement that will also include an annual fee of $1,500 for the term of the loan. Are there any questions from the write-up provided?

As mentioned, the Loan Committee and staff met yesterday to discuss this loan, and the outcome was that the Loan Committee was supporting staff's recommendations just noted. So, with that, I'll wrap up and ask for any questions or comments from documents provided.

MR. DIETZ: This Bill Dietz. I just have one question. So is -- the $700,000 loan was existing loan that we already had, and we're basically kind of renewing that. Then the million-dollar loan was with a different lending entity.

Is that correct?

MS. RAMIREZ: Correct, uh-huh.

MR. DIETZ: And who was it with?

MS. RAMIREZ: Texas Lone Star Bank.

MR. DIETZ: Okay.

MS. RAMIREZ: Loan Star Capital Bank. I'm sorry.

MR. DIETZ: Okay. Okay. And I guess, Loan Star Capital Bank is just a private lending institution?

MS. RAMIREZ: Yes.
MR. DIETZ: Yeah. And did that -- were they interested, or did they bid on it, or how did that come to pass, or --

MS. RAMIREZ: Texas Housing Foundation did have discussions with them. Their interest rate for their loan, their current loan, with this bank was 5.75, and they've been doing a 90-day extension since it also matured, but their approach has been to talk to TSAHC and work with TSAHC to refinance and refinance the first lien lender's note.

MR. DIETZ: I see. So is that a substantial interest rate difference really -- is the --

MS. RAMIREZ: Uh-huh.

MR. DIETZ: -- yeah.

MS. RAMIREZ: Yeah. Brady, Texas is rural. There aren't a lot of affordable housing communities in the area, and our interest is to preserve affordability and maintain this property. They -- you know, they do have an affordability requirement until 2042, but they're exceeding the requirements in serving, you know, several extremely low-income households at this property.

MR. DIETZ: I see. Any questions from other Board members for Ms. Ramirez?

MS. SHIPLEY: This is Lali. I think we might have skipped over public benefit a little, in
transitioning between you and David. And I see what's written here --

MS. RAMIREZ: Sure.

MS. SHIPLEY: -- and I think you touched on it a little bit. But was there anything else to add to it?

MS. RAMIREZ: I would just highlight that this project is -- the rural location does advance TSAHC's mission to serve underserved markets. We've been working with this developer since 2017, and overall, they've been in good standing for the loan we currently have.

And like I said, there just isn't a lot of affordable housing in Brady, and this is a good project to continue investing in. They do intend to reapply for tax credits as the takeout source for the loan, and we're hopeful that they'll be successful in the coming years.

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

(No response.)

MR. DIETZ: Okay. Is there a motion?

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

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

MS. SHIPLEY: This is Lali. I second.

MR. DIETZ: Okay. It's been moved and seconded to approve the $1.7 million loan to DF Sagebrush
Apartments. Is there any public comment?

(No response.)

MR. DIETZ: Hearing and seeing none, we'll do a roll call vote. Valerie?

MS. CARDENAS: Aye, yes.

MR. DIETZ: Courtney?

MS. JOHNSON-ROSE: Yes.

MR. DIETZ: Lali?

MS. SHIPLEY: Yes.

MR. DIETZ: Andy?

MR. WILLIAMS: Yes.

MR. DIETZ: And this is Bill, yes. So, the loan is approved.

MS. RAMIREZ: Thank you, Chairman Dietz --

MR. DIETZ: Great. Thank you.

MS. RAMIREZ: -- and look forward --

MR. DIETZ: Yeah. Thank you, Ms. Ramirez.

Okay. Is there -- looks like there's no other action items.

Is there any reason to go into a closed meeting today?

MR. LONG: No, there is not, Mr. Chairman. We should be good.

MR. DIETZ: Great. Any other comments or closing announcements?
MR. LONG: I would just, again, thank everybody for the continued support of how we're handling these Board meetings. I know it's a little different than what we've ever had to do, but I again thank you so much from the Board member --- to the Board members for your support and being able to make these meetings work for us, because we have a lot of activity going on, as you can see in our agenda we've had lately.

So -- and I just wanted to thank the staff again for all their hard work.

MR. DIETZ: And I guess we'll just continue to play it month by month as to whether or not we can come back for in-person meetings and make that announcement at an appropriate time frame. The -- we have a required time frame for public notice, and so that would have to be part of the public notice.

Is that correct?

MR. LONG: That's correct. And the other thing I would just let you know, that the Governor's Office has been having, I would say, about once a -- once every other week or sometimes as recent as once a month, they're trying to do calls with the executives to let us know kind of what their take on getting back to in-office staff and meetings.

And the last one I had was about a week ago,
and that did not give any direction other than to continue the current format we're using, which is the remote meetings.

MR. DIETZ: I see. I see. Great. Okay.

Well, thank you, everybody, for your participation in the meeting today, and it is now 12:04, and our meeting is adjourned.

(Whereupon, at 12:04 p.m., the Texas State Affordable Housing Corporation Board meeting was adjourned.)
CERTIFICATE

MEETING OF:    TSAHC Board
LOCATION:      via RingCentral
DATE:      October 14, 2020

I do hereby certify that the foregoing pages, numbers 1 through 73, 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:   October 19, 2020

(Transcriber)

On the Record Reporting
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