

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA RINGCENTRAL

Wednesday,
December 16, 2020
10:31 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Vice Chair
COURTNEY JOHNSON-ROSE, Member (absent)
LALI SHIPLEY, Member
ANDY WILLIAMS, Member

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P R O C E E D I N G S

MR. DIETZ: It is 10:31 a.m. on December 16, and welcome to the December meeting of the Texas State Affordable Housing Corporation Board of Directors. In complying with the Disaster Declaration by the Office of the Governor, we are having this meeting again virtually.

It's accessible to the public via telephone and web link, and so I will ask everybody to, in general, keep themselves muted. Make sure you unmute when you need to speak and identify yourself, please, for the record.

As we vote on items, I'll be doing it in roll call format, so that -- just so we make sure that we're able to hear each of the directors' vote. And Sarah, I'll be relying on you to let me know if there's any public comment or anything else like that that I need to know about.

MS. ELLINOR: Okay. Yes, sir.

MR. DIETZ: Fantastic. Well, let's go through our roll call here. Bill Dietz, Chair, I am here. Valerie Cardenas, Vice Chair?

MS. CARDENAS: Present.

MR. DIETZ: Courtney Rose?

(No response.)

MR. DIETZ: She is not with us, I don't

1 believe. Lali Shipley?

2 MS. SHIPLEY: Present.

3 MR. DIETZ: And Andy Williams?

4 MR. WILLIAMS: Present.

5 MR. DIETZ: Okay. We've got four Board
6 members present, so we do have a quorum. Before we begin
7 with the agenda items, I'd like you to all join me please
8 in the Pledge of Allegiance.

9 (Pledge of Allegiance and Texas Allegiance
10 recited.)

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

13 (No response.)

14 MR. DIETZ: Hearing none, let's -- we'll have
15 the full audit report later, but let's have -- Valerie,
16 would you like to make any opening notes or comments
17 about the Audit Committee that was held immediately prior
18 to this meeting?

19 MS. CARDENAS: Thank you, Bill. As far as the
20 presentation, you know, it was an overall very positive
21 audit, positive results. I know that was also thanks to
22 Melinda for organizing and coordinating their efforts
23 with our audit firm.

24 So, I know we're bringing it, you know, to the
25 Board for approval, but everything was in order.

1 Presentation was, you know, very well put together, and
2 you know, explained very well. So, there was really
3 nothing to be noted.

4 MR. DIETZ: Great, great. Sounds like we had
5 a good report, and I look forward to hearing the full
6 report momentarily. And I understand that Lali sat in in
7 Courtney's absence --

8 MS. SHIPLEY: Yes.

9 MR. DIETZ: -- at the Audit Committee meeting.
10 Great. Thank you for doing that, very much.

11 MS. SHIPLEY: Absolutely.

12 MR. DIETZ: Fantastic. On to Mr. Long. Do
13 you have a President's Report for us?

14 MR. LONG: Yes, sir, Mr. Chairman. Thank
15 you. You should have received this hard copy already, or
16 an electronic copy, but I'll just do a quick summary,
17 since we have quite a few items on the agenda today.

18 First, let me just say, happy holidays to
19 everybody. Thank you again for your leadership and your
20 continued support of the Corporation.

21 2020, as you know, was a little chaotic and
22 crazy for everybody, and I'm just really pleased with the
23 continued efforts of -- not only the staff, but the
24 progress we've made in a lot of our programs and the
25 growth we've had. And I would be remiss if I said that

1 that didn't come without -- if that came without your
2 help. Your leadership and your support is essential to
3 us being successful. Thank you.

4 The Loan Committee met yesterday via telephone
5 conference on the 15th. The Committee did approve a
6 loan, a new loan for \$225,000 to forgivable -- deferred
7 forgivable loan to the Housing Authority of Travis County
8 in support of a new apartment -- small, but new,
9 apartment complex in Manor, Texas.

10 It's 20 units, senior rental housing. It will
11 serve individuals in households at and below 30 percent
12 AMI, so definitely serving a very low-income population,
13 which we're very happy to be a part of.

14 I know it's already been said, but I'm going
15 to say it again for the record. I'd like to thank
16 Melinda, Nick and Betsy for their time and efforts to
17 again bring us to what we believe is a very, very good
18 conclusion of an audit. And if the Board approves this
19 today, we will have basically, since I've been at the
20 Corporation, almost 20 years -- we have had clean audits
21 every single year, and I think that's a testament to the
22 work and the staff that we have and the efforts that they
23 put into these things.

24 And I'd also like to thank Valerie and Lali
25 for their time on the Audit Committee this morning. They

1 got a great, detailed, in-depth presentation, which you
2 will hear later today, from Maxwell, Locke & Ritter, our
3 auditors.

4 Big news. I'm excited to tell you that we
5 have received our certificate of occupancy for our new
6 building at 6701 Shirley. We received that last
7 Friday. We're ecstatic with the results of the building.

8 We are still in a little bit -- a few things
9 in progress, but for the most part, we have -- physically
10 now are able to move into the building. And the actual
11 move from the old building to the new building of boxes
12 and computer equipment for staff and everything will be
13 happening this Friday, the 18th.

14 So, we're really excited to have that going
15 on. That progress has been a long journey. I would like
16 to thank David Danenfelzer and Cassandra Ramirez for
17 their dedication and commitment to this project. They
18 have been extremely essential to us making it happen as
19 quickly as we did, even with all the pandemic and
20 slowdowns because of the pandemic.

21 It's really, really an exciting situation. We
22 had a very brief but staggered attending -- staggered
23 attendance of the staff open house on Friday. Everybody
24 got a chance to come by and see their new office space.

25 The furniture has been delivered and

1 installed, so everybody had a chance to kind of see what
2 we had, and we're very pleased with the results. And
3 we're very much looking forward to the opportunity to
4 have a real open house where we can have Board members
5 come by.

6 I think Lali is the only Board member that I'm
7 aware of that's come by the building at my request,
8 several times. She offered up her expertise as we were
9 going through stages, and I really appreciate her
10 offering up her time and her expertise.

11 The Board -- per the Board book, as always,
12 the program area reports are provided to you in Tab Items
13 A through C, and the additional program information that
14 we have, I'll just do a quick summary of that.

15 Under the Single-Family Programs, there
16 continues to be trainings that we're doing, both online,
17 virtual trainings, as well as our webinars that we
18 continue to serve. We continue to see extremely positive
19 participation in that, and we continue to meet the needs
20 of the realtors and lenders. They're looking for
21 information and/or participating in our program.

22 So, thank you to Sarah and Joniel and Frank
23 for their home ownership leadership that they've provided
24 to all the questions that come up on this. They are
25 doing a good job of making sure those trainings happen.

1 And if you haven't had a chance, I invite you
2 to go watch some of the webinars they've put together on
3 various discussions that we've had on certain topics
4 regarding lending, and I know Valerie participated in one
5 of those, and I'm not sure if anybody else has, but we're
6 very pleased with the results of all those. So please
7 take an opportunity to do that.

8 We continue to receive funding in support of
9 our Counselor Housing Connection for our counselor
10 trainings, and we received \$11,000 in sponsorships from
11 various lenders and realtors as part of Giving Tuesday
12 email campaign. We're very pleased with that, and that
13 will allow us to continue to make the effort ensuring
14 that we have our Housing Connection training programs
15 intact for next year.

16 We also received a \$250,000 program-related
17 investment from Sisters of Charity, and this -- Sisters
18 of Charity of the Incarnate Word, I should make it clear
19 that's who it was from. And this will be used to provide
20 support for our Texas Housing Impact Fund and for our
21 nonprofit developers.

22 Marketing, we released a podcast recently on
23 foreclosure prevention, something I mentioned a second
24 ago about the trainings that we're doing on our
25 podcast. We have another podcast that's planned in

1 January, and again, I think Lali will be participating in
2 an episode. So again, thank you for the Board members
3 who are participating in that.

4 We sent out cards to all of our lenders,
5 holiday cards to all of our lenders, and in addition to
6 that, everybody that we work with, including the Board
7 members. You should have received an electronic email,
8 and some will be hard-copied. We sent out an email
9 notifying you of our move to our new building, and that
10 will provide everybody the new address and contact
11 information.

12 The Public Supportive -- it should be
13 Permanent Supportive Housing Institute, that we conducted
14 one of those this last week. This is a series of four
15 virtual training workshops to help nonprofit developers
16 create more permanent supportive housing units in their
17 communities. And this is something that David and
18 Michael Wilt have been participating in and doing a lot
19 of work on that. So, we greatly appreciate the time and
20 effort on that.

21 A lot of staff participation in presentations
22 at various virtual conferences. I always provide it to
23 you in the summary that I -- the overall President's
24 Report I provided to each of you. I'm not going to, kind
25 of, go down those individually, but as you want to go

1 back through there, you can see that there were things
2 that all the staff continued to participate in.

3 Even though we're not able to attend in
4 person, we continue to make ourselves available and
5 spread the word about what we're doing and have our
6 expertise being shared with those that are asking for it.

7 Professionals in attendance -- as we just
8 mentioned a second ago, Maxwell, Locke & Ritter will be
9 presenting the audit to you. That will be Mr. Jimmy
10 Romell and Ms. Veronica Lomas Day, and I'm assuming -- I
11 haven't heard his voice yet, but I'm assuming Mr.
12 Thornhill is on from Coats Rose, our general counsel.

13 MR. THORNHILL: I'm here.

14 MR. LONG: Thank you, Routt.

15 Next scheduled Board meeting is January 20. I
16 left that off at the bottom. I should have -- you should
17 have received a list of our tentative Board dates for
18 next year for the Board members.

19 January, we -- instead of being the second
20 Wednesday, we pushed it back to this third Wednesday for
21 a couple of reasons: one, we want to do year-end; and
22 also, with the holidays, we just felt like we could use a
23 little bit more time to get that done.

24 Obviously, these are tentative dates that we
25 put out. If the Board members would like us to change

1 things or if you would like to amend these in any way,
2 fashion or form, Mr. Dietz, we're happy to do so at your
3 discretion. But we did want to give you kind of our
4 tentative date list, and that was -- I emailed that to
5 each of you.

6 So, with that, I'll conclude my comments and
7 remarks. If there's any questions, I'm happy to take
8 those.

9 MR. DIETZ: Great. Thank you, Mr. Long, and
10 I'm really looking forward to some of those meeting dates
11 being in-person meetings at our new location. So, I
12 think that's the most exciting thing you mentioned.

13 Any questions for Mr. Long before we move on?

14 (No response.)

15 MR. DIETZ: Okay. So on into the action items
16 for the meeting.

17 Tab Item 1 is our Presentation, Discussion and
18 Possible Approval of Minutes of the Board Meeting that
19 was held on November 12, 2020. Any comments, questions,
20 or corrections to the minutes?

21 (No response.)

22 MR. DIETZ: Okay. If there are none, I'd
23 entertain a motion to approve those minutes.

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

25 MR. DIETZ: Is there a second?

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

2 MR. DIETZ: Okay. It's been moved and
3 seconded that we approve the minutes. First, is there
4 any public comment?

5 (No response.)

6 MR. DIETZ: Okay. Hearing none, we will vote
7 on the minutes. Bill Dietz, yes. Valerie Cardenas?

8 MS. CARDENAS: Yes.

9 MR. DIETZ: Lali Shipley?

10 MS. SHIPLEY: Yes.

11 MR. DIETZ: Andy Williams?

12 MR. WILLIAMS: Yes.

13 MR. DIETZ: Okay. The minutes are approved.

14 On to Tab Item 2, the Presentation, Discussion
15 and Possible Approval of the Annual Independent Financial
16 Audit for the Fiscal Year Ending August 31, 2020. And I
17 think Melinda Smith is going to talk with us about that.

18 MS. SMITH: Yes, sir. Good morning. My name
19 is Melinda Smith, and I am Chief Financial Officer. As
20 I've mentioned before, the Corporation is required to
21 have an annual audit by our enabling legislation.
22 Maxwell, Locke & Ritter performed the audit this year,
23 and they are here to present it.

24 Before they do, I would like to take a minute
25 and thank Betsy Aldrich for all the work she did

1 preparing all of the work papers that the auditors use
2 and all the countless confirmations that have to be
3 mailed out.

4 And I'd like to thank Nick Lawrence for
5 coordinating the audit. He really took charge of it from
6 beginning to end and did a wonderful job. So, I wanted
7 to thank them.

8 So now, I'm going to turn it over to Jimmy
9 Romell. He's a partner with Maxwell, Locke & Ritter, and
10 he will talk to you about the audit.

11 MR. ROMELL: So, thanks, Melinda. Good
12 morning, everyone. So as Melinda mentioned, we'll be
13 going through our audit report for your fiscal year ended
14 August 31, 2020. As also was brought up earlier, we did
15 go through this in greater detail with the Audit
16 Committee earlier this morning.

17 So, we're going to kind of touch on just some
18 of the highlights included in the audit report, and then
19 obviously if you have any questions for us, please let us
20 know. So, we are issuing an unmodified or clean opinion,
21 which is the highest level of assurance that we can
22 provide as your external auditor. So that's always good
23 news to hear first.

24 As far as the overall financial results -- so
25 looking at your statement of net position, total assets

1 were about \$152.6 million, total liabilities of about
2 69.5 million, and you had an ending net position of about
3 82.9 million. And just to kind of touch on a couple of
4 things on the statement of net position, in the current
5 year, due to the new second lien program that the
6 Corporation started, your overall receivables increased
7 by about \$32 million from last year, and so -- and as we
8 get to the next statement in the financials, you'll see
9 how it impacts the revenue side.

10 But that one was one of the more significant
11 items during fiscal year '20. Overall, though, there
12 were no new accounting standards that were implemented
13 during fiscal year '20. So, the financial statements
14 themselves should look pretty similar to what you should
15 be seeing as well.

16 So, moving on to your statement of revenues,
17 expenses, and changes in net position. So, during fiscal
18 year '20, overall revenues were 48.2 million. Of that
19 amount, single family income comprised about 36.5 million
20 of that.

21 And as I mentioned before, with the second
22 lien program, there was 29.7 million that related
23 specifically to that program. So that's why the revenues
24 in fiscal year '20 increased significantly compared to
25 what they were in fiscal year '19.

1 The other kind of -- other significant revenue
2 stream that increased from the prior year was your public
3 support revenue. And that was due to -- your Capital
4 Magnet Fund had about \$2.8 million of revenue, federal
5 assistance, that was reflected in fiscal year '20.

6 Overall expenses were about 8.8 million, and
7 that was fairly consistent with the prior year. So, you
8 had a positive net income of about 39.4 million during
9 fiscal year '20.

10 Kind of touching on some of the other
11 financial highlights included in the audit report, every
12 year, we do review as part of our review under government
13 auditing standards for the Corporation's compliance with
14 their own investment policy as well as the Public Funds
15 Investment Act, and there were no issues related to that
16 that were noted as part of the audit.

17 There was about \$31.3 million of note
18 receivables related to a second lien program, and so
19 those will be forgiven, assuming the criteria is met,
20 after three years. And so, when those are forgiven, then
21 there will be a financial statement impact as well on the
22 expense side for when that forgiveness actually takes
23 place. At the end of fiscal year '20, you had
24 outstanding revenue bonds of about 57.7 million, of which
25 3.2 million of that will be due in principal and interest

1 in fiscal year '21.

2 And then just as a general disclosure, we
3 added some language related to COVID-19. Because there's
4 still, obviously, uncertainties around the overall impact
5 of COVID-19, we did include a general disclosure in
6 Footnote 21 this year.

7 Based on our discussions with management of
8 the Corporation, there were no significant operational
9 issues during fiscal year '20, but obviously, there's a
10 lot of things still going on. So, we wanted to make sure
11 we included that in the audit report, to make it clear
12 that that was still potentially something that could
13 impact operations on a go-forward basis.

14 And then, as always, we discuss any recently
15 issued accounting pronouncements. The only one of note
16 relates to leases, which I know we've included in our
17 audits in prior years. The good news is that the
18 standard-setting body actually delayed the implementation
19 of this standard an additional fiscal year, so instead of
20 being implemented in fiscal year '21, it's now going to
21 be implemented in fiscal year '22 for the Corporation.

22 So, in the final part of our report, there is
23 two reports that discuss our audit under government
24 auditing standards, and we want to note that we did not
25 note any material weaknesses in internal controls and had

1 no reportable instances of noncompliance under government
2 auditing standards.

3 And the one additional thing that was new in
4 the audit report this year is, because the Corporation
5 extended more than \$750,000 of federal grant assistance,
6 we had to also perform a single audit this year. And so
7 we have a second report now in the Federal Awards section
8 that discusses our testing of that program.

9 And we did issue an unmodified or clean
10 opinion related to that program, and we noted no material
11 weaknesses in internal control over compliance related to
12 that program. Then as I mentioned, because of our
13 testing of the federal programs, there is an additional
14 schedule in the back as well that lists out all the
15 federal expenditures, including all of the awards that
16 were granted and expended during fiscal year '20. The
17 one program that we did test is your Capital Magnet Fund,
18 which had expenditures of about 2.8 million during fiscal
19 year '20.

20 And then overall, as part of our
21 communications to the governing body, we also provide a
22 management letter that discusses kind of a summary -- on
23 a summary basis, the overall audit process. It includes
24 any information -- if there were any changes in
25 accounting literature, they would be included in there.

1 But just to summarize that letter, we did have
2 no difficulties in performing the audit. We definitely
3 want to thank Melinda, Nick, Betsy, everyone else at the
4 Corporation for the assistance they provided this year,
5 because we did the entire audit this year virtually,
6 which is something we don't typically do.

7 Typically, we're on-site for at least a couple
8 weeks. So, there were definitely some logistical
9 challenges related to that, but we definitely want to
10 thank them for all their assistance in getting the audit
11 worked up on a timely basis, to be able to present to the
12 Board today. And then also, there were no misstatements
13 detected as part of our audit procedures, and no
14 disagreements with management that arose during the
15 course of our audit.

16 And with that, I'll open it up to any
17 questions you may have for me.

18 MR. DIETZ: Thank you very much for that
19 presentation. Are there any questions from the Board or
20 comments?

21 (No response.)

22 MR. DIETZ: Okay. I don't think there are
23 any. Of course, two of us have already had the
24 opportunity to be in that Audit Committee meeting. And
25 again, I thank Valerie and Lali for wading through all

1 the details to make sure that we are reviewing the audit
2 thoroughly.

3 If there are no questions, then I would
4 entertain a motion to approve the audit for the fiscal
5 year ending August 31, 2020.

6 MS. CARDENAS: This is Valerie. Motion to
7 approve.

8 MR. DIETZ: Is there a second?

9 MS. SHIPLEY: And this is Lali. I'll second.

10 MR. DIETZ: Great. Is there any public
11 comment?

12 (No response.)

13 MR. DIETZ: Okay. Hearing no public comment,
14 we will go through the roll call vote. Bill Dietz,
15 yes. Valerie Cardenas?

16 MS. CARDENAS: Yes.

17 MR. DIETZ: Lali Shipley?

18 MS. SHIPLEY: Yes.

19 MR. DIETZ: Andy Williams?

20 MR. WILLIAMS: Yes.

21 MR. DIETZ: Okay. So, the fiscal year ending
22 August -- let's see, let me pull up my language here --
23 the independent audit for the fiscal year ending
24 August 31, 2020 is approved. Thank you very much for
25 everybody's work on that.

1 Tab Item 3 is the Presentation, Discussion and
2 Possible Approval of the Fiscal Year 2021 Investment
3 Policy. Back to Melinda Smith.

4 MR. LONG: Melinda, you're on mute.

5 MS. SMITH: Pardon?

6 MR. LONG: I said you were muted.

7 MS. SMITH: I'm muted?

8 MR. LONG: You're not now. Go ahead.

9 MR. DIETZ: So, we can hear you now. Go
10 ahead, Melinda.

11 MS. SMITH: Okay.

12 MR. DIETZ: The --

13 MS. SMITH: Okay. I apologize. Can you hear
14 me?

15 MR. DIETZ: Yes.

16 MS. SMITH: Okay. You may recall that we
17 approved the investment policy a couple of months ago.
18 However, because of the interest rates, the dropping
19 interest rates, it has been very difficult for us to find
20 any place to place our funds that also complies with the
21 Public Funds Investment Act and our investment policy.

22 And we found one place in our investment
23 policy that our advisor thought was a little too
24 restrictive, and that was on municipal securities. We
25 were required to have those securities rated by two

1 agencies, rated A or better.

2 And so, what we are doing with the investment
3 policy is, asking the Board to approve the policy with a
4 change, so that we are only required to have one rating
5 agency rate those securities. And I believe that's on
6 page 10 of the investment policy -- I hope that's right.

7 So that's what we're asking the Board to do,
8 is to approve the policy again with that one change.

9 MR. DIETZ: Great. Thank you, Melinda. Are
10 there any questions from the Board?

11 (No response.)

12 MR. DIETZ: Okay. It sounds like that's a
13 very reasonable policy change. We'll have at least one
14 rating agency with an A rating, and that's still above
15 the -- you can go down to triple-B and still be
16 considered investment grade.

17 So, we're still well, you know, above that
18 level.

19 MS. SMITH: Awesome.

20 MR. DIETZ: So, any -- if there are no
21 questions, I would entertain a motion.

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

23 MR. DIETZ: And is there a second?

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

25 MR. DIETZ: All right. It has been moved and

1 seconded that we approve the amendment to the fiscal year
2 2021 investment policy. Is there any public comment?

3 (No response.)

4 MR. DIETZ: Hearing none, we'll go through our
5 roll call vote. Bill Dietz, yes. Valerie Cardenas?

6 MS. CARDENAS: Yes.

7 MR. DIETZ: Lali Shipley?

8 MS. SHIPLEY: Yes.

9 MR. DIETZ: And Andy Williams?

10 MR. WILLIAMS: Yes.

11 MR. DIETZ: Okay. The change to the 2021
12 investment policy is approved as submitted.

13 MS. SMITH: Thank you very much.

14 MR. DIETZ: Yeah. Thank you for your work on
15 that, Melinda.

16 Tab Item 4, the Presentation, Discussion and
17 Possible Approval for Publication and Public Comment of
18 the Draft of the Texas State Affordable Housing
19 Corporation's 2021 Annual Action Plan.

20 Mr. Wilt?

21 MR. WILT: Yeah. Good morning, Chairman Dietz
22 and Board members. I'm Michael Wilt, Senior Manager of
23 External Relations, here to present the Corporation's
24 draft 2021 Annual Action Plan.

25 This plan is prepared in accordance with Texas

1 Government Code, Section 2306.566, which requires the
2 Texas State Affordable Housing Corporation to develop a
3 plan to address the state's housing needs. According to
4 Section 2306.0721(t), TSAHC's Annual Action Plan must be
5 included each year in the State's Low Income Housing Plan
6 prepared by the Texas Department of Housing and Community
7 Affairs.

8 I want to thank each of the program managers
9 for providing data and information about the successes
10 and directions of their programs. And I also want to
11 thank Katie Claflin and Janie Taylor for their thorough
12 reviews of the plan.

13 Briefly, regarding the process, we are asking
14 that you approve the draft plan for publication and make
15 it available for public comment beginning Friday,
16 December 18, and concluding on Monday, January 22,
17 2021. As part of that public comment period, we will be
18 participating in a virtual public hearing on the State
19 Low Income Housing Plan on January 6 at 2:00 p.m.

20 We would like to bring the plan back to the
21 February Board meeting. We will discuss any public
22 comments that we get, and we would ask for your final
23 approval. I will note that this draft plan only includes
24 program activities through October 31 of this year.

25 That's when we asked for the numbers from

1 program directors, their most current numbers, so that we
2 can get the draft prepared. We will update any numbers
3 that need to be updated through December 31 when we bring
4 that plan back to you in February. It mainly relates to
5 our homebuyer programs.

6 There are a few highlights that I want to
7 bring to your attention. First, at the outset, we spoke
8 about our response to COVID-19. There's general
9 information at the beginning about what we did. As you
10 go through the plan, you'll see more detailed
11 information, depending on the program area, about how
12 various departments responded to the pandemic in a
13 specific manner.

14 Second, our Homeownership Programs continue to
15 post record high numbers. Like I mentioned, we only have
16 data through the end of October, but we've already well
17 exceeded the number of homebuyers that we've assisted
18 from last year. So, you know, this year will be the most
19 homebuyers we've served ever, well in excess of any
20 number that we've ever posted.

21 Third, our private activity bond program
22 continues to be in high demand. We issued a little over
23 \$89 million in bonds this past year to create or preserve
24 1,240 units across 23 communities, and we have another
25 potential \$163 million in bond requests for 2021 that

1 would create or preserve 1,350 units. So, there's a very
2 healthy pipeline for bond finance projects and a
3 record -- I wouldn't say, record -- but a whole lot of
4 demand, more so than we've seen in recent years.

5 Fourth, I want to highlight the work of our
6 Single Family and Multifamily Rental Program staff. What
7 they did to work with tenants that live in properties
8 that we own through the pandemic was pretty amazing.

9 They ensured that they all remained stably
10 housed. It took a lot of one-on-one work with tenants,
11 whether it was creating payment arrangement plans or
12 working with tenants who needed to pay late, or even in
13 one case, providing a month of rent forgiveness. Staff
14 did an exceptional job of making sure that all the
15 tenants in the units that we own remained stably housed
16 throughout this year.

17 And fifth, I just want to highlight our
18 partnerships. We've seen a whole lot of new partnerships
19 over the past several years, whether it's with rural
20 housing providers, supportive housing providers now,
21 Health and Human Services Commission. The latest partner
22 we can add to that is the Texas Department of
23 Transportation, and that new partnership is referenced at
24 the very end of the document.

25 With that, I'll take any questions.

1 MR. DIETZ: Thank you, Michael. Any questions
2 from the Board?

3 (No response.)

4 MR. DIETZ: And again, this is the submission
5 for public comment. And so, after we go through the
6 public comment process, this will come back to the Board
7 for final approval with any additions or changes.
8 Correct?

9 MR. WILT: Yeah. This will basically kick off
10 that 30-day -- 30-day plus public comment period. We'll
11 have that virtual public hearing as a component of it.

12 We'll bring it back, ask for final approval.
13 It will be included in the State Low Income Housing Plan
14 that's submitted to the Governor, Lieutenant Governor and
15 Speaker.

16 MR. DIETZ: Great. Any questions, comments
17 from the Board?

18 (No response.)

19 MR. DIETZ: If there aren't any, then I would
20 entertain a motion at this time to approve.

21 MS. SHIPLEY: Lali. Motion to approve.

22 MR. DIETZ: And is there a second?

23 MR. WILLIAMS: This is Andy. I will second.

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

1 (No response.)

2 MR. DIETZ: Hearing none, we'll do our roll
3 call vote. Bill Dietz, yes. Valerie Cardenas?

4 MS. CARDENAS: Yes.

5 MR. DIETZ: Lali Shipley?

6 MS. SHIPLEY: Yes.

7 MR. DIETZ: And Andy Williams?

8 MR. WILLIAMS: Yes.

9 MR. DIETZ: Great. So, the Corporation's 2021
10 Annual Action Plan is approved for publication and public
11 comment. So, thank you very much, Mr. Wilt.

12 MR. WILT: Thank you.

13 MR. DIETZ: Tab Item 5, the Presentation,
14 Discussion and Possible Approval of a Resolution
15 authorizing the issuance of Texas State Affordable
16 Housing Corporation Multifamily Housing Revenue Note for
17 the Marshall Apartments Project, Series 2021, a Funding
18 Loan Agreement, a Project Loan Agreement, an Asset
19 Oversight, Compliance and Security Agreement and a
20 Regulatory Agreement; authorizing the execution of
21 documents and instruments necessary or convenient to
22 carry out the issuance of the Note; and other provisions
23 in connection therewith.

24 Mr. Danenfelzer?

25 MR. DANENFELZER: Good morning. This is David

1 Danenfelzer, Senior Director of Development Finance.

2 This morning, I have a couple of transactions I'm
3 bringing you that are for final bond approval. What this
4 means is that, for both of the transactions we're going
5 to be discussing today, staff received your approval to
6 induce these transactions several months ago.

7 We've been working with bond counsel, our
8 municipal advisor and development team to draft documents
9 in preparation to bring these back to you for final
10 approval, and then to bring them to the Bond Review Board
11 for their final approval in order to close on these bonds
12 and get these projects moving forward. I'm going to go
13 through just a quick summary of this project, and then
14 open up for questions.

15 The first project we're going to be looking at
16 is Marshall Apartments. It was induced in August of this
17 year. And as I said before, we're returning to the Board
18 for final approval of the bond resolution and its
19 documents.

20 The apartment is -- project is a 100-unit
21 apartment complex that involves acquisition and
22 rehabilitation of an existing affordable rental community
23 here in Austin, Texas. All 100 units are supported
24 through Section 8, project-based contract rents.

25 And so, all of the units are currently

1 occupied and will remain occupied during renovations.
2 And there is plans in place in case tenants need to be
3 either temporarily repositioned within the building or
4 relocated to offsite locations, but for the most part,
5 we've seen great success by the contractors and
6 developers in doing rehabs in place this year, despite
7 the COVID-19 pandemic.

8 Staff has been through the numbers over and
9 over again, and we are going to be, you know, looking at
10 a project that's approximately 20.4 million in total
11 financing. It does involve 4 percent housing tax
12 credits, as well as deferred developer fees and tax-
13 exempt bonds.

14 The bonds will be replaced and partially
15 converted through a note and bond transaction. I won't
16 go into many of the details, but in either case, it does
17 meet all of the federal requirements for private activity
18 tax-exempt bond issuances, and our counsel has made sure
19 that we're, you know, threading the needle properly and
20 making sure that these meet all the federal and State tax
21 requirements.

22 The final bond amount on this project should
23 be around 14.9 million, and then you know, we do have to
24 go back to the Bond Review Board for final approval on it
25 as well. I don't know that there's much else I can

1 say. I know that we've looked at this project in the
2 past.

3 We have screened the property owner and the
4 future developer quite thoroughly. We have a great
5 feeling about how they managed their other properties in
6 Texas. We also did hold a public hearing on this
7 transaction and received no negative public comments.

8 There was only one public comment provided,
9 but it was by the developer, during the hearing. So,
10 this project does seem to meet -- well, it does meet all
11 of our threshold and scoring criteria.

12 And so, are there any questions from the
13 Board?

14 MR. DIETZ: Any questions or comments?

15 (No response.)

16 MR. DIETZ: Okay. Hearing none, I would
17 entertain a motion for final approval.

18 MS. CARDENAS: Motion to approve. This is
19 Valerie.

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

21 MR. DIETZ: Okay. It's been moved and
22 seconded that we approve. Is there any public comment?

23 (No response.)

24 MR. DIETZ: Okay. Hearing none, we'll do our
25 roll call vote. Bill Dietz, yes. Valerie Cardenas?

1 MS. CARDENAS: Yes.

2 MR. DIETZ: Lali Shipley?

3 MS. SHIPLEY: Yes.

4 MR. DIETZ: Andy Williams?

5 MR. WILLIAMS: Yes.

6 MR. DIETZ: Okay. The housing revenue note
7 for the Marshall Apartments projects is approved.

8 And Mr. Danenfelzer, before I move on to the
9 other tab items, can you remind me which of these tab
10 items we are deferring, so I won't make the mistake of
11 introducing them -- reading through that tab item?

12 MR. DANENFELZER: Yes. We are going to be
13 voting and presenting Tab 6. I believe Tab 7 and 8,
14 which are for Pine Terrace and Trinity Oaks will be
15 tabled this month.

16 MR. DIETZ: Okay. Great. So, we'll move on
17 into Tab Item 6. Thanks for that clarification. I knew
18 we were -- I just couldn't remember which two we were
19 tabling.

20 So, Tab Item 6 is the Presentation, Discussion
21 and Possible Approval of a Resolution authorizing the
22 issuance of Texas State Affordable Housing Corporation
23 Multifamily Housing Revenue Note for the Fawn Ridge
24 Apartments Project, Series 2021, a Funding Loan
25 Agreement, a Project Loan Agreement, an Asset Oversight,

1 Compliance and Security Agreement and a Regulatory
2 Agreement; authorizing the execution of documents and
3 instruments necessary or convenient to carry out the
4 issuance of the Note; and other provisions in connection
5 therewith.

6 Mr. Danenfelzer?

7 MR. DANENFELZER: Again, David Danenfelzer,
8 Senior Director of Development Finance. Like the last
9 project, this is a project we've looked at before. We
10 did induce this back in August, and quickly thereafter,
11 received a reservation for bonds.

12 Staff has gone through all the threshold and
13 scoring criteria as well and is bringing it back for
14 final approval to the Board. Like the last project, I
15 will note that this project and the last project are
16 scheduled to close the last full week of January,
17 basically, the week of January 22.

18 Fawn Ridge Apartments in a 120-unit, Section
19 8, contract-based property located in The Woodlands,
20 Texas. You know, we've looked over the budgets, the
21 numbers, the rehab estimates, and all that, and they look
22 great. There's approximately 25.8 million in total
23 expenditures to purchase and rehab these properties, or
24 for this property in particular, which does equate with a
25 total of about 4.7 million in total rehab, or 39,000 per

1 unit.

2 And we've looked at the market conditions.
3 This project does have tenants in place, so there is a
4 relocation plan that meets all of our requirements, as
5 well as the State and federal requirements for relocation
6 during rehab.

7 And at this point, I'll just leave it open for
8 questions, if there are any.

9 MR. DIETZ: Thanks, Mr. Danenfelzer. Any
10 questions from the Board?

11 (No response.)

12 MR. DIETZ: And if not, is there a motion?

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

14 MR. DIETZ: Is there a second?

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

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

18 (No response.)

19 MR. DIETZ: Okay. Hearing none, we'll do our
20 roll call vote. Bill Dietz, yes. Valerie Cardenas?

21 MS. CARDENAS: Yes.

22 MR. DIETZ: Lali Shipley?

23 MS. SHIPLEY: Yes.

24 MR. DIETZ: Andy Williams?

25 MR. WILLIAMS: Yes.

1 MR. DIETZ: Okay. The multifamily housing
2 revenue note for the Fawn Ridge Apartments project is
3 approved.

4 And as Mr. Danenfelzer and I were discussing
5 earlier, my understanding is that Tab Items 7 and 8
6 are -- we're going to ask to table those. Is there any
7 formal action required to do that? Do we need to do that
8 formally by vote?

9 MR. LONG: Routt, do you know? I don't think
10 we do, but I'll, you know --

11 MR. THORNHILL: No. You just have to make an
12 announcement that you're tabling them until another time,
13 and --

14 MR. DIETZ: Okay. Great.

15 MR. THORNHILL: -- we'll bring them back up
16 when it's -- when they're appropriate.

17 MR. DIETZ: Great, great. Thanks for that
18 guidance.

19 So, Tab Item 7 and 8, the Pine Terrace
20 Apartments project and the Trinity Oaks Apartments
21 project, we will table, and staff will bring that back to
22 the Board for consideration at a later date.

23 Mr. Danenfelzer, correct me if I'm wrong about
24 either one of those, or if either one of those requires
25 any further clarification? Otherwise, we can move on to

1 Tab Item 9.

2 MR. DANENFELZER: No clarification needed.

3 That was perfect.

4 MR. DIETZ: Great, great. Okay. Tab Item 9
5 is the Presentation, Discussion and Possible Approval of
6 the Guidelines, Scoring Criteria and Targeted Housing
7 Needs for the Allocation of Qualified Residential Rental
8 Project Tax Exempt Bonds under the Multifamily Housing
9 Private Activity Bond Program Request for Proposals and
10 the 501(c)(3) Bond Program Policies for Calendar Year
11 2021.

12 It's kind of a mouthful. Mr. Danenfelzer?

13 MR. DANENFELZER: Good morning again, David
14 Danenfelzer, Senior Director of Development Finance. As
15 with every year, we do update our bond policies,
16 multifamily bond policies and RFP.

17 These are -- this is a requirement of statute,
18 as noted in the write-up. And it is something that, you
19 know -- we do take the opportunity to make sure we can
20 hone and improve these policies anytime we can. But
21 also, I think, more importantly this year is the ability
22 to adjust the policies to market changes which are
23 impacting both affordable housing real estate, but
24 particularly the multifamily real estate programs.

25 As noted here, we do look at a lot of housing

1 plans and research throughout the year, collect that
2 information and utilize it to adjust our policies and
3 programs, but most importantly this year is really the
4 market conditions. The two major changes that we've made
5 in the application program really and our awards process
6 relate to current market conditions that have really
7 pushed us to a new high of issuances and applications,
8 ones we've never seen before, at least since our bond
9 program started in 2003.

10 But more importantly, all across the state,
11 multifamily bond transactions are extremely popular.
12 They are a very good way to develop affordable housing,
13 and right now, with low interest rates and fair tax
14 credit pricing, have become a very popular and a very
15 strong way of developing affordable housing.

16 The two sections that are noted here in the
17 write-up, Section 5 and Section 10, were amended,
18 partly -- mostly to go ahead and adjust dates and
19 timelines for the application and review process so that
20 we could ensure that more developments have a chance to
21 access our annual allocation, which we receive in January
22 of each year, and then to more efficiently move those
23 through our process and ensure maximized use of that
24 volume cap each year.

25 Section 10 does also clarify the process after

1 inducement and some of the other procedural steps that we
2 take to get to closing and make sure that applicants are
3 moving in a timely manner towards closing so that -- and
4 the maximization of our volume cap.

5 These policies have been reviewed by our bond
6 counsel and municipal advisers. We did receive one
7 comment prior -- in the prior version, and we really
8 haven't actually changed the version at all that was
9 posted for public comment.

10 At this point in time, I've received no public
11 input or comment on the policies, or the changes
12 proposed. So, I'll put it to the Board for questions and
13 approval.

14 MR. DIETZ: Great. Thanks, David. Any
15 questions from the Board?

16 (No response.)

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

19 MS. CARDENAS: This is Valerie. Motion to
20 approve.

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

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

24 MR. DIETZ: Okay. It has been -- excuse me --
25 moved and seconded. Is there any public comment?

1 (No response.)

2 MR. DIETZ: Hearing none, we'll do our roll
3 call vote. Bill Dietz, yes. Valerie Cardenas?

4 MS. CARDENAS: Yes.

5 MR. DIETZ: Lali Shipley?

6 MS. SHIPLEY: Yes.

7 MR. DIETZ: And Andy Williams?

8 MR. WILLIAMS: Yes.

9 MR. DIETZ: Okay. The guidelines for
10 criteria, et cetera, are approved for the bond program
11 policies for calendar year 2021. Thank you, Mr.
12 Danenfelzer.

13 MR. DANENFELZER: Thank you.

14 MR. DIETZ: I don't believe we have any reason
15 to go into closed meeting today. Is that correct, David?

16 MR. LONG: That's correct, Mr. Chairman.

17 MR. DIETZ: Great. Any other action items or
18 announcements or comments, jokes?

19 MR. LONG: The only thing I would add is,
20 again, just to make note that the January meeting is
21 scheduled for the 20th of January. With that, I would
22 also just like to wish everyone a happy holiday season
23 and happy New Year, and we really do look forward to the
24 opportunity to invite the Board members into our new
25 building, and hopefully hold one of our Board meetings

1 there sooner than later.

2 But stay safe, and please enjoy the holidays.

3 MR. DIETZ: Great. Thank you very much.

4 Thanks, everybody, and yeah, everybody have a wonderful,
5 merry Christmas, happy New Year, and we'll look forward
6 to hopefully meeting in person soon, now that we've got
7 this vaccine being distributed.

8 So, anything else?

9 MR. WILLIAMS: Stay safe and merry Christmas.

10 MS. CARDENAS: Merry Christmas. Happy
11 holidays, everybody.

12 MR. DIETZ: Great. It is 11:20 a.m. on
13 December 16 and we are adjourned.

14 (Whereupon, at 11:20 a.m., the meeting was
15 adjourned.)

C E R T I F I C A T E

MEETING OF: TSAHC Board

LOCATION: via RingCentral

DATE: December 16, 2020

I do hereby certify that the foregoing pages,
numbers 1 through 4343, inclusive, are the true,
accurate, and complete transcript prepared from the
verbal recording made by electronic recording by Nancy H.
King before the Texas State Affordable Housing
Corporation.

DATE: December 19, 2020

(Transcriber)

On the Record Reporting
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