

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

TSAHC Offices  
6701 Shirley Avenue  
Austin, Texas 78752

Wednesday,  
May 12, 2021  
10:34 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair  
VALERIE V. CARDENAS, Member (via telephone)  
COURTNEY JOHNSON ROSE, Member (via telephone)  
ANDY WILLIAMS, Member  
LEMUEL WILLIAMS, Member

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P R O C E E D I N G S

1  
2 MR. DIETZ: It is 10:34 a.m. on Wednesday,  
3 May 12, and the Texas State Affordable Housing Corporation  
4 Board of Directors meeting is called to order. In  
5 accordance with the March 13, 2020 Disaster Declaration by  
6 the Office of the Governor, we're continuing to have our  
7 Board meetings at least in part virtually.

8 This is our second meeting that we will do a  
9 combination of in-person and virtually, and barring any  
10 changes, we plan to perhaps next month go to a fully in-  
11 person Board meeting. So, without any further ado, I'll  
12 call the roll.

13 Bill Dietz, I am here. Valerie Cardenas, Vice  
14 Chair?

15 MS. CARDENAS: Here.

16 MR. DIETZ: Courtney Johnson Rose?

17 MS. JOHNSON ROSE: Present.

18 MR. DIETZ: Lemuel Williams?

19 MR. LEMUEL WILLIAMS: Here.

20 MR. DIETZ: And Andy Williams?

21 MR. ANDY WILLIAMS: Present.

22 MR. DIETZ: No relation. So, we do indeed have  
23 a quorum, and we'll begin with the Pledge of Allegiance.

24 (Pledges were recited.)

25 MR. DIETZ: Okay. Before we begin, is there

1 any public comment?

2 (No response.)

3 MR. DIETZ: And, Sarah, you're going to let me  
4 know if there's any public comment virtually. Correct?

5 MS. ELLINOR: Correct.

6 MR. DIETZ: Great. Perfect.

7 MS. ELLINOR: We're good.

8 MR. DIETZ: Good. All right. There not  
9 being -- there is no public comment. So, onto the  
10 President's Report.

11 Mr. Long?

12 MR. LONG: Thank you, Mr. Chairman, members.  
13 Good morning. I guess the first thing to do would be to  
14 welcome Mr. Williams, Lemuel Williams, who is our newest  
15 Board member. I'd like to welcome him and thank him for  
16 his time.

17 He actually sat through what I would call -- I  
18 would say it was highlighted, but we tried to make it  
19 fun -- Board member training. Mr. Rout Thornhill with  
20 Coats Rose, our General Counsel, conducted the training,  
21 and Mr. Williams and I -- and David Danenfelzer came in,  
22 mid-presentation. So also, thank you for continuing to be  
23 a part of all that and being on our Board. We look  
24 forward to having you.

25 The Loan Committee met yesterday via

1 teleconference. Mr. Williams joins us every time. We  
2 really didn't have any business to do yesterday. It was  
3 relatively light, so we just went over agendas -- excuse  
4 me -- over reports and discussed kind of how everything  
5 looked that we had in terms of our current portfolio of  
6 loans.

7 Under the tab items today, you have a couple of  
8 quarterly reports. I just would highlight Tab C and D to  
9 you. Those are reports that you don't see monthly, but  
10 you see quarterly. I don't think that there's anything in  
11 there that jumps out at me, but if you had any questions,  
12 both staff and myself are here to answer any questions you  
13 might have on those.

14 I would also just highlight for you in terms of  
15 my President's Report, the Homeownership Program continues  
16 to go very strong. We continue just to have phenomenal  
17 reservation volume, and we are very busy in that area to  
18 the extent that we continue to hire staff, including  
19 temporary -- temp staff. We also continue to have extreme  
20 interest in our program with the down payment assistance  
21 trainings that are going on, as well as adding new members  
22 to our lender portfolio.

23 Fundraising -- we continue to receive and/or  
24 apply for grants to assist us in a variety of ways. The  
25 one I would note on there is, the one we did receive was

1 \$15,000 from Texas Capital Bank in support of the Texas  
2 Housing Impact Fund. This was the third installment of a  
3 three-year commitment that we had had with them.

4 Katie and staff continue to make applications  
5 for other -- with other entities in trying to ensure that  
6 we have funding for our programs as we move along,  
7 including the Supportive Housing Institute, as well as  
8 some of our down payment assistance homebuyer online  
9 education programs.

10 The Texas Association of CDCs had a virtual  
11 conference last month. And I would like to point out that  
12 Michael Wilt -- that he does a really job of this --  
13 actually moderated one of the panels on government  
14 relations and legislative -- the current legislative  
15 session that we're in. So, I thank Michael for being --  
16 not only representing TSAHC, but being the moderator on  
17 that panel.

18 Asset oversight and compliance. One of the  
19 things that I want to highlight for you there is that, if  
20 you remember, the Board allocated a million dollars  
21 funding last year in the budget -- or for this year's  
22 budget, for us to acquire homes to support families, lower  
23 income families in high-opportunity neighborhoods.

24 And I would like to let you know that we  
25 expended all of those funds, effective this month. We're

1 actually at the closing today or tomorrow on our fourth  
2 home. We were able to purchase a home in Liberty Hill,  
3 and it's a 1,700-square-foot home, four-bedroom, two-bath  
4 home, and with that home, we would have expended all the  
5 funds.

6 We do have three condos we've purchased that  
7 are in south Austin. They're under a Habitat build.  
8 Those homes -- those condominiums are not quite ready.

9 We did contract for them, and those funds will  
10 be extended as those properties close, but those  
11 properties are still in the construction phase. But those  
12 are brand-new construction, so we're looking forward to  
13 those homes being part of that.

14 And with that, I'd like to thank that team.  
15 James does a phenomenal amount of work with us on the real  
16 estate side. Celina and James do a lot of work to make  
17 sure that those properties are maintained and our  
18 compliance -- our maintenance person, Jesse, is just  
19 really, really, really busy with all the homes that we now  
20 own in the Austin area, and will be outsourced. So, I  
21 appreciate all the work that they do in that capacity.

22 Government relations. The session is still  
23 going on. You'll get an update under Tab 7 from Michael  
24 Wilt today, as we've been doing. And I know he's sending  
25 out weekly reports to the Board members, kind of

1 monitoring some of the bills that we are tracking and  
2 following that impact us.

3 With that, our next scheduled Board meeting is  
4 June 9. Mr. Dietz, I know Ms. Cardenas had kind of  
5 expressed just to you a little bit -- maybe a discussion  
6 on that, about when to have the next meeting, maybe  
7 changing it, but I'll let her talk with you guys about  
8 that later on down the meeting or off the record. And so  
9 right now, it's tentatively set for Wednesday, June 9.

10 With that, I always like to announce who's here  
11 with us, not only the Board members, but the General  
12 Counsel. Bill, I'd just let you know that Rout Thornhill  
13 is here, with General Counsel Coats Rose. So, if you have  
14 any questions or any legal issues come up, Mr. Thornhill  
15 is here, available for any questions on that.

16 And with that, I'll conclude my remarks and  
17 President's Report, unless there's any questions.

18 MR. DIETZ: That's great. Thank you, David.  
19 Are there any questions from Board members for Mr. Long?

20 (No response.)

21 MR. DIETZ: All right. Hearing none, so we'll  
22 move on to our action items for the meeting today. The  
23 first is the "Presentation, Discussion and Possible  
24 Approval of Minutes of the Board Meeting that was held on  
25 April 14, 2021."

1           Are there any corrections, questions, comments  
2 with regard to the minutes from last month's meeting?

3           (No response.)

4           MR. DIETZ: And if not, I would entertain a  
5 motion.

6           MR. ANDY WILLIAMS: This is Andy. I motion to  
7 approve.

8           MR. DIETZ: Andy moves. Is there a second?

9           MS. JOHNSON ROSE: This is Courtney. I will  
10 second.

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

13          (No response.)

14          MR. DIETZ: Okay. Hearing none, I will do the  
15 votes via roll call votes, since we're still partially  
16 virtual, and that way, we'll sure to hear each member as  
17 they vote. So, Bill Dietz, yes, approve.

18          Valerie Cardenas?

19          MS. CARDENAS: Yes.

20          MR. DIETZ: Courtney Johnson Rose?

21          MS. JOHNSON ROSE: Yes.

22          MR. DIETZ: Lemuel Williams?

23          MR. LEMUEL WILLIAMS: Yes.

24          MR. DIETZ: And Andy Williams?

25          MR. ANDY WILLIAMS: Yes.

1 MR. DIETZ: Okay. The minutes are approved as  
2 submitted.

3 Tab Item 2 is the "Presentation, Discussion and  
4 Possible Approval of a Resolution Regarding the Submission  
5 of One or More Applications for Allocation of Private  
6 Activity Bonds to the Texas Bond Review Board for  
7 Qualified Mortgage Revenue Bonds."

8 MS. LeVECQUE: Good morning, Mr. Chairman and  
9 members of the Board, and members of the Board  
10 virtually. I am Joniel LeVecque, the Director of the  
11 Homeownership Programs. And it's actually been quite a  
12 while since I've gotten to be in here in person, so I'm  
13 very excited, and I'm also very excited to meet our new  
14 Board member.

15 Under Tab Item No. 2, we are asking the Board  
16 to approve a resolution authorizing the Corporation to  
17 submit one or more applications for our 2021 allocation in  
18 the amount of \$104,157,293. This resolution also  
19 authorizes the Corporation to execute any certificates and  
20 documents relating to converting all or a portion of the  
21 annual allocation of qualified mortgage revenue bonds to  
22 mortgage credit certificates, and to take any other  
23 actions necessary to implement any mortgage credit  
24 certificate programs.

25 Please let me know if you have any questions,

1 and I ask your approval of this resolution.

2 MR. DIETZ: And that specific amount, is that  
3 kind of like a maximum for a calculation that was done?

4 MS. LeVECQUE: Yes, sir.

5 MR. DIETZ: Yeah.

6 MS. LeVECQUE: So, we are allowed to apply for  
7 up to 10 percent of the total volume cap for the state,  
8 and so that is the amount that it came to this year.

9 MR. DIETZ: Any other questions from Board  
10 members or discussion?

11 (No response.)

12 MR. DIETZ: Or is there a motion?

13 MR. ANDY WILLIAMS: This is Andy. I'll motion  
14 to approve.

15 MR. DIETZ: Okay. It's moved. Is there a  
16 second?

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

19 MR. DIETZ: Okay. Any public comment?

20 (No response.)

21 MR. DIETZ: Okay. Hearing none, we'll do our  
22 roll call vote. Bill Dietz, yes.

23 Valerie Cardenas?

24 MS. CARDENAS: Yes.

25 MR. DIETZ: Courtney Johnson Rose?

1 MS. JOHNSON ROSE: Yes.

2 MR. DIETZ: Lemuel Williams?

3 MR. LEMUEL WILLIAMS: Yes.

4 MR. DIETZ: And Andy Williams?

5 MR. ANDY WILLIAMS: Yes.

6 MR. DIETZ: Okay. The resolution regarding the  
7 submission of the private activity bonds to Texas Bond  
8 Review Board is approved.

9 MS. LeVECQUE: Thank you very much.

10 MR. DIETZ: Thank you.

11 Tab Item 3, which is the "Presentation,  
12 Discussion and Possible Approval of a Resolution  
13 authorizing the issuance of Texas State Affordable Housing  
14 Corporation Multifamily Housing Revenue Bonds for the Las  
15 Palmas Villas Series 2021, a Trust Indenture, a Loan  
16 Agreement, a Bond Purchase Agreement, an Asset Oversight,  
17 Compliance and Security Agreement, a Regulatory Agreement,  
18 a Preliminary Official Statement and a Final Official  
19 Statement; authorizing the execution of documents and  
20 instruments necessary or convenient to carry out the  
21 issuance of the bonds; and other provisions in connection  
22 therewith."

23 MR. DANENFELZER: Good morning. David  
24 Danenfelzer, Senior Director of Development Finance.

25 This morning we're looking at Las Palmas

1 Apartments. This is a project in Eagle Pass, Texas, 64  
2 units of acq rehab, and it does fulfill one of our  
3 targeted housing needs, which is the preservation of  
4 existing affordable housing.

5 The staff has spent the last several months  
6 reviewing this project, underwriting it, as well as  
7 working with our professional team, our bond counsel and  
8 municipal advisor to develop all bond documents necessary  
9 and to screen this project.

10 We're now ready to get your final approval on  
11 this project. The budget hasn't changed much, although we  
12 do know that, you know, it has gone up a little bit in the  
13 last few months from the last time we looked at this. And  
14 we do anticipate there to be some fluctuation because of  
15 current market trends with construction costs.

16 However, in those cases, for the most part, the  
17 tax credit allocation can increase or decrease based on  
18 what the developer can certify their costs to be. So, we  
19 don't anticipate any shortfalls of funding for this  
20 project if the construction costs do exceed what we're  
21 currently targeting and estimating.

22 There's not much else I probably -- I want to  
23 highlight on the project, but to be clear, once our  
24 Board -- if you approve it today, we will go ahead and  
25 submit then a notice of intent to issue bonds to the Texas

1 Bond Review Board. They will also review this application  
2 and approve it, and the Attorney General's Office will  
3 review the final form of bond and the bond documents to  
4 make sure they meet all state law requirements.

5 So, we're probably a little over a month out  
6 before we do officially close on the transaction. There's  
7 a few more steps after today, but staff is ready to get  
8 your approval on the transaction.

9 MR. DIETZ: And this is the one -- we've seen  
10 this before. This is for the inducement, and this is the  
11 final time we'll see this. Is that correct?

12 MR. DANENFELZER: Correct. Right. We saw this  
13 last fall for the inducement. The applicant came in then.

14 We didn't have a volume cap at that time,  
15 because it was after the August deadline, but we are now  
16 utilizing our 2021 volume cap for this project, and they  
17 are definitely ready to move forward.

18 MR. DIETZ: Any questions from the Board for  
19 Mr. Danenfelzer?

20 (No response.)

21 MR. DIETZ: Or is there a motion?

22 MR. ANDY WILLIAMS: This is Andy. I --

23 MS. CARDENAS: This is Valerie. I'll move.

24 MR. DIETZ: We'll let Valerie take this motion,  
25 since Mr. Williams has already made a couple of motions.

1 So, is there a second?

2 MR. LEMUEL WILLIAMS: This is Lemuel. I'll  
3 second.

4 MS. JOHNSON ROSE: This is Courtney. I will  
5 second.

6 MR. DIETZ: Our new board member beat you to  
7 the second, Courtney. So, it's been moved by Valerie and  
8 seconded by Lemuel.

9 Is there any public comment?

10 (No response.)

11 MR. DIETZ: Okay. Hearing no public comment,  
12 we'll do our roll call vote. Bill Dietz, yes.

13 Valerie Cardenas?

14 MS. CARDENAS: Yes.

15 MR. DIETZ: Courtney Johnson Rose?

16 MS. JOHNSON ROSE: Yes.

17 MR. DIETZ: Lemuel Williams?

18 MR. LEMUEL WILLIAMS: Yes.

19 MR. DIETZ: Andy Williams?

20 MR. ANDY WILLIAMS: Yes.

21 MR. DIETZ: Okay. The approval -- the  
22 resolution regarding the Las Palmas Villas project is  
23 approved. Thank you.

24 MR. DANENFELZER: Thank you.

25 MR. DIETZ: Tab Item 4 is the "Presentation,

1 Discussion and Possible Approval of a Resolution Regarding  
2 the Submission of one or more Applications for Allocation  
3 of Private Activity Bonds, Notices of Intention to Issue  
4 Bonds and State Bond Applications to the Texas Bond Review  
5 Board and Declaration of Expectation to Reimburse  
6 Expenditures with Proceeds of Future Debt for the  
7 Marketplace at Liberty Crossing."

8 Mr. Danenfelzer again.

9 MR. DANENFELZER: Good morning. David  
10 Danenfelzer, Senior Director of Development Finance.

11 This is an inducement resolution, or basically,  
12 the first step that the Board takes in order to give staff  
13 the authority to engage our bond counsel and municipal  
14 advising team to move forward and develop bond documents  
15 to engage in all the other things that we need to, and  
16 also to fully underwrite and work with the developer on  
17 setting up a full timeline and plan for a project.

18 Marketplace at Liberty Crossing and its  
19 developer, Liberty Multifamily LLC, submitted their  
20 application in March of this year, to construct a 348-unit  
21 affordable apartment community based in Wilmer, Texas.  
22 All 100 -- or 100 percent of the units, or 348 units will  
23 be reserved for low-income persons earning 60 percent or  
24 below of the area median income.

25 We do qualify this under our rural and smaller

1 area -- smaller urban markets target housing needs. Under  
2 that definition, Wilmer, Texas, with an estimated current  
3 population of 4,700, as well as the fact that it does not  
4 share a boundary with any urbanized areas, meets all of  
5 the qualifying requirements.

6 It does seem very close to Dallas, and it is  
7 quite close to Dallas, physically. But there's a  
8 significant area of unincorporated, or very small,  
9 incorporated areas around Wilmer, and so it does  
10 technically meet our rural communities.

11 That's one thing. I know the state has been  
12 growing so fast that we're experiencing more of the areas  
13 which, 10 years ago, seemed very rural and no longer,  
14 because you jump on the highway and in 30 minutes you can  
15 be in what we all used to think was rural, but today seems  
16 so busy and active with all of the development going on.

17 And Wilmer is growing. It is something that  
18 we've realized in our market analysis of the project.  
19 Although Wilmer itself only has 4,700 people, with recent  
20 developments on distribution centers particularly,  
21 including those from Amazon, Home Depot and other large  
22 corporations, there's currently more than 20,000 employed  
23 within the city limits of Wilmer.

24 So, it is very high demand and need for  
25 affordable housing, even in such a small community,

1 population-wise. And it also benefits from its  
2 relationship to other areas like Lancaster and other  
3 surrounding communities in the Dallas-Ft. Worth area that  
4 are booming right now because land that far out is cheap,  
5 and so jobs are migrating to those areas.

6 The total project cost right now is estimated  
7 to be \$67.6 million. That's going to be made up -- the  
8 financing will be made up by a combination of tax-exempt  
9 bonds, bond premiums and 4 percent housing tax credits.

10 But it's a fairly standard structure, one that  
11 we've looked at before, utilizing Fannie Mae's Forward  
12 Multifamily Tax-Exempt Bond Program, or MTEB Program, and  
13 Stifel, Nicolaus & Company will originate. We have worked  
14 with them on several transactions over the last 10 years  
15 as well. So, most of the parties are quite new -- or  
16 quite familiar with our program, and we are quite familiar  
17 with their ability to come move projects forward.

18 I will note in closing that the -- we do not  
19 have volume cap at this time for this project. We will  
20 plan to submit this to the collapse period of the Private  
21 Activity Bond Program in Texas, which officially begins  
22 after August 15.

23 If there are no bonds made available through  
24 that process, this application would go into our 2022  
25 volume cap, similar to Las Palmas before, which applied

1 nearly a year in advance of its final approval. This  
2 application is coming early because the demand for volume  
3 cap is so high.

4 We are looking to allocate our next year's  
5 volume cap now for this project.

6 MR. DIETZ: Great. Thank you. Any questions  
7 for Mr. Danenfelzer about this inducement resolution?

8 MS. JOHNSON ROSE: Mr. Chairman, this is  
9 Courtney. My one question was just involving cap. I want  
10 to just to make sure that I understand.

11 Are we really in next year's volume cap at this  
12 time, or in 2021? Can David just -- David, if you could  
13 just comment a little bit more?

14 MR. DANENFELZER: Sure. Really, it's that we  
15 are essentially kind of securing 2022 volume cap, or next  
16 year's volume cap for this project today.

17 We have an option or opportunity to capture the  
18 volume cap that may become available in 2021, which we'll  
19 attempt to do, but our fallback position, or maybe our --  
20 really, our first position is to utilize next year's  
21 volume cap for this project.

22 MS. JOHNSON ROSE: Okay, okay. I understand.

23 MR. DANENFELZER: Right.

24 MS. JOHNSON ROSE: Thank you.

25 MR. DIETZ: Great. Thank you. Any other

1 questions or comments?

2 (No response.)

3 MR. DIETZ: Or is there a motion?

4 MR. LEMUEL WILLIAMS: Chairman, this is Lemuel  
5 Williams. I'd like to make a motion to move and approve  
6 this item.

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

8 MS. JOHNSON ROSE: This is Courtney. I will  
9 second it.

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

12 (No response.)

13 MR. DIETZ: Hearing none, we'll do our roll  
14 call vote. Bill Dietz, yes.

15 Valerie Cardenas?

16 MS. CARDENAS: Yes.

17 MR. DIETZ: Courtney Johnson Rose?

18 MS. JOHNSON ROSE: Yes.

19 MR. DIETZ: Lemuel Williams?

20 MR. LEMUEL WILLIAMS: Yes.

21 MR. DIETZ: Andy Williams?

22 MR. ANDY WILLIAMS: Yes.

23 MR. DIETZ: Okay. It is approved. Thank you,  
24 Mr. Danenfelzer.

25 MR. DANENFELZER: Thank you very much.

1 MR. DIETZ: And Tab Item 5 is the  
2 "Presentation, Discussion and Possible Approval of a  
3 Resolution to Approve Certificate of Amendment for the  
4 Corporation."

5 MS. SMITH: Good morning. Melinda Smith. I'm  
6 the Chief Financial Officer.

7 This agenda item is -- what we're requesting is  
8 the Board approve amending the articles of formation to  
9 indicate our current Board members and our current  
10 address. And normally, you wouldn't necessarily have to  
11 do this. But the System for Award Management, with is the  
12 organization that handles all of the federal funds that  
13 different state agencies receive, they are asking us to do  
14 this so that they can match our name with our address, and  
15 we can get through their review process.

16 MR. DIETZ: Great. Any questions about that?

17 (No response.)

18 MR. DIETZ: So, it lists our current five Board  
19 members and our new address?

20 MS. SMITH: Right. That's the only change  
21 we're making.

22 MR. DIETZ: Yeah. Great. Well, if there  
23 aren't any questions --

24 MS. JOHNSON ROSE: Mr. --

25 MR. DIETZ: Yes?

1 MS. JOHNSON ROSE: -- Mr. Chairman, I'll make a  
2 motion to approve.

3 MR. DIETZ: Thank you. Is there a second with  
4 that?

5 MR. LEMUEL WILLIAMS: Chairman, this is Lemuel  
6 Williams. I'll second.

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

9 (No response.)

10 MR. DIETZ: Hearing none, we will do our roll  
11 call vote. Bill Dietz, yes.

12 Valerie Cardenas?

13 MS. CARDENAS: Yes.

14 MR. DIETZ: Courtney Johnson Rose?

15 MS. JOHNSON ROSE: Yes.

16 MR. DIETZ: Lemuel Williams?

17 MR. LEMUEL WILLIAMS: Yes.

18 MR. DIETZ: And Andy Williams?

19 MR. ANDY WILLIAMS: Yes.

20 MR. DIETZ: Okay. The approval to change the  
21 certificate of amendment is approved.

22 MS. SMITH: Thank you.

23 MR. DIETZ: Thank you.

24 MS. SMITH: Thank you very much.

25 MR. DIETZ: Tab Item 6, the "Presentation,

1 Discussion and Possible Approval of Amendment to the  
2 Corporation's Fiscal Year 2021 Investment Policy."

3 MS. SMITH: The Corporation's investment policy  
4 currently limits what we can invest -- limits our weighted  
5 average maturity on investments to one year, and with the  
6 current market, we're not able to find any yield of  
7 significance at all unless we go out a little further into  
8 the two-, three-year area.

9 And of course, the yield is terrible any way  
10 you look at it right now, but at least we can do better by  
11 increasing our weighted average maturity to two years. So  
12 that's what we're asking the Board to approve in our  
13 investment policy.

14 And the only changes we have made are on pages  
15 A-4 and A-5. And again, they just change it from one  
16 year, our weighted average maturity, to two years for the  
17 overall portfolio.

18 MR. DIETZ: Are we constrained by --

19 MS. SMITH: The Public Funds Investment Act.

20 MR. DIETZ: -- the Public Funds Investment  
21 Act? Yeah.

22 MS. SMITH: Yes, sir. Yeah, significantly, in  
23 everything that we can invest in, and the time period that  
24 we can invest each type of security in a number of ways.

25 MR. DIETZ: So, our internal policy was more

1 stringent or more conservative than the Public Funds  
2 Investment Act would allow you to be --

3 MS. SMITH: Right. And it worked great, you  
4 know, for a while, but it's just not -- it's not working  
5 for us anymore.

6 MR. DIETZ: Okay. Are we still more  
7 conservative or more -- than the Public Funds Investment  
8 Act will allow us or --

9 MS. SMITH: No. I think we've pretty much  
10 followed the Public Funds Investment Act straight down the  
11 line now.

12 MR. DIETZ: Great. Thanks. Any other  
13 questions from other Board members?

14 MR. LEMUEL WILLIAMS: Chairman, quick question.

15 MS. CARDENAS: Melinda, this is Valerie. So,  
16 I'm sorry. So, did you say that we're now going to go out  
17 two or three years?

18 MS. SMITH: It will allow us to.

19 MS. CARDENAS: And your recommendation is based  
20 on, I guess, you know -- what you're seeing is to go to  
21 two or three, to allow that flexibility?

22 MS. SMITH: Yeah. If we increase our weighted  
23 average maturity, then we can invest some of our money out  
24 a little longer.

25 Instead of being constrained to one year or two

1 years, we can go out maybe three years, with some of our  
2 money, not all of it, of course, and we can get a little  
3 better yield than we have been able to get with a weighted  
4 average maturity of one year. It's really constrained us.

5 MS. CARDENAS: Right. No, no, no. I -- and I  
6 don't disagree, but I guess, if we're saying, in policy,  
7 are you -- amend our management policy to allow us to go  
8 up to the three years, or as Bill mentioned earlier, to  
9 basically align it with the Public Investment Act?

10 MS. SMITH: This is in alignment with the  
11 Public Funds Investment Act, and it doesn't really -- I  
12 shouldn't say that all of our investments will go up to  
13 three years. It's just, on the average, we will be able  
14 to have a weighted average maturity of three years, if  
15 that makes sense.

16 MS. CARDENAS: Yes. I just didn't know if we  
17 were amending our internal policy, because it seems that  
18 we were constraining ourselves to one year, so I guess  
19 that is the request. Obviously, it can go out and then  
20 we're amending our internal policy?

21 MS. SMITH: I'm sorry. I didn't hear you. I  
22 apologize.

23 MS. CARDENAS: I said, no, I understand  
24 everything you're saying. I guess my question is, our  
25 policy, as it states right now, we restricted ourselves to

1 one year.

2 So is your recommendation to amend that, to go  
3 possibly -- does it mean we are, on all our funds, or  
4 whatever respective funds, to possibly three years?

5 MS. SMITH: To two years. Two years is what --

6 MS. CARDENAS: Two?

7 MS. SMITH: -- we're requesting.

8 MS. CARDENAS: Okay.

9 MR. LONG: Valerie, this is David. Yeah, the  
10 answer is, we're not going to -- it doesn't change it  
11 specifically to align and state specifically that we're  
12 aligning with the Public Funds Investment Act.

13 It states that we're aligning with -- we're  
14 amending -- the alignment is to amend our current  
15 guidelines to go from one year to two years. That's the  
16 distinct change.

17 MS. CARDENAS: Perfect. That's exactly what I  
18 was wanting to know.

19 MR. LONG: Okay.

20 MS. SMITH: Thank you, David.

21 MR. LONG: You bet.

22 MR. DIETZ: Mr. Williams?

23 MR. LEMUEL WILLIAMS: That was it.

24 MR. DIETZ: Did you have a question? That  
25 covers it?

1 MR. LEMUEL WILLIAMS: No, that was it. Yeah.

2 MR. DIETZ: Okay, great.

3 And so is that change on page 84 or 88 --

4 MS. SMITH: On A what? I'm sorry.

5 MR. DIETZ: So, on page 84 of our investment --

6 MS. SMITH: A-4?

7 MR. DIETZ: -- of our booklet?

8 MS. SMITH: A-4 and A-5. Is that what you  
9 have?

10 MR. LEMUEL WILLIAMS: Page 81.

11 MR. DIETZ: Oh, page 81 -- A-4. Okay. Got  
12 you. I thought -- when you said, A-4, I thought you said,  
13 84.

14 MS. SMITH: Oh, I'm sorry.

15 MR. DIETZ: I was on the wrong page.

16 MR. LONG: A-4 and A-5 is where the two  
17 designated changes were made.

18 MR. DIETZ: Got you. Now I see the red line.  
19 Thank you for that clarification.

20 MR. LONG: It's kind of hard to find them on  
21 page 84.

22 MR. DIETZ: Yeah, yeah. Okay. Great.

23 Any other questions for Ms. Smith or any other  
24 comments?

25 (No response.)

1 MR. DIETZ: Or is there a motion?

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

3 MR. DIETZ: Thanks. Is there a second?

4 MS. JOHNSON ROSE: Second. Courtney Johnson  
5 Rose.

6 MR. DIETZ: Okay. Seconded by Ms. Rose. Is  
7 there any public comment?

8 (No response.)

9 MR. DIETZ: Hearing none, we will do our roll  
10 call vote. Bill Dietz, yes.

11 Valerie Cardenas?

12 MS. CARDENAS: Yes.

13 MR. DIETZ: Courtney Johnson Rose?

14 MS. JOHNSON ROSE: Yes.

15 MR. DIETZ: Lemuel Williams?

16 MR. LEMUEL WILLIAMS: Yes.

17 MR. DIETZ: Andy Williams?

18 MR. ANDY WILLIAMS: Yes.

19 MR. DIETZ: Okay. The change to the investment  
20 policy is approved. Thank you.

21 MS. SMITH: Thank you very much. Thank you.

22 MR. DIETZ: And I think that our last Tab  
23 Item 7 doesn't require any action, but it is an update on  
24 the 87th Texas Legislative Session.

25 MR. WILT: Good morning, Chairman Dietz and

1 Board members. I'm Michael Wilt, Senior Manager of  
2 External Relations, here to give to you the penultimate  
3 update on the legislative session as it's winding down  
4 this month.

5 And I'll talk about the bills that implicate  
6 us, and then what's next, and more importantly, the  
7 deadlines that are coming up this month. I'll go, as  
8 David mentioned -- you all get the bill track that we  
9 generate internally every week, with the exception of last  
10 Friday, because I was traveling. My apologies.

11 I'll start with the bills least likely of  
12 passing and move to those that are most likely to pass.  
13 There was HB 3637 by Representative Goodwin that would  
14 have put us, TSAHC, on a mobile source emission reductions  
15 and transportation electrification council. That bill  
16 only got referred to House State Affairs and it never made  
17 any progress beyond that.

18 And then SB 1567 by Senator Lucio relating to  
19 the insurance premium tax credits for supportive housing  
20 developments. This was the second time this bill's been  
21 filed. It would set up a state tax credit program that we  
22 would run, to finance supportive housing developments -- a  
23 tax credit that managed care organizations could get in  
24 exchange for investing in supportive housing.

25 That bill did have a fiscal note on it, which

1 is why it only got referred and hasn't gotten a hearing.  
2 Whenever the session opened, there was a pretty big budget  
3 deficit that legislators were staring down to face, and  
4 since then, the budget has gotten a lot more optimistic,  
5 but they're still hesitant to consider bills that carry  
6 any sort of fiscal note. So that bill is not moving  
7 forward.

8 Next is HB 1795 by Representative Dominguez,  
9 with the Senate companion of 596 by Senator Gutierrez,  
10 which would establish a statewide Veteran's Land Bank  
11 Program, that we would be tasked with administering. This  
12 bill passed out of committee and then was sitting in House  
13 Calendars for several weeks, and then yesterday, it  
14 finally got placed on the House intent calendar for  
15 tomorrow.

16 And tomorrow is a pretty interesting day,  
17 because it's one of the deadlines in the House. The bill  
18 has to be considered and passed on second reading by  
19 midnight tomorrow for it to move forward. And if you've  
20 ever seen legislative sessions in the past, you --  
21 anything can happen on a day like tomorrow and Friday.

22 And I don't know where the bill will be placed  
23 on the calendar. I'll take a look at the calendar  
24 tomorrow whenever it's set to see how far down the list  
25 is, but literally, they go in order from the top down to

1 the bottom, and they'll work through as many bills as they  
2 can get through until midnight, and then whatever passes  
3 can get considered on third reading the next day and  
4 whatever doesn't pass is dead for the entire session.

5 And there are a lot of politics at play on days  
6 like that. There might be points of order that get raised  
7 which holds up consideration of bills. There might be  
8 people sniping across the chamber, trying to get other  
9 bills defeated. So, it's certainly an interesting day and  
10 full of surprises, but we'll continue to monitor that bill  
11 to see if it makes it out.

12 We have heard from Coats Rose. Scott Marks at  
13 Coats Rose has some comments on that bill, if that bill  
14 were to get out of the House chamber and over to the  
15 Senate. There are some modifications that he is advising  
16 to make that would make the program administratively  
17 easier for us to operate.

18 Next is HB 2670, which would expand our  
19 Homeless for Texas Heroes Loan Program to include social  
20 workers. This bill passed out of the House pretty quickly  
21 in early April, and got sent to the Senate on April 20,  
22 and since that time, it is yet to be referred, and  
23 obviously, since it hasn't been referred, there hasn't  
24 been a hearing.

25 We have heard from Senator Lucio's office that

1 he's working with Lieutenant Governor Patrick to try and  
2 get a "smooth landing" for the bill in the Senate, but it  
3 still hasn't received any sort of referral or hearing.  
4 The Senate has -- they do have a little bit more time than  
5 the House to consider bills, but ultimately, this bill --  
6 so this bill isn't -- is stalled, but you know, it has a  
7 better chance of passing, since the Senate has a little  
8 bit more time than the House.

9           And then lastly is Senate Bill 713, which is  
10 the Omnibus Sunset bill. And we're keeping a close eye on  
11 that bill, because it does mention the Sunset provisions  
12 which govern us, and so -- and that bill has passed  
13 unanimously out of the committees on both the House and  
14 the Senate side.

15           It passed unanimously out of the Senate and it  
16 has yet to be put on the House calendar, but they have  
17 until May 25 to consider that bill on second reading. So,  
18 they have some more time. That is a bill that we're  
19 keeping a close eye on, like I said, because it does  
20 mention our Sunset provisions.

21           So those are the important deadlines coming up,  
22 particularly on the House side tomorrow, and then third  
23 reading for bills that originated in the House to get out  
24 of the House by midnight on Friday. The House has until  
25 May 25 to consider Senate bills, and then things --

1 everything starts to wind down that last week of May.

2 There will be a special session at some point,  
3 at least to do redistricting, and maybe other items, but  
4 I'm not sure when that will be. But maybe we'll know some  
5 more by the time we have our Board meeting in June.

6 With that, I'll take any questions.

7 MR. DIETZ: Any questions for Mr. Wilt,  
8 comments?

9 (No response.)

10 MR. DIETZ: Okay. Thank you for your  
11 insightful commentary, and thanks for the continued email  
12 updates as well.

13 MR. WILT: Sure.

14 MR. DIETZ: That requires no action. So that  
15 brings us to the end of our action items.

16 David, do we have any reason to go into closed  
17 meeting today?

18 MR. LONG: No, Mr. Chairman, we do not. We'd  
19 like to just -- I erred, and I would be upset with myself  
20 if I didn't say this.

21 I know I mentioned earlier that we had the  
22 training for Mr. Williams earlier, and I appreciated his  
23 time, but what I didn't mention was that Rebecca DeLeon  
24 put numerous hours into putting those Board books  
25 together. And as Mr. Williams can attest, they are about

1 six inches thick, and there's a lot of material that we go  
2 over and a lot of information that Mr. Thornhill has to,  
3 you know, go through and make sure that Mr. Williams is  
4 aware of. So, I wanted to thank Rebecca for that, and I  
5 apologize I didn't do so earlier.

6 And with that, there is no closed session items  
7 needed. Again, remind the Board, the next scheduled Board  
8 meeting is Wednesday the 9th of June at 10:30.

9 I'll leave it up to the Chair and the other  
10 members -- however Mr. Dietz want to that, for in-person  
11 or combined, whatever. And also, if there was any need to  
12 amend the date, let us know, based on Ms. Cardenas's  
13 comments.

14 MR. DIETZ: Great. Yeah, we'll visit offline  
15 about that.

16 MR. LONG: Okay.

17 MR. DIETZ: Great. We've got a great staff,  
18 and it's good to see a lot of you back in person. When do  
19 we start back in-person?

20 MR. LONG: June 1.

21 MR. DIETZ: June 1 is when we're officially  
22 back in the office. Great. Fantastic.

23 And I will re-welcome Mr. Williams as our  
24 newest Board member. And thank you all very much. With  
25 that, it is now -- I don't have a clock. I used to have a

1 clock.

2 MR. LONG: Yeah. I'm sorry about that.

3 MR. DIETZ: It is now 11:14 a.m., and we are  
4 adjourned.

5 (Whereupon, at 11:14 a.m., the meeting of the  
6 Board of Directors of the Texas State Affordable Housing  
7 Corporation was adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board  
LOCATION: Austin, Texas and via RingCentral  
DATE: May 12, 2021

I do hereby certify that the foregoing pages,  
numbers 1 through 3737, 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: May 17, 2021

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

On the Record Reporting  
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