

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA RINGCENTRAL

Thursday,  
November 12, 2020  
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair (absent)  
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 MS. CARDENAS: Okay. Well, good morning to  
3 everyone. It is officially 10:30 a.m., and I would like  
4 to call the Texas State Affordable Housing Corporation  
5 Board meeting held today on November 12, 2020, held to  
6 order.

7 And with that being said, we will now begin to  
8 take roll call. William Dietz, our Chair, had a previous  
9 engagement, so he is not able to attend today. Valerie  
10 Cardenas, I am present.

11 Courtney Johnson-Rose?

12 MS. JOHNSON-ROSE: Present.

13 MS. CARDENAS: Lali Shipley?

14 MS. SHIPLEY: Present.

15 MS. CARDENAS: And Andy Williams?

16 MR. WILLIAMS: Present.

17 MS. CARDENAS: Perfect. We have a quorum. If  
18 we could -- if I could ask for us to start with the Pledge  
19 of Allegiance?

20 (Pledges are recited.)

21 MS. CARDENAS: And let me just say, we will not  
22 be doing any Zoom meeting where we will sing all together  
23 as a choir. We had our shot, and that was a little rusty  
24 there.

25 MS. JOHNSON-ROSE: We have to work on it.

1 MS. CARDENAS: Yes. We have to work on it.  
2 Before we continue to move on, is there any public comment  
3 at this time?

4 (No response.)

5 MS. CARDENAS: Seeing there is no public  
6 comment, I would like to move on to the President's report  
7 with David Long.

8 MR. LONG: Thank you, Madame Chair and members.  
9 Good morning. All of you should have received a copy of  
10 my President's Report yesterday, along with a copy of the  
11 Loan Committee Agenda.

12 As always, I just want to give you a quick  
13 update, since you had a hard copy sent to you yesterday or  
14 an email copy sent yesterday. Real quickly on the  
15 highlights, we did have a Loan Committee on Tuesday.

16 As always, I'd like to thank Andy Williams for  
17 his participation. It's always nice to have the Board  
18 members participating in these meetings so that we can get  
19 not only their expertise but know that we have Board  
20 representation. So, Andy, thank you for that.

21 During the Loan Committee, we didn't review or  
22 consider any new loans, but we did go over our current  
23 Loan Committee reports. And we will be bringing, as  
24 always, anything that comes to the Loan Committee that  
25 requires Board attention will be turned in on a report,

1 but also bring that up to you.

2 A couple other quick things. Our auditors,  
3 Maxwell, Locke & Ritter, have completed their field audit  
4 in our office, and working with Melinda and her staff. I  
5 want to thank Melinda, Betsy, Nick, and everybody else  
6 that participated in making sure they got all they needed.

7 Again, they'll be working on their actual  
8 report, which will be presented to the Board at the  
9 December 16 Board meeting, which is tentatively set now,  
10 so that we can get it to the Comptroller by the 20th of  
11 December, which is our statutory requirement.

12 We continue to have meetings and updates at  
13 6701 Shirley, our new office building. Before I go  
14 anywhere with that, I want to thank David and Cassandra  
15 again. They have been the facilitators and administrators  
16 of this project for us.

17 David has been down this path with TSAHC  
18 multiple times now, this being our third office building,  
19 and he does a phenomenal job. And having Cassandra on  
20 board, they've been a really good team for us to have,  
21 kind of, overseeing this project on our behalf.

22 We are in the punch-list stage of this project,  
23 where we're basically going and meeting with the  
24 contractor and the architect, the build design team,  
25 looking at items that we feel need to be remedied and/or

1 addressed during the final stages of construction.

2 I did want to thank Ms. Shipley. She took the  
3 time out of her busy schedule last week to meet us over  
4 there and kind of do a walk-through of the building with  
5 us. It's always nice to have someone with her expertise  
6 in the architectural design area to walk through the  
7 building and give us her input. Thank you, Ms. Shipley,  
8 for that. That was fantastic. I really appreciate that.

9 We will keep the Board continually updated on  
10 that. Currently, we hope to have all of the items on the  
11 punch-list completed by the end of this month, November  
12 30, and we have our new furniture for the building being  
13 delivered and moved over from the old building in or  
14 around the first week in December, the second and the  
15 third of December.

16 Packing at our current office continues. Staff  
17 have all been given kind of the opportunity to schedule a  
18 time to come in and visit their office, make sure  
19 everything is packed up, so that we can have the movers  
20 move it over in a timely and organized fashion. But we  
21 anticipate hopefully having everything moved over to the  
22 new building, I would think, around the 15th of December.

23 All that is somewhat flexible, but we're hoping  
24 to have everything in and physically offices moved and  
25 ready to go by the 15th. I would like to thank Nick and

1 David for their efforts in making sure that we manage to  
2 have a very important activity included in our building  
3 which is the IT set up. We have a new IT room at the new  
4 building, and it is a much bigger and more -- better and  
5 improved setup than we had at our existing building, and  
6 it's taken a lot of work to get that done, and I  
7 appreciate all that.

8 And then lastly, I'd like to thank Cynthia. At  
9 our new -- at our old office, she is facilitating the  
10 packing and moving of all of the office over to the  
11 building, so Cynthia, thank you for doing that.

12 Finally, I'll conclude with the same thing that  
13 I typically like to remind the Board, and that is, that  
14 during COVID, we've continued to work from our offices --  
15 not in our offices, but from our home offices, and it is  
16 business as usual. And I think that is testament to the  
17 quality and to the commitment of the staff, that we have  
18 not seen any downtime on our programs as a result of COVID  
19 and the requirement to be working away from the office and  
20 really not being able to meet together on a day-to-day.

21 So, with that, Mr. Chairman, I will conclude my  
22 remarks, unless there's any questions. The rest of the  
23 program areas' reports were included under Tab Items A  
24 through E, as well as some highlights that I put in my  
25 President's report.

1           So, with that, I'll conclude. And I know we've  
2 got some presentations coming up, both by the staff on the  
3 strategic plan, and I know Ms. Patterson is on the phone  
4 to give you an economic and market update from the  
5 investment side for the Corporation.

6           So, with that, I'll conclude and answer any  
7 questions if there are any. Thank you.

8           MS. CARDENAS: Thank you, David. I know that  
9 you and the team sent out an email to the Board on the  
10 status of the new facility, and it looked great. So, I  
11 can only imagine, you know, seeing it in person.

12           You know, I think, despite the fact that 2020  
13 has thrown many challenges our way, it will be refreshing,  
14 you know, for us as a Board, to soon see this new home for  
15 Texas State Affordable Housing. So, I think I speak for  
16 all of us when I say, we look forward to, you know,  
17 starting fresh, hopefully, in -- at the beginning of next  
18 year.

19           So, thank you for all of your updates.

20           MR. LONG: No problem. And I hope that we can  
21 actually do a grand opening with the Board members. If we  
22 can all actually get together, that would be fantastic.  
23 But thank you.

24           MS. CARDENAS: That is what we will strive for.  
25 Okay. Thank you.



1           So now we will move into our action items,  
2 beginning with Tab 1, which is the "Presentation,  
3 Discussion and Possible Approval of Minutes of the Board  
4 Meeting held on October 14, 2020."

5           I hope that everyone had the opportunity to  
6 review the minutes, and if so, if I can have a motion for  
7 the approval of the minutes?

8           MS. JOHNSON-ROSE: So, moved, approval of the  
9 minutes, Courtney Rose.

10          MS. CARDENAS: Thank you, Courtney.

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

12          MS. CARDENAS: Okay. I have a first and a  
13 second. Are there any public comments at this time,  
14 before we take a final vote?

15          (No response.)

16          MS. CARDENAS: Seeing there is none, if I can  
17 have -- I'll go by roll call to take a vote.

18          Courtney Rose?

19          MS. JOHNSON-ROSE: Yes.

20          MS. CARDENAS: Lali Shipley?

21          MS. SHIPLEY: Yes.

22          MS. CARDENAS: Andy Williams?

23          MR. WILLIAMS: Yes.

24          MS. CARDENAS: Okay. The minutes of the Board  
25 meeting held on October 14, 2020 are approved.

1                   Now moving on to Tab 2, which is the  
2 "Presentation and Discussion by Patterson & Associates,  
3 Investment Advisors," I understand that we have a guest,  
4 Linda, and I know you've been working closely with Melinda  
5 Smith.

6                   So, Melinda, would you like to make that  
7 introduction regarding Tab Item 2?

8                   MS. SMITH: Sure. Linda Patterson is our  
9 investment adviser for the Corporation's investments.  
10 They -- her company also does a number of things for us.  
11 They do our quarterly and monthly investment reports,  
12 which are required by law, and they assist us with our  
13 GASB disclosures at year-end when we do the audit, and a  
14 multitude of other things, and primarily, they assist us  
15 with our investments.

16                   So, Linda is going to visit with us for a few  
17 moments about the economy and our investment portfolio,  
18 so --

19                   MS. ELLINOR: Okay. Linda, I --

20                   MS. SMITH: -- I will turn it over --

21                   MS. ELLINOR: Oh, sorry, Melinda.

22                   MS. SMITH: Oh, no problem.

23                   MS. ELLINOR: I was just going to let Linda  
24 know that I have stopped sharing my screen, so that should  
25 allow you to now share your screen, like we practiced.

1 MS. PATTERSON: Okay. Well, we'll see if it  
2 works. Right?

3 MS. ELLINOR: Okay.

4 MS. PATTERSON: Then again, maybe not.

5 MS. ELLINOR: Hit the little green, sort of,  
6 "share" arrow at the -- in the middle of your little  
7 ribbon at the -- either the top or the bottom of your  
8 screen?

9 MS. PATTERSON: Okay. I think we've got it  
10 now.

11 MS. ELLINOR: Okay.

12 MS. PATTERSON: No. I can't share the right  
13 one. I am so sorry.

14 MS. ELLINOR: That's okay. You said you have a  
15 two -- split screen you want to share?

16 MS. PATTERSON: Yeah, I should be.

17 MS. ELLINOR: Okay. Maybe -- oh, I think we're  
18 seeing it.

19 MS. PATTERSON: It says, you cannot share while  
20 the other participant is sharing.

21 MR. LONG: Something said Routt was trying to  
22 share a screen, but I don't know if that's the case, so --

23 MS. PATTERSON: Let me try it again here. Can  
24 you see that one?

25 MS. ELLINOR: Yes, yeah. I see it now.

1 MS. PATTERSON: Okay.

2 MR. LONG: You're up, Linda. Go ahead.

3 MS. PATTERSON: All right. Sorry for the  
4 technical difficulties. You'd think we would all be  
5 experts on every kind of Zooming and Webex possible now.  
6 When I wrote this, it was October, and that's why the  
7 title says, "Hold On, Here Comes November."

8 And of course, since the very beginning of the  
9 COVID, we have had a tremendous amount of volatility in  
10 the markets, a lot of uncertainty that continues today.  
11 Although October, we're still seeing the same kinds of  
12 things that we had seen for several months, and that was a  
13 resurgence of the infections, and particularly, what was  
14 weighing on everybody was the failed attempt to settle on  
15 the stimulus package.

16 That's still going to continue. It's probably  
17 going to be months before we see any kind of settlement on  
18 that, although I see that there are packages coming from  
19 both sides of the aisle. And then, of course, the  
20 contentious, very contentious, election season weighed  
21 very heavily on the market.

22 Even into November, the transition now has  
23 begun, but that uncertainty remains. And for instance,  
24 just this week, the past week, we had the elections. We  
25 had a Fed Fund -- a Fed meeting of the Federal Open

1 Markets Committee, and we had the granddaddy of all  
2 numbers that the market watches, and that is payroll. But  
3 unfortunately, still this transition and the virus is  
4 overweighing everything.

5 And one thing that it has done is reinforce and  
6 create a record high insolvencies and debt defaults, and  
7 they are rivaling, if not more than what happened in '08  
8 and '09. And I put some facts there about Switzerland,  
9 who we always think of as very, very stable. Debt to GDP  
10 at 48 percent, France, and UK, 118 and 108. These are  
11 huge, huge numbers.

12 And S&P Global has projected a jump of 265  
13 percent in debt over just this year, and of course, that's  
14 probably going to continue into next year. What's so  
15 different about this is that, usually when we go into  
16 recessions, like you see on the shaded portion there on  
17 that first graph -- when we go into a recession, it's  
18 usually consumer-driven, and that's because when the  
19 consumer stops buying, then they just pull in. They  
20 become savers, hopefully.

21 And that's not what happened this time. This  
22 time, it was investment-driven, so that business stopped  
23 investing. And generally, that's a harder kind of  
24 recession to come out of.

25 So, a debt that is being accumulated and will

1 be added onto with the additional stimulus, of course, is  
2 going to be around for not a couple of years, but probably  
3 for decades. 2018, we were just really making some really  
4 good progress against the debt that was accumulated during  
5 the '08 and '09 recession. That wasn't as bad as this,  
6 nor was it -- that was simply consumer-driven, so it  
7 wasn't as bad.

8 Now, we did see this week, with Pfizer coming  
9 out on the initial vaccine, there was this total  
10 euphoria. And you can -- if you watch the numbers and the  
11 markets, you can see that that 90 percent effective  
12 number -- people expected that this was coming to market  
13 very quickly. It probably won't.

14 The Dow jumped up to 7 percent, pedaled back at  
15 3 percent up. Very much a risk-on kind of situation, and  
16 when we say, "risk on," it created a slight steepening in  
17 the up-curve. And yet, with all of the problems and all  
18 of the investors around the world coming into the United  
19 States market for safety and for the strength of the  
20 dollar, our rates have been driven way, way down, as  
21 you'll see when we talk about the portfolio.

22 I have to, as a self-avowed optimist -- have to  
23 look on the good side too. And I think that, although  
24 it's very slow and the trend is very, very slow, all the  
25 indices that -- the really key indices are up right now.

1           Consumer spending is up, and of course, that  
2 will go into the holiday season, although it will probably  
3 slow down after that. Personal income is up, and we had,  
4 just last week, the payrolls rose dramatically with upward  
5 revisions in the last couple of months, and half of the 20  
6 million jobs that were lost during COVID are back now, and  
7 jobless claims, especially the initial jobless claims, are  
8 down. So that adds into the personal goods and service  
9 consumption. It will lead into business making -- putting  
10 their toes in the water about private investment.

11           But I think what you're going to see is what  
12 you see in that chart on the lower, right-hand side, and  
13 that is just the volatility, the ups and downs, the  
14 resurgence, the trying, the reopening, and then slowing  
15 back down again. That's the GDP, and the GDP rose,  
16 actually, a record 33 percent in the third quarter.

17           And one thing that that does mean is that the  
18 real fear of deflation that was in place is now pretty  
19 much to the wayside, and we're not worried so much about  
20 deflation, because deflation is so much more difficult to  
21 get ourselves and pull ourselves out of than is high  
22 inflation, where we can just simply raise the rate. So,  
23 the consumers are riding there, and you can see the  
24 consumption. That's basically consumers going in, as  
25 following the resurgence and the reopenings in the

1 economy.

2 But the financial tensions are remaining, and  
3 they are broadly stable around the world, but that's  
4 always going to be affected, unfortunately, by hot spots  
5 around the world, the Sudan, Ethiopia, Mozambique, that we  
6 just are watching this week, terrible spots that are  
7 testing that financial stability.

8 And the negotiations on the stimulus program  
9 will continue to be an uncertainty as we go up and down on  
10 the, kind of, will-they-won't-they, still very politically  
11 motivated delay coming out of Washington. And this  
12 volatility, of course, is -- makes investors very  
13 conservative.

14 It's just like a tornado coming. You want to  
15 run for safety. And when investors run for safety  
16 globally, they run into the United States market and they  
17 buy the Treasuries, the agencies, even the municipal debt  
18 that is going to give them that safety.

19 One of the things that I mention on that lower,  
20 right-hand graph, the CPI, or the Consumer Index for  
21 Inflation, has been flat. The number just came out this  
22 morning. It's very flat, and those two down-writers are,  
23 of course, energy and transportation, which have hit.

24 Although if you've filled your car this week,  
25 you'll see that the oil is going back up again, as things



1 tend to settle out of there. But jobs are really what's  
2 going to happen here, and it's going to be -- as you  
3 mentioned before and the Board coming together, the  
4 businesses adapting to at-home work and service jobs  
5 continuing to evolve, now a lot of talk about robots, all  
6 of this is bringing a different view into what the job  
7 market is going to look like.

8 But I can tell you what the overall investment  
9 area where the Corporation invests, which is in the bond  
10 market, not the equity market, that we've been range  
11 bound, as you can see here, really, since March. On the  
12 short end of the curve out to the two-year area, those  
13 have just been bouncing around a little bit, but staying  
14 very, very low, and that's because people are trying to  
15 stay short.

16 In case something happens, they want to be  
17 liquid. They want to be able to have money available to  
18 invest, but they also are concerned about going out a  
19 little bit longer, which makes a lot of sense, because  
20 when you go out for 10 years and you see a 0.84, it's not  
21 very encouraging.

22 These numbers were at the end of October, and I  
23 updated them this morning, and they're basically the same,  
24 although the short end has moved up ever so slightly,  
25 nothing to even really notice on a graph. And we were

1 heading up, longer term, on the 30-year and the 10-year,  
2 which would affect the mortgages, of course, but that has  
3 settled back down again this morning, as this euphoria has  
4 also settled down.

5 So, we have a situation where it's very  
6 difficult to get money to work out to the two-year area,  
7 and of course, a percentage of your funds are operating  
8 funds. They need to pay the payrolls and pay the debt  
9 service and stay short.

10 So, what's been happening here is trying to use  
11 the short end of the curve and the very -- and where we  
12 can find value out to that one-year, two-year area, and  
13 then barbellling slightly. Because you want to grab  
14 something that is at least above the pool, and the pools  
15 have been steadily falling down in value also.

16 And that's probably going to continue,  
17 primarily because of the fact that the commercial paper  
18 market has slowed down. And the commercial paper market  
19 has slowed because manufacturers and businesses don't need  
20 additional money. They're sitting on piles of liquid  
21 money, which is part and parcel of why those rates are so  
22 slow -- so low, I mean.

23 So how has it affected you? What I did here  
24 is, I didn't go back too far. I went back to August,  
25 because that's your quarterly figures.

1           But I did update it through September, so that  
2 you have an idea of what's happening in these rates. And  
3 you can see, when you put securities on the portfolio,  
4 which we've been trying to do for the last eight months,  
5 they eventually wind down and have to be reinvested at  
6 these dismal, dismal rates.

7           And so, where the portfolio went from 29.4 to  
8 30.1 million over that one-month period, you can see  
9 what's happening on the yields. The ending yield and the  
10 quarterly yield in the end of August was a 0.86, and now,  
11 it's down to an ending yield of 0.39, and that's grabbing  
12 at every bit of value that we can find out there.

13           And of course, that's going to affect your  
14 earnings. If any earnings for the year are -- I come back  
15 to that "dismal" term all the time, because that's exactly  
16 what it is.

17           So, I think we're probably going to settle out  
18 here between \$13- and \$18,000 a month, if these rates stay  
19 down where they are. We are trying to keep the portfolio  
20 longer. You can see, going from a 237 days to a 220, and  
21 the reason for that is because we're jumping over that  
22 very low rate area and trying to move the money out, to  
23 grab some additional value, although the allocation here  
24 in August and in September is relatively the same. Not  
25 big changes.

1           We are using municipal debt here, which  
2 normally you wouldn't be able to touch, because it  
3 normally would not outperform the rest of the market. And  
4 the muni market is very interesting right now, in that  
5 that's where we're buying some good value. That's why  
6 about 20 percent of the portfolio is sitting in munis.

7           And the reason for that is the tremendous  
8 amount of issuance that's going on across the country.  
9 The last figure I saw was that the -- just taxable issues  
10 coming out in the first six months of 2020 amounted to \$73  
11 billion in municipal taxable debt. That's huge. And of  
12 course, with that low of obligations coming into the  
13 market, the rates go up a little bit and -- with the  
14 supplies, so that we're able to put the good value on the  
15 portfolio.

16           We were using commercial paper in August and  
17 prior to that, the last year, because there was value, but  
18 now, the commercial paper market has pretty much drifted  
19 away. And the reason for that is because corporations,  
20 companies, don't need short term money. So, they're not  
21 going out there and offering you a good rate for it, and  
22 that's also what's pulling the pools down, and you can  
23 see, down in the bottom, LOGIC went from a 0.31 to a 0.25.

24           And the pools are just pulling back. They're  
25 being drug down by not having the market to use nor the

1 ability to use commercial paper. But otherwise, staying  
2 pretty much a little bit higher in the bank and -- during  
3 the end of September. And hopefully, that will start to  
4 come down also because you can see on the bank side that  
5 you are earning a whopping 0.001. And I can tell that  
6 most people don't have their speakers on, because that  
7 should be a general groan kind of situation.

8 Here's what I am saying about the barbell. We  
9 try always in a portfolio like this, because you have  
10 operating needs going on every month, that you would  
11 normally see a bar going out, three, six, nine, 12 months,  
12 and as you saw in the yield curve, there's nothing there.

13 It's better to say -- I mean, nothing there is  
14 above the pool rate, and so that's why so much of the  
15 portfolio is sitting in a totally liquid position at this  
16 point in time, and then we use, out to the two-year area.  
17 And one-year, if we can find it, but it's difficult, but  
18 two-year area for sure, grabbing and creating a bit of a  
19 barbell. It's not a market play. It is simply trying to  
20 keep some yield on the portfolio.

21 The surplus funds portfolio overview, same kind  
22 of story, although this one, I could just keep the screen  
23 up and be happy and look at it, because no other place are  
24 you going to see an ending yield of 5.6. But of course,  
25 these are mortgage-backed sitting on there, and

1 unfortunately, they are starting to pay down also. But  
2 you can see they're also very valuable, the market value  
3 being higher, and then the book value, and -- producing,  
4 again, some smaller amount of interest, but still staying  
5 up at that 5.6 yield.

6 And those are all very long. There's a split  
7 between three different kinds, so nice diversification  
8 there. Freddie Mac, Ginnie Mae, and Fannie Mae represent  
9 the holdings in the surplus fund portfolio at the end of  
10 September.

11 And I'd be glad to answer any questions.

12 MS. CARDENAS: Well, thank you, Linda. That  
13 was --

14 MS. SMITH: Thank you.

15 MS. CARDENAS: -- very, very informative, to  
16 provide the Board, you know, with an overview of our  
17 portfolio.

18 Do any of the Board members have any questions  
19 for Linda at this time?

20 (No response.)

21 MR. LONG: Valerie, this is David. I just  
22 wanted to thank Linda again for her participation in this.  
23 Linda has been working with us for years, and we really  
24 have come to not only respect but appreciate her insight  
25 as the market moves and we're able to maximize as much as

1 possible our investment portfolio.

2 And Linda, I just want to thank you again for  
3 that great 0.001 investment that we have going there.  
4 That's really nice.

5 MS. PATTERSON: Remember the 5 percent? Okay,  
6 David?

7 MR. LONG: Yeah, I'm joking. I'm joking.  
8 Obviously, you only do what you can do, but I mean, the  
9 fact that we're -- it's basically that you just say, zero.

10 MS. PATTERSON: Yeah.

11 MR. LONG: Anyway, thank you, Linda. Thank  
12 you.

13 MS. SMITH: Thank you, Linda, so much.

14 MS. PATTERSON: Sure enough. Take care and  
15 stay safe, everyone.

16 MS. CARDENAS: Thank you, thank you. So,  
17 David, I understand, this was basically a presentation and  
18 discussion, just to keep us abreast of our portfolio  
19 overview, and no vote is needed on this particular item?

20 MR. LONG: That's correct.

21 MS. CARDENAS: Perfect. Okay.

22 That being said, we will move on to Tab Item  
23 No. 3, which is the "Presentation, Discussion and Possible  
24 Approval of a Resolution Regarding the Submission of one  
25 or more Applications for Allocation of Private Activity

1 Bonds, Notices of Intention to Issue Bonds and State Bond  
2 Applications to the Texas Bond Review Board and  
3 Declaration of Expectation to Reimburse Expenditures with  
4 Proceeds of Future Debt for The Crest Apartments."

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

7 MS. CARDENAS: Yes.

8 MR. DANENFELZER: Great. Yeah. So, this is a  
9 new transaction that we're bringing to the Board for  
10 inducement.

11 And just as a simple reminder for everyone, at  
12 this point in time, we're simply asking for authority from  
13 the Board to go ahead and give us the authority to move  
14 forward in order to begin looking at the bond transaction  
15 in more detail, conduct underwriting studies in full  
16 scope, and also develop bond documents to bring this  
17 forward.

18 We will be bringing it back in a couple of  
19 months, once we have a reservation of bonds for the  
20 transaction, and also bring it -- you know, have the bond  
21 documents fully developed. That said, the summary of the  
22 project is that this is a 256-unit development located in  
23 Dallas, Texas.

24 MS. CARDENAS: I'm sorry, David. Somebody  
25 needs to mute their line. It sounds like maybe --



1 MR. DANENFELZER: It sounds like he's been  
2 muted, so --

3 MS. CARDENAS: Okay. Thank you. Go ahead.

4 MR. DANENFELZER: Yeah. So, in any case, this  
5 is located in Dallas, Texas. It's 256 units of affordable  
6 housing. Currently, this is an acquisition and  
7 rehabilitation of the project.

8 Most of the details are in the write-up  
9 there. I'll note that it's -- you know, the total budget  
10 for the development is approximately 43.8 million. We'll  
11 be issuing a little bit more than \$27 million in bonds for  
12 the project. The rest of the financing will come through  
13 permanent financing through an FHA 223(f) loan, as well as  
14 tax credit equity, different developer fees and other cash  
15 flows during operation.

16 The property is located in an area of, sort of,  
17 south central Dallas, which we have a number of other  
18 projects along the -- this property is on Southern Oaks  
19 Boulevard near the intersection with East Illinois. We  
20 have done two previous projects recently, including the  
21 Pythian Manor and St. James Apartments complex in the last  
22 few years, and so our asset oversight and compliance team  
23 is familiar with this area. It is a mix of both single  
24 family residential and multifamily in this area and is  
25 well-serviced by transportation and other services in the

1 area.

2 The developer is Dominion. This is a developer  
3 we've worked with on a number of transactions recently.  
4 The -- in this year, we closed Ventura at Fairgrounds  
5 project. Last year, we closed the Ventura at Tradewinds  
6 project.

7 And earlier -- I believe it was last month. It  
8 may have been the month before, I apologize. The bond  
9 deals have been coming so fast and furious, I get my  
10 months mixed up. But we did approve an inducement for a  
11 project called Riverstation, also in Dallas, which  
12 includes -- which is an acquisition rehab development.

13 In any case, we are very familiar with  
14 Dominion, in the last few years of work with them. Their  
15 product is very good. They mainly focus, the projects  
16 we've worked with them, on new construction, but they do  
17 have a long track record of acquisition rehab developments  
18 and successful management and ownership of those.

19 So, at this time, I'll close my presentation,  
20 and ask if there's any questions. I know the developer is  
21 online if the Board has any questions for them, but I'll  
22 see if there are any from the Board first.

23 (No response.)

24 MS. CARDENAS: So, the -- this is Valerie. So,  
25 this is the project-fulfilled, TSAHC, targeted housing

1 need for at-risk preservation projects. I guess, can you  
2 just elaborate? And I may have missed it.

3 Just elaborate a little bit more on that, and  
4 how that translates to whether it's a certain, also, AMFI  
5 that we're targeting under this at-risk preservation  
6 project.

7 MR. DANENFELZER: Yeah. So, the -- any project  
8 that we're looking to extend its current affordability  
9 meets our at-risk preservation. So, this project does  
10 have previous financing through tax credits and other  
11 programs. What we'll be doing is -- many times, these --  
12 the contracts and the financing previously -- usually, we  
13 look at refinancing projects about every 15 years.

14 In this case, it's been a few extra years, and  
15 so this project is getting closer to its -- sort of the  
16 end of its affordability period. In this case, what we'll  
17 be doing is a full renovation of the property and  
18 extending that for an additional 30 years.

19 So, you know, we do consider this part of our  
20 at-risk preservation because we're going to be able to  
21 extend that affordability. In regard to the AMI targeted,  
22 100 percent of the property will be targeted to households  
23 at 60 percent of area median income.

24 There are likely to be households lower than  
25 60 percent area median income, because the property does

1 benefit from some voucher-holders and other tenants that  
2 have ability to access project-based or section -- or  
3 tenant-based affordability and -- lower incomes.

4 But for the bond purposes, it's 100 percent at  
5 60 percent and below of area --

6 MS. CARDENAS: And those that are currently  
7 occupying the project right now, they meet that criteria?  
8 No one would be displaced because they exceed that  
9 threshold.

10 MR. DANENFELZER: That's correct. Yeah.  
11 Anybody who is currently occupying the property would  
12 continue to have access to their apartment. You know, I  
13 can't guarantee 100 percent will want to stay, obviously,  
14 but all of them will have the opportunity to stay.

15 Most of the rehab will occur while they're in  
16 place, like it has in much of our other acquisition rehab  
17 transactions. If there's a need to move anyone, though,  
18 there will be what's called a relocation plan, allowing  
19 them to temporarily move from one apartment to another in  
20 the facility, in order to complete more extensive rehab,  
21 or to provide them off-site housing, if that comes to  
22 play.

23 But that's something we don't generally expect  
24 in these projects. Much of the renovation is completed  
25 while the tenants are in place, and there are funds set

1       aside for any temporary or permanent --

2               MS. CARDENAS: Thank you, David. Do any of the  
3 Board members have any additional questions?

4               MS. JOHNSON-ROSE: No. This is Courtney. I do  
5 not. Thank you so much.

6               MS. CARDENAS: Okay. Seeing that there are no  
7 additional questions, if I can have a motion for approval  
8 for Tab Item 3, as described and laid out within the  
9 minutes -- I mean, within the agenda --

10              MS. JOHNSON-ROSE: Courtney Rose, motion to  
11 approve.

12              MS. CARDENAS: Okay. I have a motion for  
13 approval. Trying --

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

15              MS. CARDENAS: Okay. I have a first and a  
16 second. Before we move forward, do we have any public  
17 comment at this time?

18                       (No response.)

19              MS. CARDENAS: Okay. Seeing there is no public  
20 comments, I'll take roll call for the final approval.

21                       Courtney Rose-Johnson?

22              MS. JOHNSON-ROSE: Approved. Yes.

23              MS. CARDENAS: Lali Shipley?

24              MS. SHIPLEY: Yes.

25              MS. CARDENAS: And Andy Williams?

1 MR. WILLIAMS: Yes.

2 MS. CARDENAS: Okay.

3 MR. LONG: And Valerie, for the record, can you  
4 make your vote as well?

5 MS. CARDENAS: Yes. I'm sorry. And yes, for  
6 me.

7 MR. LONG: Thank you.

8 MS. CARDENAS: Motion carries for Tab Item 3,  
9 as presented. Okay.

10 We'll now move on to Tab Item 4, which is the  
11 "Presentation and Discussion of the Texas State Affordable  
12 Housing Corporation's Fiscal Year 2020 and 2021 Strategic  
13 Plans."

14 And I will turn it over to Janie Taylor.

15 MS. TAYLOR: Good morning. Can you hear me?

16 MS. CARDENAS: Yes, we can.

17 MS. TAYLOR: Okay. Good morning, Chairman, Ms.  
18 Cardenas, and Board members. I'm Janie Taylor, Executive  
19 Vice President. This morning, a staff member of each  
20 department will be presenting their fiscal year 2020  
21 strategic plan and outcomes, as well as their fiscal year  
22 2021 strategic plan.

23 The staff will take about three to five minutes  
24 to highlight a few goals and outcomes in fiscal year 2020  
25 and highlight a few new goals or tactics for fiscal year

1 2021. We will start with Katie Claflin, who will review  
2 the plans for the Marketing, Development and Government  
3 Relations Department.

4 And I want to thank Sarah for advancing the  
5 slides after each presentation, just so we can see who is  
6 next. Thank you very much.

7 MS. CLAFLIN: Great. Thanks, Janie. Good  
8 morning. Can y'all hear me?

9 MS. CARDENAS: Yes.

10 MS. CLAFLIN: Perfect. So as Janie said, my  
11 name is Katie Claflin, Director of Communications and  
12 Development, and I'm presenting our team's strategic plan  
13 outcomes for fiscal year 2020, as well as our goals and  
14 tactics for fiscal year 2021.

15 As Janie mentioned, in the interest of time,  
16 I'm only going to mention some of the highlights under  
17 each of our goals. I did want to start by stating that in  
18 2020 we had four overarching goals for our Department.  
19 The first related to marketing our programs, the second  
20 related to fundraising, the third related to strengthening  
21 relationships with our external partners, and then the  
22 fourth one related to administering our grant program and  
23 technical assistance to nonprofits.

24 So, in 2020, under marketing, we've partnered  
25 with Home Ownership to launch a podcast, celebrating June

1 as National Homeownership Month, which included nine  
2 episodes focusing on the homebuying process. Our podcast  
3 is approaching 3,000 downloads at this point, so we're  
4 pretty proud of that number.

5 On the development finance side, we coordinated  
6 an event with Senator Lucio, Harlingen CDC, and Texas  
7 Community Bank to celebrate the completion of the Park  
8 Meadows subdivision, which is one of our ACT land banking  
9 projects. We're very thankful that our very own Valerie  
10 Cardenas emceed that event for us.

11 For fundraising, we achieved our fundraising  
12 goals, which fully funded our 2020 Housing Connection  
13 training, as well as our inaugural Permanent Supportive  
14 Housing Institute, which launched this fall. We also  
15 received a \$250,000 investment from the Austin Community  
16 Foundation to launch a pre-development fund pilot program  
17 here in Central Texas.

18 For external relations, we continue to  
19 participate in housing councils and work groups to stay  
20 informed of housing issues. We also participated in two  
21 Senate intergovernmental relations interim hearings,  
22 coordinated the event in Harlingen with Senator Lucio and  
23 his staff, and participated in a Zoom call with Senator  
24 Lucio and local government officials in the communities of  
25 Edcouch and Elsa in the Valley.



1           For the fourth goal, which is the goal related  
2 to providing grants and technical assistance to  
3 nonprofits, we fully administered our remaining grant  
4 funds for the HEART Program, which is our Hurricane Harvey  
5 disaster recovery program. We conducted a HEART grantee  
6 roundtable in training on disaster recovery. We  
7 administered more than \$500,000 to 24 nonprofits as part  
8 of our Texas Foundations Fund program, and we planned our  
9 first Permanent Supportive Housing Institute, which  
10 launched in early fiscal year 2021.

11           Moving on to 2021, our overarching goals are  
12 essentially the same, except that we have added a goal  
13 specifically related to the administration of the funding  
14 from TxDOT that we discussed with the Board at the last  
15 meeting. We've also added some new tactics under each of  
16 our original goals, which, for marketing, includes some  
17 additional website enhancements, some additional podcast  
18 segments, and a video to help explain the benefits of down  
19 payment assistance. We're also going to be exploring how  
20 we might be able to conduct virtual events to promote some  
21 of our development finance properties and projects.

22           For fundraising, our tactics are related to  
23 fully funding the 2021 Housing Connection training, as  
24 well as fundraising to conduct a second Permanent  
25 Supportive Housing Institute, which would kick off next

1 fall. We're also going to continue to seek grants and  
2 investments to expand the Texas Housing Impact Fund.

3 For external relations, 2021 is a session year,  
4 so we've added tactics related to communicating with House  
5 and Senate committee offices in early 2021, as well as  
6 meeting with the Governor, Lieutenant Governor and Speaker  
7 offices, and participating in hearings, as requested.

8 And then finally for our goal related to  
9 providing grants and technical assistance to nonprofits,  
10 our tactics are related to fully administering the Texas  
11 Foundations Fund grants, which the Board approved at the  
12 last Board meeting, conducting our 2020 TSH Institute,  
13 which kicks off this fall, and then planning for a 2021  
14 Permanent Supportive Housing Institute.

15 So that concludes my formal presentation, but  
16 I'm happy to answer any questions.

17 MS. CARDENAS: Does anyone have any questions  
18 for Katie?

19 MS. JOHNSON-ROSE: No, no questions here. Good  
20 job. Thank you.

21 MS. CARDENAS: Yes. I think, you know, the  
22 format that is laid out, you know, as far as tactics and  
23 outcomes, you know, is great for us as a Board to  
24 understand, you know, how you are measuring those goals.  
25 And I think, you know, obviously, it does the same for

1 you, kind of, keeps you on track.

2 So, you know, great job. You know, if there's  
3 no questions for Katie at this time, we can certainly move  
4 on to the next presenter.

5 (No response.)

6 MS. CARDENAS: David?

7 MR. DANENFELZER: Hi there. Dave Danenfelzer,  
8 Senior Director of Development Financing. I'll be going  
9 over the Development Finance programs, and I understand  
10 that y'all have, sort of, the organizational goals in  
11 front of you, as well as a copy of my department goals.

12 A couple of the highlights that I'll mention  
13 from 2020: as you can see there, in tactic number one  
14 about increasing the number of housing -- Texas Housing  
15 Impact Fund lending that we're doing, we've had a  
16 significant growth in the past year of this program.

17 While we always had a pretty steady stream of  
18 inquiries about the program, we do see that there's been a  
19 significant increase in previous years. In 2019, we had  
20 around 12 inquiries, and last year, we had 25, so more  
21 than doubling of that over the past year.

22 Additionally, we had more applications this  
23 year, which did result in more than \$4.3 million of new  
24 lending activity that's been awarded, and we have several  
25 more loans in our pipeline for fiscal year 2021. Probably

1 the biggest jump there, and the most significant part of  
2 that was the 21 loans that we've made to the Hamilton  
3 Valley portfolio projects across the state of Texas.

4 These loans are part of a larger bond  
5 transaction which will also be reflected in the numbers  
6 below in the next section. But we were able to help with  
7 more than 800 units of affordable housing preservation  
8 through that one loan or group of loans, and it has made a  
9 big difference.

10 But it's also important to note that, in the  
11 previous year, in 2019, we did award \$1 million of loans,  
12 although really only one of those loans, which was to  
13 Legacy CDC, a small, nonprofit developer out of Port  
14 Arthur and Beaumont area, is really the most active of  
15 those lines of credit that were awarded in 2019. So we  
16 still have a very large increase from the previous year in  
17 activity for the Impact Fund.

18 In bonds, you'll also note that, you know, we  
19 have had a large increase in fiscal year 2020, and even  
20 into 2021. You know, normally, I have one or two bond  
21 deals that I manage throughout a calendar year.

22 In this case, we've had as many as 14 separate  
23 applications come in, just in calendar year 2020, but  
24 eight were applied for and induced in fiscal year 2021. I  
25 do want to make a correction in the next -- in the

1 findings for the multifamily private activity bond.

2 I noted this morning, as I was, kind of, going  
3 back over my numbers, that the figures that were provided  
4 were not correct, and I apologize for that. I will make  
5 sure that that gets circulated to the Board.

6 But in total closings for fiscal year 2020, we  
7 actually had \$88 million in total closings this year, and  
8 assisting 1,201 units of affordable housing. So that was  
9 a significant increase over the previous year, which was  
10 \$66.8 million, or about a 33 percent increase in total  
11 over the previous year.

12 MS. JOHNSON-ROSE: David, this update is on  
13 page 73. Correct? In terms of the numbers that you're  
14 referencing.

15 MR. DANENFELZER: I'm looking at -- under  
16 "Department Goal 1, Tactic No. 2" --

17 MS. JOHNSON-ROSE: Okay.

18 MR. DANENFELZER: -- that would be in the  
19 outcomes there. I don't believe my copy is the exact same  
20 numbering as yours.

21 MS. JOHNSON-ROSE: Okay. Thank you.

22 MR. DANENFELZER: So, I apologize for that.  
23 Other than that, you know, we've had a pretty consistent  
24 year with our Affordable Communities of Texas land banking  
25 program. We've sold 37 homes this past fiscal year. And

1 that's been pretty steady.

2 We did have some increase this year in NSP-  
3 targeted properties, or Neighborhood Stabilization  
4 Properties. But we've also seen a pretty level rate of  
5 donations and new properties. We -- I will say, we have  
6 really focused, in the last couple of years of getting the  
7 portfolio under control, so we're not really pushing for  
8 more acquisitions at this point in time.

9 So that is likely to change. I think we've  
10 gotten to a real stable point with our portfolio and  
11 management, and with new staff support, I think we're  
12 going to be able to manage more properties in the future.

13 I don't know that there's too much to mention  
14 in the next couple goals. I'll kind of skip over that,  
15 and just mention that for 2021, our organizational goals  
16 are pretty much stick to the same track of tracking, sort  
17 of, how we're doing at bringing in inquiries in the  
18 programs and then reporting out the results of those, how  
19 many conversions we have, inquiries into actual loans or  
20 bond transactions, as well as making sure that our  
21 reporting of the program's incomes and its unit production  
22 costs are also under control.

23 The last part, which I didn't mention, which is  
24 both part of 2020 and 2021, is the new building. We've  
25 all talked about it a lot. I will say that we continue to

1 be -- as of the end of the fiscal year 2020, we were  
2 within budget and still had some contingency funds  
3 available.

4           There are always little things that pop up  
5 along this route, but I do believe that this project will  
6 maintain its track towards feasibility and with  
7 maintaining the project within budget. So, we're very  
8 proud of that, and it's also on time and will be ready for  
9 us to occupy at the beginning of December.

10           So that's a big goal. Although it's listed in  
11 2021, I'm really hoping I'll be completely done with it by  
12 the end of December. So, the report will be a distant  
13 memory when we actually come back to this next year.

14           MS. CARDENAS: Thank you, David. Are there any  
15 questions or comments from the Board members?

16           (No response.)

17           MS. CARDENAS: Well, thank you for this  
18 overview. Good job, and yes, thank you for keeping us on  
19 track with our new building venture.

20           We'll now move on to Joniel. I'm not going to  
21 try and say your last name. LeVecque, maybe?

22           MS. LeVECQUE: LeVecque. Yes. Can everybody  
23 hear me okay?

24           MS. CARDENAS: Yes.

25           MS. LeVECQUE: Perfect. Okay. Well, good

1 morning everyone. This is Joniel LeVecque, and I am the  
2 Director of Homeownership Programs. I'll be presenting a  
3 few highlights from our 2020 strategic plan outcomes,  
4 along with our new 2021 goals.

5 So, you know, as all of you know, this has  
6 actually been a very challenging year, due to the  
7 pandemic. So, we had to quickly switch gears, and you  
8 know, figure out how we're going to achieve our goals,  
9 when most of our business development efforts and  
10 trainings have been in person in the past.

11 So I am proud of our Home Ownership Team for  
12 quickly changing how we conduct those trainings, including  
13 our Down Payment Hurdle continuing education trainings for  
14 realtors, and the Housing Connection training that we  
15 coordinate and host every year for our housing counselors  
16 and affordable housing providers across the state.

17 Unfortunately, we had to cancel the plans that  
18 we had for the in-person Housing Connection training that  
19 was planned for this last summer. But the team figured  
20 out ways to successfully convert those trainings to an  
21 online and virtual format, which is actually currently  
22 taking place right now. So, I look forward to reporting  
23 those results to you next year.

24 Another highlight I am proud of is, as Katie  
25 mentioned earlier, in collaboration with our marketing



1 team, we also launched a new podcast during Home Ownership  
2 Month this year called, On the House. We currently have  
3 produced nine episodes, and we will continue producing  
4 episodes monthly.

5 I'm also happy to say that our podcast has been  
6 very well received. So, if you haven't already, I would  
7 like to invite you to listen, where we interview industry  
8 experts about various aspects of the homebuying process,  
9 and also responsibilities of home ownership.

10 We actually have had two of our very own Board  
11 members who have guest-starred so far. So, we welcome the  
12 rest of you to participate on future episodes. We have  
13 also started conducting Facebook Live events every month  
14 to stay active and engaged with our realtor and lender  
15 communities, and these events have actually had over 2,000  
16 views.

17 So they are obviously very successful, and you  
18 know, due to the success of these various new tactics that  
19 were borne out of necessity, we intend to carry them over  
20 into our fiscal year goals for 2021, even after the fear  
21 of the pandemic has passed.

22 We also plan to continue building our efforts  
23 in training realtors and lenders to spread the word of  
24 TSAHC through certifying them to conduct trainings on  
25 TSAHC's behalf. With both these in-person and now these

1 added virtual trainings, you know, I feel like we can  
2 reach more people with a lot less resources, so that's  
3 exciting for us.

4 And I would like to also mention that, you  
5 know -- as I mentioned earlier, I am truly proud of what  
6 our Home Ownership Team has done this year, and that even  
7 with the great down payment assistance programs that we  
8 offer, without the efforts of the Home Ownership Team, you  
9 know, we wouldn't have been able to successfully assist  
10 more than 12,000 home buyers this year.

11 And I would like to put that in perspective for  
12 you. Our programs went from serving around 2,000  
13 homebuyers a year just several years ago to our current  
14 12,000. So again, I am truly proud of our Home Ownership  
15 Team's efforts.

16 Thank you for your time, and I look very  
17 forward to reporting to you our successes next year, and  
18 I'm also happy to answer any questions that you might have  
19 at this time.

20 MS. CARDENAS: Thank you, Joniel, for that very  
21 informative overview. Does anyone have any questions or  
22 comments for Joniel?

23 MS. JOHNSON-ROSE: No questions, but just  
24 complimentary, how you were able to pivot this year with  
25 going virtual and still having a great effect and impact

1 on the communities that we serve. So great job.

2 MS. LeVECQUE: Thank you very much. I  
3 appreciate that.

4 MS. CARDENAS: Thank you, Joniel. We will now  
5 move on to our next presenter, which is Tim Almquist.

6 MR. ALMQUIST: Hello. I'm here. Can you guys  
7 hear me?

8 MS. CARDENAS: Yes, we can.

9 MR. ALMQUIST: Great. Okay. Again, my name is  
10 Tim Almquist. I am Director of the Single-Family  
11 Compliance group, and Joniel's counterpart for the Single  
12 Family division. My information is going to be a little  
13 more basic than what you've heard from the other directors  
14 this morning.

15 Basically, we have one overarching goal in the  
16 Single Family Compliance group, and that is to ensure that  
17 all of the potential borrowers that want to use the  
18 TSAHC's single family products, both down payment  
19 assistance and the mortgage credit certificates, meet our  
20 eligibility criteria.

21 That seems pretty simple, but when your  
22 production volume goes from \$200 million in reservations a  
23 month in February to over 400 million a month of the past  
24 three months, you know, it's hard to maintain, you know,  
25 that customer service level that our lenders have become

1 accustomed to, but we're getting it done.

2 So, our first goal that I'm going to drill down  
3 on is, we have a goal to review down payment assistance  
4 and mortgage credit certificate compliance packages within  
5 48 hours of submission. Even today, with receiving about  
6 350 compliance packages per day, we're able to get these  
7 things reviewed through a lot of hard work within about 36  
8 hours. So, the packages that we receive today, we'll get  
9 them reviewed by the end of the day tomorrow.

10 It's very important that we do this. Again,  
11 our sole obligation and responsibility is to make sure  
12 that these lenders get their approvals quickly and  
13 accurately so they can get these borrowers to closing  
14 timely and get everything funded, sold, and put to bed.

15 Goal No. 2, I want to talk about that one a  
16 little bit in the tactics. Okay. After that one -- we  
17 need to provide industry-leading customer service. We  
18 have a couple of competitors out there that provide  
19 statewide down payment assistance and mortgage credit  
20 certificate programs. We want to be the best in Texas.  
21 We think we are.

22 So, what we've done to make sure we do that is,  
23 we created a compliance review mailbox. So we want to  
24 direct all of our inquiries and all of our questions into  
25 this mailbox, and we've assigned people to handle that

1 daily, make sure it's always being monitored and questions  
2 are being answered, or address it to other people on the  
3 team that can answer these questions.

4 I have to say thank you to Rebecca DeLeon for  
5 coming on board. We have to borrow her daily from David  
6 Long, just to make sure that we can get these lenders  
7 taken care of, and she's been a great asset to our team.

8 I'm going to move down to Goal 4, ensuring  
9 ongoing professional development for Single Family  
10 Compliance staff. So, we need to stay ahead and stay  
11 abreast of what's going on in the mortgage industry and  
12 the economic industry, you know, altogether.

13 It's been a crazy ride this past year or so.  
14 So even though, you know, we're having to deal with COVID  
15 and we're not able to get out and attend industry  
16 conferences in person, or you know, with webinars or  
17 seminars, things like that, we are committed to ensuring  
18 that we still attend these virtual seminars, make sure we  
19 attend all of the agency-wide events, NHTSA, NALHFA,  
20 TALHFA, whatever Fannie Mae or Freddie Mae puts out, and  
21 also our software provider as well.

22 So, we're staying on top of that and getting  
23 that job done. Let's see.

24 Moving on to our goals and tactics for 2021.  
25 Basically, have the same goals. Again, we're just trying

1 to keep our head above water, trying to make sure that we  
2 get these files reviewed, get these lenders their  
3 approvals, and make sure that they can move ahead with  
4 their business. So, we did add a few tactics to our  
5 goals, just to make sure that we can kind of clean up what  
6 we've been doing, become more efficient and more  
7 effective.

8 So, under Goal No. 1, we had a tactic to  
9 continue to review staffing needs. As I mentioned  
10 earlier, we've gone -- you know, we've doubled our  
11 production reservation volume in February of this year,  
12 and we are doing about \$200 million in reservations, and  
13 that's about 1,000 loans. Now, we're doing about 400  
14 million in reservations each month.

15 So, we've had to add staff. We added a staff  
16 member six or eight months ago. We added another one just  
17 a month and a half ago. So, we're continuing to review  
18 staffing needs. And going into 2021, we have no idea what  
19 that -- what it's going to entail there.

20 So, we're just going to stay on top of that and  
21 see if we need more people. I think we're going to  
22 request another staff member to be added maybe by the  
23 beginning of the year, just to make sure that we can take  
24 care of these lenders.

25 Department's Goal No. 4 -- we've added another

1     tactic there for 2021. And what we're going to do is, do  
2     a better job of cross-training all of our Compliance  
3     staff. So, the way we do it right now is, we assign  
4     files, and we have -- we assign files, I'm sorry, to our  
5     Compliance staff.

6             Those files are a bunch of different products  
7     within the single-family offerings. So, we have down  
8     payment assistance only. We have mortgage credit  
9     certificates. We have a second mortgage program now that  
10    we offer.

11            So instead of just assigning files of one type  
12    to a specific Compliance member, we're going to cross-  
13    train and make sure everybody is up to speed on all of our  
14    products and able to review and approve and get these  
15    things done timely.

16            So that's what I have for 2020 outcomes and  
17    2021 objectives. If you guys have any questions, I'm  
18    available.

19            MS. CARDENAS: Thank you so much, Tim. We  
20    always have to remember; Compliance is not our enemy.  
21    They are our friend. So, thank you. Thank you for, you  
22    know, making sure that we're in compliance in all aspects,  
23    you know, of our responsibilities with TSAHC.

24            Do any of the Board members have any questions  
25    for Tim?

1 (No response.)

2 MS. CARDENAS: If there are none, thank you so  
3 much, Tim, for a great presentation and overview. If  
4 there are none, we will move over -- move on to James  
5 Matias.

6 MR. MATIAS: Good morning, everyone. Sorry. I  
7 was on mute. The -- I wanted to -- I'm James Matias, the  
8 Senior Manager of Asset Oversight and Compliance. And our  
9 department has been very busy this year, and I am not  
10 necessarily going to go down the list of all of our  
11 strategic plan items. I'm going to give you some of the  
12 bigger highlights of our department for the year.

13 So, 2020 was a very interesting and successful  
14 year for our department. Regarding Asset Oversight and  
15 Compliance, things looked a lot different for us this  
16 year.

17 Due to the COVID-19 pandemic, we transitioned  
18 to virtual site visits for both asset oversight and  
19 compliance. Property managers continued to send us all  
20 the necessary pre-audit reports that we needed, but  
21 instead of physically being there to walk the units in the  
22 community, myself and Celina asked the property managers  
23 to send us pictures of everything that we needed to see.

24 In addition, instead of physically reviewing  
25 the files selected for set-aside compliance, we requested



1 that managers and compliance teams send us the scanned  
2 files. So of course, at first, this was extremely, you  
3 know, different than what we were doing, but after Celina  
4 and I reviewed everything that was sent to us, we  
5 concluded the process with a virtual site visit conference  
6 with those property managers.

7 I'm happy to report that the new process has  
8 gone extremely smooth. We've gotten a lot of good  
9 feedback from the developers, and to date, we've completed  
10 90 percent of the reviews for the year. In addition,  
11 we'll complete the remainder of the virtual site visits  
12 between now and the end of the year.

13 So we're happy to report that the -- you know,  
14 we were pretty stressed about how this was going to go  
15 this year, but we're pleased to announce that, you know,  
16 after a lot of time that went into creating the process,  
17 that we are pleased and the outcome has been very, very  
18 good.

19 So, in addition to that, our department also  
20 handles the asset management for both the Single Family  
21 and Multifamily Rental Programs. We're happy to report  
22 that we have done some great things for our residents in  
23 2020.

24 We are aware that the pandemic and the current  
25 economy has created a lot of financial stress for our

1 tenants. With that being said, we stopped charging late  
2 fees in April. We extended all leases through the end of  
3 next year with no rental increase, and we allowed split  
4 payments or payment plans for residents when they're  
5 needed.

6 Furthermore, we created a Rental Assistance  
7 Program where tenants can apply for funds provided by  
8 TSAHC. So far, these options have been extremely helpful  
9 to our tenants, and we are grateful that TSAHC has  
10 supported us in these decisions. So again, just an  
11 overall, you know, great thing that we're able to do to  
12 help our tenants while they're struggling in this crazy  
13 year.

14 Part of the TSAHC Rental Program includes a 15-  
15 unit apartment complex in East Austin. In the first  
16 quarter of 2020, we've renovated the exterior of the  
17 Rollins-Martin Apartments. This included new windows and  
18 siding for all four buildings, as well as new paint for  
19 the walls and doors. In addition, a new mailbox and  
20 monument signs were installed, and the exterior doors and  
21 lights were replaced.

22 Again, our team did a great job, you know,  
23 coordinating all these efforts. It was a complete  
24 facelift for this property, and it looks a lot better. I  
25 believe the property was originally built in 1997 to '98,

1 and it didn't have any, you know, major rehab done, the  
2 way we -- what we did for it in the first part of this  
3 year.

4           Regarding the Single-Family Rental Program,  
5 three homes were purchased in the San Antonio area,  
6 bringing the total number of homes in San Antonio to  
7 six. In addition, we sold a duplex in South Austin that  
8 was aging, and we used those proceeds to acquire two  
9 additional homes in the South Austin -- in the Austin  
10 area. The total number of homes in the portfolio to date  
11 is 25.

12           So those were, you know, the major things that  
13 I wanted to touch on, but our team has done just a  
14 terrific job. You know, our occupancy in all of our  
15 rental properties stays high. We turn our maintenance  
16 work orders very quickly, and overall, you know, the  
17 return that these properties give our Corporation is very  
18 good.

19           Just quickly to touch on the forecast for 2021,  
20 we're currently not traveling at this time, so we're not,  
21 you know, completing those site visits. But we're hopeful  
22 to get back out there. Even though getting all the  
23 pictures is nice, it will be good for us to review those  
24 properties in person and walk those units and meet with  
25 those property managers, and we look forward to getting

1 back to doing that in 2021.

2 In addition, we'll continue our rental  
3 assistance and the rent flexibility that we're providing  
4 to our tenants this past year. We'll continue that in  
5 2021. And I'm happy to announce that that includes no  
6 rental increases for 2021, and as I -- and as Celina and  
7 myself have been announcing that to our residents, of  
8 course, they're thrilled, and you know, it's wonderful to  
9 be able to give them that news.

10 Last, for the Single Family Rental Program, we  
11 intend to add three to five more homes in that, and as of  
12 now, we know that it's very likely going to be three  
13 condos in South Austin, and then one to two additional  
14 homes in another major city in Texas. We have not decided  
15 where that's going to be.

16 Again, our department's been extremely busy and  
17 extremely successful this year, and if you have any  
18 questions, I'll take them at this time.

19 MS. CARDENAS: Thank you, James, for that  
20 overview. Certainly --

21 MR. MATIAS: Sure.

22 MS. CARDENAS: -- I mean, everyone that has  
23 presented thus far has been, you know, very busy, just  
24 with increased volumes, and then I can only imagine, you  
25 know, during the challenges we're facing with this

1 pandemic, all of you all have done a great job.

2           You know, business as usual. Right? It's  
3 continuing, and so you know -- and it's also very  
4 heartening to hear that we are helping all of our tenants,  
5 especially during these trying and challenging times for  
6 them.

7           So, thank you for that overview. I don't know  
8 if any of our Board members have any questions for James?

9           (No response.)

10           MS. CARDENAS: If there are none, then we will  
11 move on to our final presenter.

12           MS. TAYLOR: I think its still morning. Right?

13           Good morning, Board members. This is Janie Taylor,  
14 Executive Vice President, again. I will be presenting the  
15 strategic plans for the Administration and Accounting  
16 areas.

17           As we all know, this year has been challenging  
18 with most of the staff working from home. However, as you  
19 can see from staff's presentations today, the staff has  
20 continued to perform at a very high level. I'm incredibly  
21 proud of them.

22           You know, I'm happy to report that the  
23 Administration and Accounting staff have also continued to  
24 accomplish their goals and tactics necessary to keep the  
25 organization moving forward. Melinda Smith, our CFO, and

1 her team have not skipped a beat in making sure we meet  
2 our financial and budgetary requirements, and they  
3 frequently work hand in hand with the program staff to  
4 produce reports or answer budget questions.

5 David and I have continued to meet weekly,  
6 mostly virtually, with Melinda and Nick Lawrence to  
7 evaluate our financial reports. A few things I will point  
8 out for fiscal year 2020 fall under department Goal 4.  
9 Under Tactic 2, we conduct employee annual performance  
10 reviews, approximately once a month -- approximately once  
11 a month after each employee [audio interference].

12 During this work-from-home period, we've had to  
13 make adjustments on how we conduct the employee  
14 evaluation, whether virtually or in person. Most have  
15 been conducted virtually, but some employees have  
16 conducted them in person in a socially distanced manner.

17 As part of Tactic 3 and 4, we have made an  
18 extra effort to communicate with staff, because this year  
19 has brought many unknowns. We have encouraged managers to  
20 continue to meet regularly with their staff, virtually if  
21 possible. In addition, we've started having monthly Zoom  
22 lunches with all the staff to introduce those new  
23 employees we have brought on board these last few months  
24 and to keep in touch.

25 Before I move on to fiscal year 2021, please

1 let me know if you have any questions.

2 (No response.)

3 MS. TAYLOR: Okay. I'm going to move on. For  
4 fiscal year 2021, we have kept the same goals and most of  
5 the same tactics, but we have added a handful of new  
6 tactics under department Goal 4. Tactics 2 to 6 are new  
7 for this fiscal year.

8 We are going to make an effort to review our  
9 employee handbook regularly for any updates, and we plan  
10 to ensure employees are familiar with the handbook and any  
11 new changes we make. We're also going to ask each  
12 department area to ensure they are creating SOPs for their  
13 programs, so it's easier to train new employees.

14 This year has shown us that anything can  
15 happen, so we want to make sure our business continuity  
16 plan is updated. This year, we also had the privilege of  
17 participating in an organization survey conducted by our  
18 partners at JPMorgan Chase.

19 The survey results showed areas where staff  
20 feel we are excelling. It has also shown areas where we  
21 can improve. We plan to look at what we can improve,  
22 based on the survey results, and work towards implementing  
23 programs or policies that will increase employee  
24 satisfaction.

25 And lastly, we expect that at some point we

1 will be returning to work in our new offices, but after  
2 several months of working at home, there will be a  
3 transition. And we plan to make that transition as smooth  
4 as possible for our staff, and we will continue to monitor  
5 COVID cases in our area and make determinations based on  
6 the recommendations of government and health officials.

7 That concludes my presentation and the  
8 presentation of our strategic plans today. I thank you  
9 for your support and time, and please let me know if you  
10 have any questions.

11 MS. CARDENAS: Thank you so much, Janie, and to  
12 all the presenters. Everyone did an outstanding job. I  
13 know that you all had time constraints, and it seems that  
14 each of you adhered to them, but you didn't sacrifice the  
15 information that you, you know, provided to the Board.

16 I think, again, the format, you know, was, you  
17 know, very, very easy to understand. It tied, you know,  
18 the tactics to your outcomes, and so I know it took each  
19 and every one of you a lot of time to put this together.  
20 And so again, I truly appreciate that.

21 I don't know if any of our Board members have  
22 any questions or comments at this time?

23 MS. JOHNSON-ROSE: Valerie, this is Courtney.  
24 I just want to echo your comments. Great job, and I  
25 appreciate that this happens every year. I think it's



1 just a great activity, so thank you for sharing this with  
2 the Board.

3 MS. TAYLOR: Thank you.

4 MS. CARDENAS: Tab Item 4 was just presentation  
5 and discussion. So, there is no need for approval on this  
6 particular item. And I see that there are no other items  
7 for discussion at this time. I also see that we don't  
8 have a need to go into closed meeting.

9 Is that correct, David?

10 MR. LONG: There you go. Yes, that's correct,  
11 Ms. Cardenas. We don't have any closed session items.

12 So, the only thing I would add is, is that, as  
13 always, I'd like to thank our professionals, Routt  
14 Thornhill for joining us on the call. He didn't have to  
15 provide any information today, but Routt, thank you. I  
16 know you're on the call.

17 And obviously, Ms. Patterson, I want to thank  
18 her for her presentation today. We always enjoy having  
19 the opportunity to have our experts provide input not only  
20 to us, to staff, but to the Board, to kind of give you  
21 guys a better perspective on how we consider what's going  
22 on in the market and how that impacts our ability to do  
23 our job.

24 The last thing I would mention is that we do  
25 have a Board meeting scheduled in December. It's an

1 important Board meeting for us every year. It allows us  
2 to have our annual audit, which I mentioned earlier, is  
3 being conducted right now, be approved by our Board, which  
4 is required for us to be able to submit in a timely manner  
5 prior to the end of the year to the Comptroller's Office.

6 So, with that, Ms. Cardenas, I did have one  
7 question I need to get clarification on, and I apologize  
8 for this. On the minutes, I know you took a roll call of  
9 the votes, but I don't think we heard that you  
10 specifically approved or declined the minutes.

11 Could you, just for the record, state your  
12 acknowledgment on that?

13 MS. CARDENAS: Absolutely. I approve the  
14 minutes as laid out for Tab Item 1.

15 MR. LONG: Okay. Thank you so much. Rebecca  
16 was asking me that, and now that we have that covered, I  
17 think that would be it, unless the Board members have any  
18 questions or there's any other comments.

19 (No response.)

20 MS. CARDENAS: By their silence, I don't  
21 believe we have any other comments, so it is now 11:48,  
22 and I would like to call for adjournment of today's Board  
23 meeting.

24 (Whereupon, at 11:48 a.m., the meeting was  
25 adjourned.)

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C E R T I F I C A T E

MEETING OF:       TSAHC Board  
LOCATION:            via RingCentral  
DATE:               November 12, 2020

I do hereby certify that the foregoing pages,  
numbers 1 through 6059, 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: November 17, 2020

\_\_\_\_\_  
(Transcriber)

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