

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

TSAHC Offices
6701 Shirley Avenue
Austin, Texas 78752

Wednesday,
June 9, 2021
10:34 a.m.

BOARD MEMBERS:

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

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 MR. DIETZ: It is 10:34 a.m. on June 9, and the
3 Texas State Affordable Housing Corporation Board meeting
4 is called to order.

5 First, in keeping with the Governor's disaster
6 declaration, we will -- and maybe this is just once more,
7 to have a meeting combined in person and virtually. So,
8 we have got three of our Board members here present with
9 us in person, and one virtually. We may have one more
10 join virtually.

11 The roll call, to confirm a quorum. Andy
12 Williams.

13 MR. A. WILLIAMS: Present.

14 MR. DIETZ: Lemuel Williams.

15 MR. L. WILLIAMS: Present.

16 MR. DIETZ: Courtney Johnson-Rose is currently
17 absent. Valerie Cardenas, Vice Chair.

18 MS. CARDENAS: Present.

19 MR. DIETZ: And Bill Dietz, Chair. I am
20 present. So, we do indeed, have a quorum.

21 Before we begin, I would like to ask you to all
22 join with me as we pledge allegiance to the flag of the
23 United States of America.

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

1 MR. DIETZ: And to the Texas flag.

2 (Whereupon, a Pledge to the Texas flag was
3 recited.)

4 MR. DIETZ: All right. And now, before we
5 begin, welcome, everybody. It took me a second to find a
6 parking spot here. There is -- the lot is full.

7 MR. LONG: Welcome back to in-person meetings.

8 MR. DIETZ: Yes. And I think we have started
9 in person back at the office. Correct?

10 MR. LONG: That is correct.

11 MR. DIETZ: Great. Great. Fantastic. Well,
12 it is a beautiful office, for those of you that saw it for
13 the first time.

14 Is there any public comment before we begin,
15 that is not related to one of our agenda items? We will
16 be taking public comment that is related to our agenda
17 items during the specific agenda item. But is there any
18 public comment not related to an agenda item?

19 (No response.)

20 MR. DIETZ: Okay. Not hearing any, we will
21 begin with the President's Report from Mr. Long.

22 MR. LONG: Good morning, Mr. Chairman and
23 Members. As Mr. Dietz just stated, TSAHC staff returned
24 to working in the office on Tuesday, the first of June,
25 this week.

1 I think everyone for the most part is glad to
2 be back in the office, happy to be able to engage with
3 their coworkers and returning to a new office space, that
4 Mr. Dietz also mentioned, is certainly a big bonus and
5 plus for us. TSAHC continues to engage in certain COVID
6 protocols while we are in the office, encouraging masks in
7 common areas, and being respectful of fellow coworkers'
8 concerns.

9 The Corporation's Loan Committee met
10 yesterday. At the meeting, the Committee approved a new
11 loan for -- I am not going to say this name right, Saison
12 North Apartments, 116-unit multifamily development in
13 North Austin. That loan will also be viewed by, and
14 considered by, the Board under a future tab item today.

15 We also approved a 90-day extension on a loan
16 to Manor Town Phase II Apartments. It is a 20-unit
17 apartment community in Manor, Texas.

18 As always, Mr. Williams, we really, really
19 appreciate his participation. Andy Williams participated
20 as the Board member representative of the Loan
21 Committee. And he attended via teleconference yesterday.

22 Regarding our program updates, the reports were
23 included in the Board book under Tab Items A through C.
24 We continue to see strong demand for our single-family
25 home ownership programs. And I want to thank the team

1 specifically, the single-family compliance home ownership
2 program, and our marketing team.

3 We are doing phenomenal volume in that single
4 family home ownership program, and it has placed a lot of
5 extra work on everybody. And everybody is pitching in and
6 doing a really good job. And they continue to provide
7 exceptional outreach for our programs, training to the
8 lenders and realtors, and customer service to our lender
9 and realtor partners that ensures borrowers have access to
10 these programs.

11 And we are very thankful for all that they are
12 doing. And if I didn't mention accounting, I would be
13 erring in not doing so. But accounting has to deal with
14 all the stuff that comes out of that. So, thank you to
15 the accounting staff for their role in that.

16 Marketing business development team continue to
17 advance the awareness of our programs and services,
18 including our home ownership programs, through our
19 homebuyer education courses, down payment assistance
20 programs, our Housing Connection trainings, and the Texas
21 Supportive Housing Institute. And their efforts, and as a
22 result, TSAHC received a \$23,000 grant from BBVA, and a
23 \$1,200 from individual donations from our lender and
24 realtor partners.

25 I want to remind the Board that June is

1 National Home Ownership Month. And to highlight the
2 month, the marketing and home ownership teams launched a
3 campaign to answer frequently asked questions on our home
4 ownership programs.

5 That campaign includes a video. And we will be
6 releasing blog and podcast segments in partnership with
7 down payment assistance resource, focusing on common myths
8 about down payment assistance. And we will release
9 additional segments covering other related topics later
10 this summer.

11 To further enhance our outreach, the home
12 ownership team is participating in several events this
13 month, including Sarah and Delia being interviewed for the
14 Hispanic Real Estate Brokers Association podcast. Joniel
15 participated in the Affordable Homes of South Texas
16 virtual homebuyer fair, and later this month, will be
17 participating in a training by HUD on home ownership
18 resources.

19 And if she wasn't doing enough already, Joniel
20 was also interviewed by *Forbes* Magazine, and quoted in an
21 article about down payment assistance. And I did provide
22 the Board members that link to that article. I hope you
23 have had a chance to read it. And I appreciate all that
24 everybody is doing to make sure that our programs are
25 being made aware of.

1 The 87th Legislature concluded last month, on
2 May 31st. And Michael Wilt will be providing the Board
3 with an update and summary under Tab Item 6 of the Board
4 book.

5 The next meeting for the board of directors is
6 tentatively scheduled for Wednesday July 14th at 10:30.
7 And with that, Mr. Chairman, I will conclude my remarks,
8 unless there is any questions.

9 MR. DIETZ: Great. Any questions from Board
10 members for Mr. Long?

11 (No response.)

12 MR. DIETZ: Okay. Thanks, Mr. Long.
13 Appreciate it.

14 Tab Item 1 is the presentation, discussion and
15 possible approval of the minutes of the Board meeting that
16 was held on May 12, 2021. Is there any update, question,
17 correction, or comment regarding the minutes?

18 (No response.)

19 MR. DIETZ: If not, I would entertain a motion
20 to approve.

21 MR. A. WILLIAMS: Chair, I would like to make a
22 motion to approve the minutes.

23 MR. DIETZ: Is there a second?

24 MR. L. WILLIAMS: Second.

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

1 seconded. Is there any public comment?

2 (No response.)

3 MR. DIETZ: Hearing none, we will do a vote.

4 And since we do have at least one member with us remotely,
5 I am going to do the votes via roll call.

6 Andy Williams.

7 MR. A. WILLIAMS: Yes.

8 MR. DIETZ: Lemuel Williams.

9 MR. L. WILLIAMS: Yes.

10 MR. DIETZ: Valerie Cardenas.

11 MS. CARDENAS: Yes.

12 MR. DIETZ: And Bill Dietz, yes. So, the
13 minutes are approved as submitted.

14 Tab Item 2 is the presentation, discussion, and
15 possible approval of the submission of one or more
16 applications for allocation of Private Activity Bonds to
17 the Texas Bond Review Board for Qualified Mortgage Revenue
18 Bonds.

19 MS. LEVECQUE: Good morning, Mr. Chairman, and
20 members of the Board. I am Joniel Levecque, the Home
21 Ownership Programs Director.

22 Until August 6th of each year, a portion of the
23 state's private activity bonds volume cap is available
24 exclusively for reservation by issuers of qualified
25 mortgage revenue bonds. And 10 percent of that amount is

1 dedicated exclusively for reservation by TSAHC.

2 If you recall last month at our May 12th Board
3 meeting, the Board approved applying to the Texas Bond
4 Review Board for that 10 percent annual allocation. But
5 after this date, the cap for qualified mortgage bonds
6 collapses into one general pot and is available for
7 reservation only by issuers of qualified mortgage bonds.

8 So, not knowing exactly the amount that will be
9 available at this time, you will note that under Tab Item
10 2, we are asking the Board to approve a resolution
11 authorizing us to apply after August 6th and before August
12 15, 2021, for an amount up to \$300 million in reservation
13 of qualified mortgage revenue bonds. This resolution also
14 authorizes the Corporation to issue qualified mortgage
15 revenue bonds or to convert all or a portion of that
16 amount to mortgage credit certificates.

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

19 MR. DIETZ: So basically, that just means that
20 the Corporation may or may not request between zero and
21 \$300 million at that particular point in time.

22 MS. LEVECQUE: Exactly. At this point, we
23 anticipate applying for \$250 million, but depending on
24 what is available, will obviously dictate what we apply
25 for. Because between now and that date, those who are

1 allowed to apply could still apply.

2 So, we have to come to the Board ahead of time,
3 get approval in preparation of applying.

4 MR. DIETZ: Yes.

5 MS. LEVECQUE: So, we will, right now, I think
6 we have about \$590 million available. So, based on that,
7 we assume up to \$300 million.

8 MR. DIETZ: Great. Any further questions from
9 the Board?

10 (No response.)

11 MR. DIETZ: If not, I would entertain a motion.

12 MR. A. WILLIAMS: I move.

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

14 MR. DIETZ: It looks like Andy beat you,
15 Valerie. So, we have got a motion from Mr. Williams. Is
16 there a second?

17 MS. CARDENAS: Second.

18 MR. DIETZ: I think Valerie, you seconded. So,
19 it has been moved and seconded. Is there any public
20 comment?

21 (No response.)

22 MR. DIETZ: Okay. Hearing none, we will do our
23 roll call style vote. Andy Williams?

24 MR. A. WILLIAMS: Yes.

25 MR. DIETZ: Lemuel Williams?

1 MR. L. WILLIAMS: Yes.

2 MR. DIETZ: Valerie Cardenas?

3 MS. CARDENAS: Yes.

4 MR. DIETZ: And Bill Dietz, yes. So, the
5 resolution regarding the submission of the allocation of
6 private activity bonds is approved. Thank you very much.

7 MS. LEVECQUE: Thank you very much.

8 MR. DIETZ: Tab Item 3 is the presentation,
9 discussion, and possible approval of a resolution
10 regarding the submission of one or more applications for
11 allocation of private activity bonds, Notices of Intention
12 to Issue Bonds, and state bond applications to the Texas
13 Bond Review Board, and declaration of expectation to
14 reimburse expenditures with proceeds of future debt for
15 the Bluff View Apartments.

16 Mr. Danenfelzer.

17 MR. DANENFELZER: Good morning. David
18 Danenfelzer, Senior Director of Development and Finance.

19 The Bluff View Apartments is a new project. We
20 received the application about two months ago, and staff
21 has gone through our initial reviews, so we are ready to
22 ask for an inducement.

23 As you know, the inducement process that we are
24 going through today is really one of the first steps that
25 we ask the Board to participate in. If approved today, it

1 allows staff to then engage bond counsel, issuer counsel,
2 and other professional teams in developing a plan called
3 the bond documents and going forward with our full
4 analysis and review of this project. At a future date, if
5 everything goes fine, we will bring this project back to
6 you for a final approval of the bond resolution at that
7 time, and then move towards closing. But it will take
8 many months.

9 The project here in question, a lot of the
10 details are there. It is located in Boerne, Texas. And
11 it is a new construction project of 216 units. 100
12 percent of the project will be affordable to households at
13 60 percent or less of the area median income.

14 And although Boerne is located relatively close
15 to San Antonio and is often considered a suburb or an
16 outlying area, it is considered to be a rural area, and a
17 small urban area under our policies, based on this
18 definition. It does not directly share a boundary with
19 San Antonio or any urbanized area.

20 The total project costs, we are looking at
21 around \$55.9 million. This is an estimate based on
22 current construction estimates. We know that this will
23 take many months to get back to you all for final
24 approval. And we will update those numbers as we get new
25 numbers from the developer, and as those construction

1 costs are narrowed in.

2 Staff has looked at market conditions, looked
3 at the developer as well, and their history. Although we
4 have never completed a project with Roers, which is a
5 Minnesota-based, privately held affordable housing and
6 market rate housing company, we have worked with some of
7 the staff, including Logan Schmidt, who worked previously
8 with Dominion.

9 And with that organization, we completed three
10 transactions so far, with Dominion and Logan being
11 involved in all of those. The company has a strong track
12 record and excellent financials, and so, we are willing to
13 move forward and look at this.

14 At this point, I will leave it open for
15 questions. Again, this is just an inducement. I guess I
16 should note one other thing. At this time, we do not have
17 enough private activity volume cap for 2021 in order to
18 complete this project; we would anticipate this project
19 going to our 2022 volume cap.

20 So, most likely, we would bring this back to
21 the Board sometime in March or early April for the final
22 bond approval once we have volume cap next year. And
23 demand is so high right now in the marketplace for bonds,
24 that we are looking at -- I mean, this project actually
25 does officially, based on our pipeline, take up all of our

1 volume cap for 2022.

2 So, there are other projects, including
3 Marketplace at Liberty Crossing, which we looked at last
4 month, and one other project, which we looked at earlier
5 this year, The Crest. That will take up all the volume
6 cap right now, we estimate, for 2022.

7 MR. DIETZ: Great. Any questions?

8 MR. L. WILLIAMS: Chair, a quick question. It
9 was mentioned that specifically, the organization hasn't
10 worked with Roers, but you have worked with some of the
11 principal partners in the past. I guess, based upon
12 timelines, deadlines, they were good previously, to meet
13 those?

14 MR. DANENFELZER: Yes. Logan in particular,
15 who we have worked with, has been excellent and very easy
16 to work with. I will say there were only two comments on
17 their entire application, which is very rare for me to
18 have less than ten on an application.

19 His ability to put together materials as
20 requested is excellent. And so, I have a high level of
21 confidence in working with Logan and the team at Roers
22 based on that experience.

23 MR. L. WILLIAMS: Okay. Thank you.

24 MR. DIETZ: Great. Any other questions or
25 comments from Board members?

1 (No response.)

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

4 MR. L. WILLIAMS: Chair, this is Lemuel
5 Williams. I make a motion.

6 MR. DIETZ: Is there a second?

7 MR. A. WILLIAMS: I will second.

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

10 (No response.)

11 MR. DIETZ: I am hearing no public comment.

12 MS. ELLINOR: No, this is Sarah.

13 MR. DIETZ: Yes.

14 MS. ELLINOR: This is Sarah. I just want to
15 remind folks that have potentially dialed in to make
16 public comment on any of the tasks, but didn't potentially
17 register with us beforehand, if you would like to make
18 comments, please let me know in the chat feature.

19 So just say, I would like to make public
20 comment in the chat feature. So that way, I will know to
21 unmute your line, if need be, and get the information we
22 need from you.

23 But as of right now, Bill, I do not see any
24 public comment for Tab Item 3.

25 MR. DIETZ: Okay. Great. Thank you, Sarah.

1 Okay. So, since there are no public comments at this
2 time, we will have our roll call style vote.

3 Andy Williams.

4 MR. A. WILLIAMS: Yes.

5 MR. DIETZ: Lemuel Williams.

6 MR. L. WILLIAMS: Yes.

7 MR. DIETZ: Valerie Cardenas?

8 MS. CARDENAS: Yes.

9 MR. DIETZ: And Bill Dietz, yes. So, the
10 approval of the resolution for the submission of the
11 private activity bonds related to the Bluff View
12 Apartments is approved. Thank you.

13 MR. DANENFELZER: Thank you.

14 MR. DIETZ: Okay. Tab Item 4 is the
15 presentation, discussion, and possible approval of a
16 motion to resubmit applications for allocation of private
17 activity bonds, Notices of Intention to Issue Bonds, and
18 state bond applications to the Texas Bond Review Board for
19 the Sandpiper Cove Apartments Project.

20 Mr. Danenfelzer.

21 MR. DANENFELZER: Good morning. David
22 Danenfelzer, Senior Director of Development Finance. As
23 noted, and as the writeup demonstrates, this is a project
24 we have looked at. We have been looking at it for over a
25 year now.

1 And in March, staff brought the
2 presentation -- did a presentation on the project, which
3 neither received -- did not receive any vote, official
4 vote on the transaction. And so, at that point, staff
5 took that as identification that we were not going to move
6 forward.

7 But through discussions, and with the fact
8 that -- with the developer and others, we know that there
9 is interest, high interest in bringing this back to the
10 Board. But we are in a bit of a grey area, which is why
11 this is not a very traditional recommendation -- or at
12 least, the motion that you will see.

13 What we are asking for your approval today is
14 to resubmit and reapply for a reservation of volume
15 cap -- similar to inducement, although there is no
16 inducement resolution before you. We already have one
17 that is active and valid at this point.

18 But we need your guidance at this time to
19 determine whether or not we should restart this
20 transaction, reserve volume cap for it. And then, bring
21 it back to you, most likely next month, to approve a bond
22 resolution and finalize the transaction.

23 With that said, staff has not changed its
24 position on its presentation from March 10th. There
25 remains a number of real risks that we see to this

1 project. They are outlined here in the presentation,
2 particularly in the recommendation section which
3 summarizes the four primary concerns of staff.

4 We know that every transaction has risk. But
5 we do feel, in this case, that these risks in totality
6 bring it to a level of which it is very difficult for us
7 to make a solid recommendation to move forward. I won't
8 go into too many of the details, but I will update the
9 Board that staff has completed a tour.

10 David Long, myself, and Celina Stubbs toured
11 the property. And with the developer, walked it, and
12 reviewed it. We also did have a virtual tour with
13 tenants, provided through Texas Housers, or the Texas Low
14 Income Housing Information Service. And so, we have
15 continued to investigate, to look at new information as it
16 is brought to us.

17 But the fact remains that our recommendation
18 has not changed. I won't say anything more at this
19 point. I will answer your questions if you have them.
20 And I will be available for any questions after public
21 comment, if there are any from the Board.

22 MR. DIETZ: Thanks. Any questions from Board
23 members?

24 (No response.)

25 MR. DIETZ: Just to be clear, so the staff's

1 recommendation is not to approve the --

2 MR. DANENFELZER: Correct.

3 MR. DIETZ: All right. Okay. Hearing there
4 are no further questions for Mr. Danenfelzer, and I do
5 anticipate, and know that we will have some public comment
6 on this particular motion, we do move and second it before
7 public comment.

8 And I will just remind Board members that
9 moving and seconding it is not necessarily indicate your
10 support of this resolution. It simply indicates that we
11 want this resolution to come forward for discussion and a
12 vote by the Board.

13 So, you know, with that said, is there a motion
14 for this particular resolution?

15 (Pause.)

16 MS. CARDENAS: This is Valerie. So, I am
17 sorry. Can you clarify? Obviously, this item has been
18 brought up before the Board multiple times and public
19 comment has been heard.

20 And I know we are going to have public comment
21 here probably soon. But what is the alternative? Because
22 we seem to be going back and forth on this item.

23 MR. DIETZ: Yes. And I think that probably
24 procedurally, Valerie, that is a great question.
25 Procedurally, in order for us to open it up for discussion

1 and debate and conversation about it, we would need a
2 motion and a second to get it before the Board for those
3 questions.

4 And so, it is a good question. But I would
5 like to ask us to have a motion and a second, that we want
6 this item to come before the Board for full conversation
7 before we address specific questions and comments. So, do
8 we have a motion and a second? Or do we have a motion at
9 this point?

10 (No response.)

11 MR. DIETZ: And I would just say, I do think
12 that we would be well served to discuss this item. As we
13 noted, and in Mr. Danenfelzer's presentation, last time it
14 was brought before the Board, it didn't receive an
15 affirmative or a negative vote. And so, I think that it
16 would be beneficial to all parties for us to have a
17 definitive up or down vote at this time, at this meeting.

18 (No response.)

19 MR. DIETZ: Does anybody want to move that we
20 open discussion on resubmission of the application for
21 private activity bonds?

22 (No response.)

23 MR. DIETZ: And let me just confirm with our
24 legal counsel, is it acceptable for the Chair to move that
25 we --

1 MR. THORNHILL: Sure.

2 MR. DIETZ: Okay. So, I will move that we
3 resubmit applications for allocation of private activity
4 bonds. Is there a second?

5 (No response.)

6 MR. DIETZ: I do think we have to have two
7 Board members agree that this item is worthy of debate and
8 consideration before we are able to move forward.

9 MS. CARDENAS: This is Valerie. I second.

10 MR. DIETZ: All right. It has been moved and
11 seconded. Is there any public comment? Well, first, are
12 there any further questions for Mr. Danenfelzer? Valerie,
13 was your question addressed to Mr. Danenfelzer earlier?

14 MS. CARDENAS: Yes.

15 MR. DIETZ: Okay. Can you repeat that for him?

16 MS. CARDENAS: So, you know, this item was
17 brought before the Board a couple of months ago. And so,
18 I know that, you know, obviously, interested parties are
19 wanting resolution, and the Board obviously wants to make
20 the best decision, you know, for all involved, and for the
21 good of the community.

22 So, I guess my question is, what is the
23 alternative to this proposal?

24 MR. DANENFELZER: So, if I understand the
25 question correctly, if the Board votes to approve this

1 transaction today, or the resolution, the motion as it has
2 been presented, the staff will move forward with the
3 reservation for bonds for the project and return with a
4 bond resolution to approve next month and move forward
5 with closing on the transaction this year. If the Board
6 today rejects the recommendation or rejects the motion
7 that is provided so far, staff will not apply for new
8 volume cap for this transaction and we will move to the
9 next transaction in line, and submit that for volume cap.

10 As I have noted previously, we do have at least
11 three applications in our pipeline right now. And so, we
12 do have projects that are waiting and ready for volume
13 cap. But until we determine the status of this, we can't
14 submit those to the Bond Review Board to reserve volume
15 cap for those projects.

16 So, that is the basis of today's, you know,
17 vote. Does that clearly answer your question?

18 MS. CARDENAS: No. Not really.

19 MR. DANENFELZER: Okay.

20 MS. CARDENAS: I mean, I understand the
21 reservation piece. But there is obviously an underlying
22 concern.

23 And so, my concern is not whether we are
24 meeting deadlines for reservation of volume cap. It is
25 just about the project in its entirety.

1 MR. DANENFELZER: Okay. So, from staff's
2 perspective, that comes down to the fact that if we do not
3 move forward with a reservation today, it would be our
4 understanding that the developer then would have to look
5 for another issuer of private activity bonds in order to
6 complete the project in the future, through the structure
7 that they have designed thus far.

8 We don't know if -- you know, I can't answer
9 the question of whether or not they would move forward
10 without the volume cap at this time. That would be
11 something that the developer would have to answer. And I
12 do know there are representatives here from the developer
13 to speak.

14 So, you know, from our perspective, we don't
15 really know the future of it, if we do not approve this
16 today. And so, that is kind of an open-ended issue or
17 question for the developer to answer: what their intent
18 would be, without volume cap from TSAHC.

19 MR. DIETZ: Any other questions for Mr.
20 Danenfelzer before we move to public comment, from the
21 Board?

22 (No response.)

23 MR. DIETZ: Okay. We might have you come back
24 and re-comment, Mr. Danenfelzer. But for now, let's move
25 on to public comment.

1 I would ask that public comments be limited to
2 three minutes. And of course, if we have numerous
3 questions from the Board, we won't count that against your
4 three minutes. So, I am just setting up my clock here.

5 Okay. Do we have any public comments? Yes.
6 In the back.

7 When you have a public comment, if you could
8 come forward and just state your name and address for the
9 record. And then, just please tell us if you are speaking
10 for or against the --

11 MR. WHEATON: Okay. Thank you so much. My
12 name is David Wheaton. I am with the Texas Housers
13 Organization. We are a 501(c)(3) affordable housing
14 organization. My address is 1003 Justin Lane, Austin,
15 Texas 78752, and I am speaking against this resolution.

16 Thank you for having me and hearing public
17 comment for this today. The conditions of this
18 HUD-subsidized property have been terrible for many
19 years. I am talking about Sandpiper Cove in Galveston,
20 and there is a long history of both failed inspections.
21 And we ask that this bond be done the right way.

22 One of the things that we at Texas Housers have
23 a big problem with ITEX's plan is the flooding. Sandpiper
24 Cove floods. It floods when there is just heavy rain. It
25 is in the 1 percent flood plain, meaning that it has a 1

1 percent chance of flooding over 14 to 15 feet. And so,
2 though the wall, the idea that building an eight-foot wall
3 surrounding 192 low-income families, 67 percent of whom
4 are African American, we think is a bad idea.

5 We have an example of what it means to do this
6 property right. And that is the Oleander Homes, which is
7 an apartment complex very, very close to Sandpiper Cove.
8 And that was elevated. It was done the right way.

9 And that is now a mixed affordable income
10 complex. And that is what we would like done to the
11 Sandpiper Cove community. We have very, very big
12 questions on the ITEX plan, and whether or not this is
13 going to prevent flooding.

14 Also, we gave a tour, a residential tour of
15 Sandpiper Cove to the TSAHC Board. And they were able to
16 see that even with the new management, there has been
17 people living in Sandpiper Cove with two weeks without air
18 conditioning, when it gets 90, 95 degrees, and they have
19 put in these orders.

20 They were able to see that water has been
21 flooding from a lady's apartment complex that was lower
22 and had flood water with that. And so, with that, the
23 staff was able to see that the apartment complex and the
24 management has still not been able to address the needs of
25 the tenants at Sandpiper Cove.

1 We really do think, and we really want to
2 address and make sure that these 192 families are given
3 the opportunity to live in safe, respectable housing. We
4 do not think this ITEX plan will get that for them. And
5 we do not think that the ITEX plan will provide safe
6 flooding aspects for these families.

7 And to also answer any other questions about
8 what happens next, our organization is in contact with
9 HUD, and we are trying to get tenant protection
10 vouchers. He was not able to give public comment, but we
11 have Buzz Elton, who is a part of the Galveston Apartment
12 Association. And if this does move forward, we will make
13 sure that he is at public comment for next month's Board
14 meeting.

15 But he has said that he has apartment owners
16 willing to take those vouchers for people. So, we have
17 places for these people to go and so that this apartment
18 complex is done right.

19 But we do not think that the ITEX plan will
20 have it so that these 192 families will be able to live in
21 livable conditions, because right now, the conditions that
22 they are living in is not ideal. They were able to see
23 guard rails, and they were able to see stairs that were
24 not fixed, and that have been idle for months, trash that
25 has not been picked up, really, really bad living

1 conditions.

2 And so, I am not sure if my three minutes are
3 up yet --

4 MR. DIETZ: Yes.

5 MR. WHEATON: But I do want to make sure, that
6 just to let you guys know that we are very, very against
7 this plan. We have very much -- as your staff said, we
8 just have problems with the plan that ITEX has
9 submitted. We don't think it is going to be done right.

10 These people, you know, since Ike, they have
11 been living with different management systems. And
12 different management systems have been telling them that
13 they are going to do it right, and they just still
14 haven't. And the living conditions are really just
15 deplorable right now. So, thank you.

16 MR. DIETZ: All right. Thank you for those
17 comments. Are there any questions from the Board?

18 MR. A. WILLIAMS: I just want to confirm. So,
19 the actual site plan and construction you have a problem
20 with.

21 MR. WHEATON: Yes.

22 MR. A. WILLIAMS: In addition, in the event
23 this project fails, the tenants actually have a relocation
24 plan in place that can be executed.

25 MR. WHEATON: Yes. Yes.

1 MR. A. WILLIAMS: Okay.

2 MR. WHEATON: Yes. Thank you.

3 MR. DIETZ: Okay. Great. Thank you.

4 Mr. Simonians.

5 MS. ELLINOR: Bill.

6 MR. DIETZ: Yes, Sarah.

7 MS. ELLINOR: Just to, in the effort to kind of
8 go along with David's comments, we do have Buzz Elton on
9 the line. Buzz.

10 MR. ELTON: Yes.

11 MS. ELLINOR: Your phone. Can you -- do you
12 want to go ahead and make your comment at this time?

13 MR. ELTON: Well, it sounds like I have been
14 unmuted. And I would be glad to do that. I have --

15 MR. DIETZ: Hold on one second, Sarah. We
16 actually -- I actually was going with a list of public
17 comments in order here.

18 And I just called Mr. Simonians right before
19 you spoke up. So, if we could hear Mr. Simonians' public
20 comment first, and then we will work our way back to Mr.
21 Elton.

22 MR. ELTON: Sure.

23 MR. DIETZ: Sorry about that.

24 MS. ELLINOR: Okay. Perfect. Thank you. That
25 is okay. That is what you get when I can't see what is

1 going on in the room, right.

2 MR. DIETZ: I know. I know. Great.

3 MS. ELLINOR: So, Buzz, yes. I just wanted to
4 make sure that Buzz was aware that he is able to speak.
5 So, stick around, and you will be able to make your
6 comment. Okay.

7 MR. DIETZ: Great. And we will hear from you
8 shortly. Okay.

9 Mr. Simonians.

10 MR. SIMONIANS: Good morning. My name is
11 Bobken Simonians. I am with ITEX, 9 Greenwood Plaza,
12 Houston, Texas. And I am here in support of the
13 application to receive bond allocation from TSAHC.

14 Early 2020, we submitted an application for
15 \$37.5 million. That application was processed by the
16 Board, received its resolution for inducement.

17 Subsequently, we had a TEFRA hearing in
18 December. And during the TEFRA hearing, there were some
19 comments made by some of the tenants, and also Legal Aid
20 representatives, against the project. The primary
21 concerns were the existing conditions in the property,
22 just like our advocate friend indicated. And also, some
23 concerns about the flooding, and the lawsuit that exists
24 between Texas Housers or the Legal Aid group, with HUD.

25 After that, the staff representation to the

1 Board was non-conclusive. They did not make a
2 recommendation. The Board could not get a second on their
3 motions. So therefore, the whole thing stopped.

4 We approached staff to try to discuss with them
5 what the issues were, what the concerns were. There were
6 several issues raised. Primary among those were the
7 lawsuit, the flood issue, the existing condition,
8 environmental issues, et cetera. We tried to address each
9 one of them.

10 We have some of our colleagues here that would
11 address each one of them in more detail and be able to
12 explain any questions you have. But in summary, we had
13 HUD, who is very much in support of this transaction,
14 because that is the only way they can get this project
15 rehabbed. There are no other source of financing.

16 We talked to the local governmental entities
17 and State Representatives, school districts, local
18 organizations. Everybody is very much in support of this
19 transaction because there is no other way to fix it.

20 The issues were raised, why don't you raze the
21 building, like Oleander. Oleander is a new construction;
22 it is not an existing construction, so you cannot apply
23 the same standard to this one.

24 We are getting over \$14 million of tax credit
25 from -- low-income housing tax credit, about \$10 million

1 of historic federal and state tax credit. If you raze it,
2 not only you increase the cost of the development by \$7-
3 1/2 million for razing it, you are also going to lose \$10
4 million of tax credit, so there is a \$14 million hole.
5 Yes, it would be great to demolish, raze, and rebuild, but
6 that requires an additional \$15 million to \$20 million of
7 new money into the transaction, on top of what they have
8 proposed.

9 We have explored our possibilities. We sat
10 down with the City of Galveston. We explored various
11 options, from demolishing, rebuilding, razing, et
12 cetera. None of those options made sense financially.

13 The lawsuit issue we brought to a very high
14 level of HUD counsel from Washington on a call with the
15 staff. We actually hired a very well-known HUD-related
16 specialist law firm to analyze the situation, because
17 after all, we are the ones who are holding the bag. We
18 are guaranteeing the project.

19 If something goes wrong, or if the vouchers are
20 taken away, the project, if it suffers financially, we are
21 the guarantor. So, we have to make sure everything is
22 okay. We spent over \$50,000 for legal fees to make sure
23 that the lawsuit does not have standing.

24 And over and over, and over, we were told that
25 there is no precedence, and there is no reason why any

1 court in the country can overrule the statutory
2 requirements that HUD is obligated to perform, and they
3 are. So, we fought. We have had just a law issue. But I
4 was told by staff that on one hand, we have Legal Aid, and
5 on the other hand, we have all these high caliber
6 specialist lawyers.

7 And they are equating the argument as same, as
8 they both are correct. So, we are not lawyers. We cannot
9 say which one is right and which one is wrong. We would
10 be happy to have -- as a matter of fact, Monica is on the
11 call, and hopefully she can explain in more detail the
12 legal ramifications.

13 For the rental issues, I think we have resolved
14 them. We have employed outside engineers to turn every
15 rock on that property to determine what environmental
16 issues there are, and we are addressing those in our scope
17 of work. Flood issues --

18 MR. DIETZ: We are about at the three
19 minutes. So, if you have any closing comments.

20 MR. SIMONIANS: Very quickly, the flood issue,
21 the wall that people say doesn't work, it is effective in
22 many places in the country. As a matter of fact, the
23 country of Holland has done it for hundreds of years. It
24 is a viable option.

25 And the place did not flood during Hurricane

1 Harvey. And it is a misnomer that every time it rains, it
2 floods. Hurricane Harvey, which was one of the latest and
3 biggest ones, it did not flood. And the wall will take
4 care of that problem.

5 MR. DIETZ: Okay.

6 MR. SIMONIANS: My colleagues will go into more
7 details. I am happy to answer any questions you have.

8 MR. DIETZ: Great. Thank you. Any questions
9 at this point, from the Board?

10 (No response.)

11 MR. DIETZ: Thank you for your comments. Is
12 Mr. Richardson --

13 MR. RICHARDSON: Yes, sir. I made it. I got
14 caught in all of that traffic coming out of Houston.

15 MR. DIETZ: Okay. If you could just state your
16 name and address and whether you are for or against it.

17 MR. RICHARDSON: Yes, sir. Reynauld
18 Richardson. I am the sole member of Jeshurun Development,
19 LLC, which is one of the co-developers of the site. And I
20 am the Vice President of J. Allen Management Company, who
21 currently manages the site.

22 You know, I just wanted to address the issue
23 with regard to need. Because in the writeup from your
24 staff, it is stated that there were going to be a 348-unit
25 development built by the Galveston Housing Authority: 174

1 units for tenant-based vouchers, and 174 project-based
2 vouchers.

3 Currently, the waiting list for the public
4 housing authority is 1,583 people on their public housing
5 list, 960 individuals on their project-based waiting list,
6 1,309 individuals on the tenant voucher listing. There
7 are 192 units of project-based Section 8 at Sandpiper
8 Cove. The need is greater than what the government can
9 subsidize on the island.

10 My former capacity was the Director of the
11 Office of Public Housing for HUD for the Houston area,
12 which covered Galveston, and the Director of Asset
13 Management for HUD for a five-state region. And I was
14 over production and asset management for the 35-county
15 jurisdiction.

16 And I wanted to make sure that the Board had an
17 opportunity to fully understand that although in the
18 write-up that your staff provided to you, that Oleander
19 will provide 348 units, the current waiting list -- they
20 have to draw from that waiting list. And unless any
21 residents from Sandpiper Cove are on that waiting list,
22 they won't get any vouchers to move into Oleander Courts,
23 okay.

24 If Oleander is built, it is one mile from this
25 current site. And I know the staff talked about

1 neighborhood site standards, those type of things in their
2 writeup. But the City of Galveston and the Galveston
3 Housing Authority are moving forward with trying to build
4 this asset, which is only one mile from this
5 neighborhood. And it is high density, with 348 units,
6 okay, but project-based at the site, and tenant-based
7 vouchers.

8 I want to say to the Board, you know, to look
9 at this more globally, if you would. I mean, I could sit
10 here and talk about all the statistics of the folks that
11 are going to come at this site. But the need is far
12 greater than the consequences.

13 If these folks do not get the housing, what
14 will happen, HUD will take an action, an enforcement
15 action. They will lose their contract. The residents
16 will get tenant-based vouchers. That is the only way it
17 will happen.

18 It is not going to be because Texas Housers
19 requests HUD to do it, because statutorily, it cannot be
20 done. Okay. The lawsuit has no legal standing.

21 So, I would recommend, and I implore the
22 Board. I have been in this business now, 41 years, eight
23 months, and three days. That is when I retired. And so,
24 I have done this -- Arkansas, Louisiana, Oklahoma, Texas,
25 New Mexico.

1 So, I have been in this business. This is a
2 viable way to address this asset, and to maintain the
3 housing. You have a listing from the residents who signed
4 off, who were for this deal, 60 plus or so residents.

5 I met with myself personally, Texas Housers on
6 the day that we set up, three people showed up. Three
7 people showed up. And I went to the park to meet, to try
8 to explain this deal to them. Three people showed up, and
9 the Texas Housers representative. There was no active
10 participation by the bulk of the residents at the site.

11 So, I want to say to you once again, it was
12 tough getting here today out of Houston with all of that
13 traffic, but I am happy to be here, Mr. Chair and Board
14 members. Listen. Listen, take a real good look at
15 this. It is a good, solid deal.

16 We are doing close to \$80,000 a unit, as far as
17 the rehab is going to be concerned. It will be
18 practically a new site for the residents who live there,
19 and other residents who would come and live at the site.

20 MR. DIETZ: I am glad you made it from Houston,
21 and thanks for your comments.

22 MR. RICHARDSON: All right. Thank you.

23 MR. DIETZ: Any questions?

24 MR. RICHARDSON: Questions. Okay.

25 MR. DIETZ: Okay. Is Mr. Ball here? Donald

1 Ball?

2 MS. ELLINOR: Yes. Donald, you are on. But I
3 think you are on mute, so you might want to unmute
4 yourself.

5 MR. BALL: Can you hear me now, okay?

6 MS. ELLINOR: Yes. We can hear you now.

7 MR. DIETZ: Yes.

8 MR. BALL: Okay. Good morning. My name is
9 Donald Ball. I live at 2715 Palm Circle West, Galveston,
10 Texas. I am Executive Director of Nautical Affordable
11 Housing, Incorporated. I would like to thank Mr. David
12 Long and staff, Mr. Bill Dietz, Board Chairman, and TSAHC
13 Board members for allowing us to present our plans to you
14 this morning, and to tell you about the tremendous support
15 of Sandpiper Cove to you this morning, for remodeling the
16 apartments of all residents of Sandpiper Cove. And to do
17 this, we need your funds and your support also.

18 Locally, we have a large number of support of
19 the residents of Sandpiper Cove. Also, the following
20 civic officials -- we have the Mayor, Dr. Craig Brown,
21 Galveston City Manager, Brian Maxwell, the Galveston City
22 Council.

23 We have also spoken with the Mayor and the City
24 Manager about a substation for the police over at the site
25 of the Sandpiper Cove. They have agreed to take it up to

1 get that set up and do that.

2 We have the support of the Galveston TDDP, and
3 Board. Galveston Independent School Board, President Tony
4 Brown. Moody Methodist Church. State Representative
5 Mayes Middleton, who has a home here on the island, and is
6 aware of all of the situation here. U.S. Congressman
7 Randy Weber, who offices in League City.

8 We have the support of the Galveston Housing
9 Authority. And not locally, we have the support of HUD,
10 and of Texas Department of Housing and Community Affairs.

11 I live on Galveston Island. I am a member of
12 the Moody Methodist Church. Some of our outreach
13 administrators interact with many of the Sandpiper Cove
14 residents. And the conditions where they live -- I am
15 very aware of the need for updates for this complex.

16 I also am very aware of tremendous shortage and
17 need for affordable housing, project-based voucher housing
18 on the island for some of the sweetest, kindest, nicest,
19 most fragile population of the island. Galveston is more
20 of a service community, instead of a city of factories and
21 plants.

22 The highest paid, largest employers on the
23 island are American National Insurance, UTMB Hospitals.
24 The median wage on the island is \$42,486. For the rest of
25 the state, it is \$57,057, a difference of \$14,571, because

1 of Galveston being a tourist and service location.

2 Many of these jobs pay minimum wage, or less
3 than minimum wage, with tips. This leaves many families
4 falling below a living wage and creates a need to help to
5 live and pay rent. There are many homeless people that
6 live here, that work and live out of their car, or other
7 places with no home, but do not make enough to pay rent, a
8 home or an apartment.

9 Many are already on someone's waiting list, I
10 am sure. Decent low-income rental housing on the island
11 is very short supply, and the need to provide it is
12 exceedingly great.

13 We ask that you approve this funding request so
14 that these wonderful but low-income residents will have
15 all ADA-accessible, safe, sanitary, dry, decent, quality
16 places to live. Thank you.

17 MR. DIETZ: Two minutes, and 59 seconds. Thank
18 you, Mr. Ball.

19 MR. BALL: I'll give that back to you.

20 MR. DIETZ: Any questions for Mr. Ball.

21 (No response.)

22 MR. DIETZ: Is Ms. Watts here?

23 MS. WATTS: Good morning Chairman, Members. My
24 component that I would like to speak with the Board about
25 is in the Board packet. There was comments in regards to

1 the ITEX compliance status with the Texas Department of
2 Housing and Community Affairs.

3 In June 2020, our PPR, our Previous
4 Participation Review, had identified non-responses at the
5 time of corrected action period deadlines. Over the last
6 year, ITEX has made great strides to strengthen our
7 compliance component and our management.

8 We first partnered with a third-party
9 compliance firm, Preferred Compliance, in October of
10 2020. Their role is to review and analyze our current
11 processes, procedures, and identify weaknesses to provide
12 support to train current staff and standardize our
13 processes. We also began addressing the terms of
14 conditions that were agreed upon between us and the EARAC
15 Committee at the Texas Department of Housing and Community
16 Affairs.

17 We partnered in 2021 with Patricia Murphy, who
18 was formerly the Chief of Compliance for TDHCA. She is
19 now a consultant with our firm. She is making a comment
20 on behalf of ITEX.

21 "The ITEX portfolio serves an extremely low-
22 income population. The average income of households
23 served by ITEX is less than \$20,000 per year. Although
24 ITEX has had some challenges in the past, they are well on
25 their way to becoming one of the top-notch compliance

1 shops in the state.

2 "I have been providing in-depth training to the
3 ITEX staff in areas that need improvement. The staff is
4 receptive to my input, asking good questions, and
5 implementing my suggestions."

6 Ms. Murphy also plays a role in our monthly
7 lunch-and-learn training. She does training ongoing with
8 our onsite staff, not just our auditors.

9 We are required to have -- in the EARAC, we are
10 required to have annual training by one staff for all
11 TDHCA trainings. ITEX went the extra mile, and not only
12 has our operations staff attended our tax credits
13 sponsored by the Texas Apartment Association, our regional
14 managers have attended.

15 All of our property managers have now
16 attended. Our asset managers have attended all of the
17 trainings. Legal counsel, myself, and even the President
18 and the CEO has attended trainings that are put on by the
19 Apartment Association and TDHCA.

20 And it is just showing our commitment to making
21 sure our agency is in compliance with all EARAC
22 conditions. As of today, ITEX's PPR has had no findings
23 of non-responsiveness.

24 ITEX is dedicated to providing a decent, safe,
25 and sanitary environment for families to live. We have

1 partnered with numerous entities to put up substations
2 within other communities and introduced community policing
3 programs that have been very successful in deterring
4 crime. We also recognize the value of providing
5 supportive services to our residents and, supplying them
6 with the tools that they need to move to self-sufficiency,
7 and hopefully, one day to home ownership, which I hear is
8 also a goal of TSAHC.

9 Sandpiper Cove can only benefit and thrive from
10 the partnership that ITEX and TSAHC has to offer them.

11 Again, I would like to thank you for your time.

12 MR. DIETZ: Great. Thank you very much. Any
13 questions for Ms. Watts?

14 (No response.)

15 MR. DIETZ: Okay. Thanks for your comments.
16 Ms. Wilkerson.

17 MS. WILKERSON: Good morning, Mr. Chairman and
18 honorable Members. My name is Loia Wilkerson. I am
19 Director of Supportive Services for ITEX.

20 I had the privilege of spending some time on
21 the Sandpiper Cove property, and I was able to speak to
22 the residents, and some surrounding resources. The
23 observations I made were, number one, nutrition; this is a
24 food desert. A food desert is defined as a geographical
25 area where access to affordable healthy food, such as

1 fresh fruits and vegetables are over one mile away, or
2 from a larger grocery store.

3 We would partner with Wright Community Center,
4 which is directly across from the west side of the
5 property, to begin immediately feeding our children, who
6 during the summer, as we know, often go unfed. We would
7 also work to partnership with Galveston Island Senior
8 Services, through Parks and Cultural Services. They
9 provide transportation for seniors to grocery stores,
10 pharmacies, post offices. And they would be able to have
11 access to healthy meals every day at the community center
12 as well. So, we have that available to us.

13 ITEX also partners with Texas A & M Agrilife.
14 They have a learn-and-grow program. And we would be able
15 to begin to start that program on the property within
16 probably two to three months. This program teaches our
17 children how to grow their own food, and how to prepare it
18 in a healthy manner, which is essential.

19 Another area that I was able to identify was
20 employment educational services. There have been none.
21 We can begin that immediately.

22 We have access to a software program called
23 Aztec. Aztec provides a GED self-paced software, and it
24 also provides life skill classes, meaning job
25 interviewing, how to fill out a job application, anything

1 of that nature. And ITEX is very strong on our residents
2 being able to have access to that. They can access that
3 through their handheld devices from their homes or laptop
4 computers at any time.

5 I also was able to look at their health
6 situation. At ITEX, we have been bringing in mobile COVID
7 vaccinations since February. And we started with our
8 senior properties. We moved to our multifamily
9 properties.

10 We are very lucky to have been in a position to
11 do that, and we have had a great response. We would move
12 the mobile COVID vaccination units into that property
13 within the first month, offer the COVID vaccinations to
14 our residents.

15 We also have annual health fairs that we hold
16 for the majority of our ITEX properties, which we have
17 health care companies, doctor's offices, and home health,
18 and other programming, such as diabetes and heart health
19 that come on the property and provide education to our
20 residents.

21 We would seek out a partnership with UTMB for
22 health screening such as for AIDS, HIV, and STD
23 screenings. This is a population that is often forgotten
24 for those particular illnesses.

25 We have moved to create mobile medical units

1 for maintenance medications for our seniors. We look to
2 also be rolling that out in our multifamily properties, as
3 well. They will not even have to leave the property in
4 order to get their monthly medications.

5 Safety, we would look to begin to start a
6 Crimewatch program on the property. We can begin that
7 within the first month or two. And as Mr. Ball said, he
8 has reached out to start a substation on our property. We
9 have done that on a similar property in Shreveport, and we
10 have had some good success for that.

11 MR. DIETZ: Great.

12 MS. WILKERSON: And I want to sum it up by
13 saying, supportive services continues to strive to
14 incorporate diversity, equity, and inclusivity. Diversity
15 is where everyone is invited to the party. Equity is when
16 everybody gets to contribute. And inclusion means that
17 everyone has an opportunity to participate. Thank you.

18 MR. DIETZ: Thank you.

19 MS. WILKERSON: Do you have any questions for
20 me?

21 MR. DIETZ: Any questions?

22 (No response.)

23 MR. DIETZ: Okay. Thank you for your comments.

24 MS. WILKERSON: Thank you.

25 MR. DIETZ: Sarah, I think that you have a

1 gentleman on the line that is running short of time. So,
2 if he wants to go ahead and make public comment.

3 MS. ELLINOR: Yes. Buzz, I have unmuted you.
4 So, Buzz Elton, if you would like to speak, you are
5 allowed to, now.

6 MR. ELTON: Thank you. Yes. My name is
7 William C. Buzz Elton. I reside at 2913 Beluche Drive in
8 Galveston, Texas. I am a past President of the Galveston
9 County Apartment Association, as well as past President of
10 Galveston Hotel and Motel Association.

11 We have been on the island for some 35 years.
12 And I must say, my meetings with the Mayor and Congressman
13 Weber were considerably different. They voiced a
14 different opinion than what I heard someone else say that
15 they met.

16 They were not in favor of this project, nor
17 have I been. This project has -- in 2019, it had 108 or
18 115 police cases generated. In 2020, there is 188 police
19 cases. More than five times any other project on the
20 island, including four deadly contacts, several bodily
21 injuries.

22 What is happening over here is, because of the
23 project-based vouchers, the residents are locked into that
24 project without any vehicle or transition opportunity to
25 get out of there. You know, when I met with Texas

1 Housers, I told them that I had met currently with the
2 Galveston County Apartment Association and at least ten
3 different owners of apartments on the island. And they
4 would be more than happy to consider taking vouchers to
5 replace those people, opportunity at Sandpiper Cove
6 whenever it is possible for that to happen. Now, we'd be
7 glad to work with them, you know, and the properties, to
8 help make that happen.

9 This property has not had great management over
10 the years, and it still doesn't, in my opinion. Even
11 though I happen to know the current management company,
12 and I have the best of things to say about Josh Allen.

13 But currently, you know, the people that are
14 over there have not had much opportunity for a
15 transition. I would be more than happy to work with Texas
16 Housers and Sandpiper Cove, and all the apartments on the
17 island to try to place these people into properties of
18 their choosing, rather than locking them into a project
19 that they have no way out.

20 And I think that is enough said. I will make
21 myself available in the event that Texas Housers or the
22 HUD or anyone else would like my help.

23 MR. DIETZ: Great. Thanks for your comments.
24 Is there any questions?

25 (No response.)

1 MR. DIETZ: Okay. Thank you for your comments.

2 MR. ELTON: You are welcome.

3 MR. DIETZ: I think Ms. Sussman is possibly
4 online as well, on the phone. Is that right?

5 MS. ELLINOR: So, I don't see her. I do not
6 see her logged on.

7 But Monica, if you are here, but only dialed
8 in, can you let me know in the chat feature? And I can
9 unmute you. I see some phone numbers.

10 MR. DIETZ: Okay. We will come back to her.

11 MS. ELLINOR: Okay, she's here. So, Bill.

12 MR. DIETZ: Oh, she is. Okay.

13 MS. ELLINOR: Miranda is telling me that Monica
14 is only on her phone. Miranda, can you tell me what her
15 phone number is? 202? Okay. I have got her here.

16 I have allowed you to talk, Monica.

17 MR. DIETZ: Great.

18 MS. SUSSMAN: Hello. Thank you. Thank you so
19 much. Thank you for unmuting me. Monica Sussman. I am a
20 partner at Nixon, Peabody, Washington, D.C. -- 4799 9th
21 Street, Washington, D.C. I have been working as an
22 attorney in the HUD multifamily space for over 40 years.

23 I want to say just a couple of real quick
24 things. I think everybody will agree that this property
25 is not in good condition now, and the objective of ITEX is

1 to acquire this property and to do a major rehab to put it
2 into good condition.

3 The HUD has spoken up very clearly. You have
4 seen their correspondence. They are not going to agree to
5 turn off the Section 8 and to give the residents vouchers.

6 If this transaction does not take place with
7 ITEX, is it possible that would happen? It may. It is
8 not going to happen as a result of the Texas Housers
9 lawsuit.

10 We have seen other situations around the
11 country where properties have been in terrible condition
12 and HUD has decided to abate the HAP contract and to
13 provide residents with vouchers. And once you get through
14 that, because very often the current owner will then bring
15 litigation as well, file bankruptcy. So, it is a
16 prolonged process.

17 But even if that does not take place,
18 typically, until every resident can be relocated someplace
19 else, you are talking about in excess of a good year, a
20 year-and-a-half process. Which means that the people that
21 everybody cares about living there, living in bad
22 condition, will only continue to live in bad condition for
23 a prolonged period of time.

24 The objective here is to get this thing done,
25 turn it around. Get going with the renovation and have

1 these residents living in good condition, in good housing,
2 which is what everybody wants to see, not in terrible
3 housing.

4 So, I think that is really -- I think HUD can
5 really speak to themselves. I am not speaking for HUD.
6 But this is what -- we have seen this many times.

7 And it is a very long time to get people out
8 and people housed. And it does mean that some may not go
9 early. But until the last person is gone, it is a long,
10 long period of time.

11 MR. DIETZ: Okay. Thank you for those
12 comments.

13 MS. SUSSMAN: Thank you.

14 MR. DIETZ: Are there any questions for Ms.
15 Sussman?

16 (No response.)

17 MR. DIETZ: Okay. Hearing none, Mr.
18 Korndorffer, I believe, is also on the phone perhaps,
19 Sarah?

20 MR. KORNDORFFER: Yes. This is Blair
21 Korndorffer. I am the architect for the project. Our
22 office is 700 Gemini, Houston, Texas 77058.

23 I am just on the phone to address, again, the
24 flooding and potential damage from hurricanes. The
25 project is going to be flood-proofed, which is an

1 alternative of raising the building up above the flood.

2 Raising the building up a flood, you basically
3 go to the flood height and go up one foot. Building the
4 wall up, because wave action, you go up the same, plus a
5 little wave action, 18 inches.

6 So, what that really means is, that if a big
7 enough flood hits Galveston, everybody floods. This
8 project, the waves would get over the wall, and that would
9 happen. And then, everybody that basically built their
10 new buildings up above the flood would also flood. We are
11 going to be as flood-proofed as everybody else on the
12 island.

13 The issue with the buildings themselves, the
14 project is in bad shape. It hasn't been renovated
15 substantially in a very long time. Going through the
16 project though, we don't see substantial flood damage. We
17 don't see where this project has been flooded very many
18 times at all.

19 I think when people talk about the flood, they
20 are really talking about the street situation. The
21 streets are about three feet below the housing. So, the
22 site raises up quite a bit above it.

23 So, getting in and out of the site, because
24 Galveston floods, the streets flood, that is just
25 Galveston. And we have that issue all over the island.

1 There is no place where the streets don't flood on the
2 island, so that is just something you have to deal with in
3 general.

4 But as far as the project itself dealing with
5 that stuff, I don't think that is the issue. I don't
6 think, from what we can tell, the project has only flooded
7 a few times, and it has been very substantial storms.

8 And the wall we are putting up is many, many
9 feet higher than those storms ever predicted. So, I don't
10 think that would be an issue at all. That is all I have
11 to say.

12 MR. DIETZ: Okay. Thank you. Any questions
13 for Mr. Korndorffer?

14 (No response.)

15 MR. DIETZ: All right. I think Ms. Sprague is
16 on the phone as well?

17 MS. SPRAGUE: Yes. Can you hear me?

18 MR. DIETZ: Yes.

19 MS. SPRAGUE: Okay. Good morning, Chairman and
20 Board. My name is Miranda Sprague. I am with ITEX,
21 located at 9 Greenway Plaza, Suite 1250, Houston, Texas.

22 I wanted to touch on a few things today.
23 First, compliance. Paula Watts already spoke to that.
24 But just some data points.

25 Since June 2020, ITEX has had several onsite

1 and desk reviews by TDHCA. One onsite review which was
2 completed in December resulted in no findings of non-
3 compliance. And then, we have since had twelve desk
4 reviews, and one is currently underway.

5 Of the twelve, there were two that had no
6 findings of non-compliance, and the other ten had
7 corrective action period designs which had all been
8 responded to, and in advance of the deadline. And several
9 of them have already received close out letters.

10 And furthermore, at the March 11, 2020, TDHCA
11 Board meeting, the Board unanimously approved Sandpiper
12 Cove for their 4 percent low-income housing tax credit,
13 which included approval of ITEX's compliance conditions
14 that were mutually agreed upon between TDHCA staff and
15 ITEX. To date, those conditions have been met.

16 And in fact, one of them has been removed,
17 because we had cleared that item. We have hired some
18 additional staff, so that one was cleared.

19 In regards to relocation, our budget includes
20 \$775,000 for relocation. We plan to do a phased
21 rehabilitation of the project. And there will be some
22 residents that will need to move offsite temporarily while
23 their unit is rehabbed. At this point, we have identified
24 potential temporary offsite locations within the area of
25 Sandpiper Cove. And we have partnered with a very

1 experienced firm, Development Resource Partners, whose
2 experience in federal uniform relocation act requirements.

3 Finally, in regards to the state and federal
4 historic tax credit, I wanted to just give an update in
5 regards to where we are with that. As of May 2020, we
6 have received our state historic preservation and national
7 park service approval of our Part 1A application,
8 confirming that the site appears to contribute to the
9 significance of the potential historic district. We have
10 then moved on and submitted our Part 2B application which
11 was approved in December.

12 We have received state historic preservation
13 and national park service approval for that application,
14 confirming the rehabilitation will meet the Secretary of
15 the Interior standards for rehabilitation if three
16 conditions are met. And all three conditions which were
17 minor: not changing the flood plan too significantly in
18 the clubhouse, removing a window that we were offering to
19 put in, in the clubhouse, and making sure the siding of
20 the ADA additions to the units -- the exterior is the same
21 as the rest of the exterior of the building. All of these
22 have been changed, and our architectural plans meet these
23 conditions.

24 MR. DIETZ: Okay.

25 MS. SPRAGUE: In regards to the flood wall, we

1 do have an amendment into the state and national park
2 service for review and approval in regards to getting that
3 flood wall approved. And SHPO, the State Historic
4 Preservation, will be forwarding the nomination register
5 application to the Board for their September meeting. And
6 this gives us the assurance that the deal is being
7 recommended for their approval.

8 MR. DIETZ: Okay. Thank you.

9 MS. SPRAGUE: So, that is where we stand.
10 Thank you.

11 MR. DIETZ: You are at your three minutes. Do
12 you have any kind of closing comments?

13 MS. SPRAGUE: No. That was it.

14 MR. DIETZ: Okay. Great.

15 MS. SPRAGUE: A minute by the buzzer. Thank
16 you, sir.

17 MR. DIETZ: Great. Great. Thank you very
18 much. Sarah, is there anybody else on the phone that
19 hasn't spoken, that wants to have public comment for this
20 item?

21 MS. ELLINOR: I do not believe so. Nobody has
22 indicated as such in the chat features. So, I think we
23 can go with the last in-person speaker.

24 MR. DIETZ: Okay. Great. Thank you, Sarah.

25 MS. ELLINOR: Okay. Yes.

1 MR. DIETZ: Mr. Akbari.

2 MR. AKBARI: I am Chris Akbari. I am the CEO
3 of ITEX. I reside in Houston, Texas. My office is 9
4 Greenway Plaza, Suite 1250, in Houston, Texas.

5 I am the CEO of ITEX. We focus and specialize
6 in preserving affordable housing. We work now and
7 redeveloped approximately 61 projects throughout the State
8 of Texas, Arkansas, Louisiana, and Colorado.

9 We have recently started to do, I guess, about
10 three years ago, started to work with historic tax
11 credits, so that we can bring more capital to the
12 projects, to be able to take properties like this one, as
13 well as four projects that we did in El Paso, that have
14 been largely successful, using historic tax credits,
15 federal low-income housing tax credits and tax-exempt
16 bonds.

17 It allows us to make a huge impact on the
18 properties, to make a substantial renovation extend the
19 useful life of the properties for over 15 years. Our
20 company is very supportive of preserving affordable
21 housing, and I know that the mission of TSAHC is the same.

22 I looked through all the documentation, and I
23 see that as a partner, we would fit very well together in
24 preserving this asset. We want to make sure that
25 affordable housing is available for Texans, and is safe,

1 and sanitary, and at the highest quality level. And we
2 intend to do this, at this property.

3 A lot of people have talked about availability
4 of housing and affordable housing on Galveston Island.
5 But the truth of the matter is, is that the Texas Housers
6 have been experimenting with housing on the island since
7 2008, and it has failed.

8 For years and years and years, there has been a
9 lack of affordable housing because they wanted to have a
10 say-so in how it looked, how it was designed, where it
11 went, who it was going to impact, where the school was.
12 And because of that, we are over twelve years later, and
13 there is still a lack of affordable housing on the
14 island. You heard the numbers. Almost 4,000 people are
15 on the waiting list.

16 And the truth of the matter is, it is that it
17 is because they wanted to go in, in their way. And it
18 just can't always happen exactly the way they would like,
19 built in a mixed income where half of the units are
20 affordable, half are market rate, 10 percent are Section 8
21 project-based, and they are only located in one
22 neighborhood.

23 This is an opportunity for us to make a real
24 impact today on Texan's lives. We need to be able to
25 provide more affordable housing in the city of Galveston

1 and the need is immediate, not ten or twelve years from
2 now.

3 So, what is the alternative? We went to the
4 Mayor's Office. We sat with the City Manager. And we
5 went through scenarios with them, of what the Housers said
6 was possible.

7 The Housers said that well, you can tear this
8 down, and you can build it back just like Oleander. The
9 problem is, is to build that housing, it is \$400,000 a
10 unit. And there is no subsidy, there is no soft money
11 available to provide those units on the island.

12 We need to act now. And we have a viable
13 project that is going to preserve and keep these low-
14 income housing residents on the island.

15 There has been other housing that has been
16 lost. Nobody has talked about that. Mr. Buzz didn't say
17 anything about the fact that there is properties that have
18 gone offline.

19 There is a lack of housing available in the
20 market. The occupancies are over 90 percent. Where are
21 they going to send families with these vouchers?

22 The best alternative is to help Texans today,
23 and not kick the can down the road, waiting for some
24 subsidy, or some money that could come, could fall from
25 the HUD tree, and build housing in ten years, maybe. So

1 again, your approval today helps the tenants of Galveston
2 have housing.

3 This is a viable plan. It addresses all of the
4 concerns of the staff, and we believe that we can make it
5 happen. And we also believe that we can provide the
6 supportive housing services that are necessary for these
7 families.

8 And we can do what others have failed to do for
9 low-income residents of Galveston. So, I appreciate your
10 time. And I will answer any questions that you may have.

11 MR. DIETZ: Great. Thank you. Any questions?

12 (No response.)

13 MR. AKBARI: Thank you.

14 MR. DIETZ: I have one quick question.

15 MR. AKBARI: Yes, sir.

16 MR. DIETZ: And then, I recognize that this is
17 an oversimplification. But would it be basically accurate
18 to state that if you had all the money in the world, you
19 would agree with the alternative suggestion? But you
20 don't, that is not going to happen.

21 The suggestion of alternative -- you know,
22 doing it just like Oleander. And so, you feel like this
23 is the best solution for these residents, these citizens?

24 MR. AKBARI: Yes, sir. What we went through
25 the scenarios with the Mayor and the City Manager are, if

1 you were to tear it down completely and rebuild it in the
2 same location, we would need \$35 million of additional
3 capital, which is just not available.

4 And the Housers have said, well just call the
5 GLO. They might have some money. We have talked to
6 them. There is no money available for that area.

7 In fact, there is such a limited supply of
8 money, and because the costs have escalated so fast, they
9 have actually had to reduce the number of housing units
10 that they are going to replace back for Galveston Housing
11 Authority. So, you know, the costs are exponential to
12 build there. And of course, it is just leading to less
13 housing supply.

14 MR. DIETZ: Okay. Thank you.

15 MR. AKBARI: Thank you.

16 MR. DIETZ: Okay. Is there any other public
17 comment, either on the phone, or in person?

18 (No response.)

19 MR. DIETZ: Okay. It has been moved and
20 seconded that we -- let me go back to my language here,
21 that we resubmit the applications for allocation of
22 private activity bonds. Is there further discussion by
23 the Board before we move forward with a vote?

24 Mr. Williams.

25 MR. L. WILLIAMS: Chair, this is Lemuel

1 Williams. It is a lot to take in.

2 MR. DIETZ: For your second meeting.

3 MR. L. WILLIAMS: At least we are not here
4 until 3:00 in the morning.

5 MR. DIETZ: Right.

6 MR. L. WILLIAMS: Chair, and for the Board
7 members, there have been a couple of comments that I
8 focused on, that have dealt around the term of "asset."
9 Asset of the buildings, asset of the land.

10 I am not really hearing asset of the people. I
11 mean, that is our mission. That is what we do. And as a
12 Board member, I am struggling with that.

13 Like I said, it is a lot to take in. And I am
14 trying to see the positive for the alternatives. What are
15 the alternatives? A lot of the public comments, which is
16 greatly appreciated, and passionate by citizens and
17 members.

18 But what are the alternatives for the
19 tenants? They are the assets. They are the true assets.

20 So, I just wanted to make that comment before
21 we as a Board move ahead with any vote, any decision, any
22 commentary.

23 MR. DIETZ: Yes. I agree with that comment. I
24 think that our mission as a Board is to -- is geared
25 towards the residents of the State of Texas, the citizens

1 of the State of Texas.

2 And that is the lens that we should be viewing
3 this through, is what is best for the citizens of the
4 State of Texas, as it pertains to this project, and
5 providing for low-income housing. Any other comments?

6 MR. A. WILLIAMS: This is Andy. My thoughts
7 are the resolution was taken in to do a deeper underwrite.
8 And our job is to take a deeper dive, based on staff's
9 recommendation, and what they looked at.

10 So, I want to make sure we are clear that when
11 we initially had this project brought to the table, that
12 is when we opened up for deeper underwriting. And it is
13 in an underwriting process that a lot of these issues
14 arose.

15 One of the challenges that I struggle with as
16 well, is the fact that this is not a deal. This is not a
17 project. This is a community.

18 And so, the fact that this project-based
19 development locks residents in, when they are asking for
20 mobility. One of the biggest challenges is that mixed
21 income communities create economic mobility.

22 So, from the deeper dive that staff has done,
23 listening, we have -- this is the biggest file I am
24 seeing, since we are on the Board. But there is no change
25 in the recommendation from the staff.

1 And it is not just about the project, or its
2 viability. It is just the global picture of this
3 development. And it is also -- it is a development team.

4 And if we are looking to partner as TSAHC with
5 the developer, then, you know, the baseline is, we are
6 here to serve the community. That is my thoughts.

7 MR. DIETZ: Mr. Danenfelzer, I might have one
8 final question for you, just to make sure I understand our
9 vote today. So, the vote today is for the resubmission of
10 those allocation of the bonds. It is really not
11 necessarily for moving forward with this project.

12 Now, we wouldn't vote to resubmit the
13 allocation of the bonds if we didn't want to move forward
14 with the project. But am I correct on that, that
15 technically, staff is going -- were we to move forward
16 today with the reallocation of the bonds, staff would then
17 come back to us at a future meeting for final approval for
18 this particular project?

19 All we are approving today is the bond
20 allocation.

21 MR. DANENFELZER: That is correct. And we
22 would go ahead and submit that reservation. And because
23 under the previous process, we developed all the bond
24 documents, and have them ready, they need to be dusted off
25 and updated, with dates and numbers.

1 We would expect actually to bring this to the
2 Board, if approved today, next month. And at that time,
3 you know, staff would kind of look to this recommendation
4 or not today, as how we would then propose it to you next
5 month.

6 MR. DIETZ: Okay.

7 MR. DANENFELZER: You showing a desire to move
8 forward, we would then take that as your desire to approve
9 next month. And staff would likely remove its objections
10 or concerns about the project next month.

11 MR. DIETZ: But there would be another vote,
12 and we could ostensibly decide not to move forward with
13 the project, even though we had moved forward with the
14 bonds today.

15 MR. DANENFELZER: Correct.

16 MR. DIETZ: Although that would not -- yes.
17 Okay. Great.

18 I wanted to make sure I understood that, and
19 that the other Board members understood that correctly.
20 Valerie, are you hearing everything well? I want to make
21 sure you are hearing, if you have any questions.

22 MS. CARDENAS: Yes. No. Yes. I have
23 understood everything correctly, clearly.

24 MR. DIETZ: Great. Great. Any other comments
25 by the Board? Any other questions for Mr. Danenfelzer, or

1 any other party? I think we could recall another party to
2 ask questions, if we are so inclined.

3 Any desire to do so?

4 (No response.)

5 MR. DIETZ: Okay. Well, in that case. It has
6 been moved and seconded. And so, it would fall to a vote
7 at this time. Am I correct?

8 MR. THORNHILL: Correct.

9 MR. DIETZ: To our legal counsel? We have no
10 more public comment. Generally, are we ready for a vote,
11 or any other comment, before we move forward?

12 (No response.)

13 MR. DIETZ: Okay. Then, I will do the vote and
14 roll call over. A vote "yes" means that we are asking to
15 resubmit the bonds. A vote "no" means that we are asking
16 not to resubmit the bonds.

17 So, since I have been doing the vote in reverse
18 order, I will keep doing that. Andy Williams.

19 MR. A. WILLIAMS: Chair, I am going to vote no.

20 MR. DIETZ: Lemuel Williams?

21 MR. L. WILLIAMS: Same for me, Chair. No.

22 MR. DIETZ: Valerie Cardenas?

23 MS. CARDENAS: Yes.

24 MR. DIETZ: And I will ask our legal counsel.

25 What does a tie vote mean, if we were to do that?

1 MR. THORNHILL: Then it is tabled.

2 MR. DIETZ: It would be tabled?

3 MR. THORNHILL: Yes.

4 MR. DIETZ: Until a future --

5 MR. THORNHILL: You can bring it back up again,
6 or it would die from lack of a positive vote.

7 MR. DIETZ: So, a tie vote would mean --

8 MR. THORNHILL: You have to have the majority
9 of the quorum to pass a motion.

10 MR. DIETZ: Okay. Okay.

11 MR. THORNHILL: I would be similar to you
12 failing to get a second. The motion dies. It is tabled.

13 MR. DIETZ: Okay. And that would leave us in
14 the same spot that we have been in.

15 MR. THORNHILL: Exactly. It is exactly the
16 same place we were in March, at the March meeting.

17 MR. DIETZ: Okay.

18 MR. THORNHILL: Not a motion to pass. There
19 was a motion to reject it, and it failed for a second.
20 And then there was a motion and it failed for a second.
21 So, it is the same outcome.

22 MR. DIETZ: Okay.

23 MR. THORNHILL: I will note that there is a
24 third. There potentially is Courtney's participation, if
25 she has called in. At one point, it was noted that she

1 might call later.

2 MR. DIETZ: Yes. And Sarah, Courtney has not
3 joined us. Is that correct?

4 MS. ELLINOR: Correct. She has not.

5 MR. THORNHILL: Okay.

6 MR. DIETZ: Okay. Okay. So, I just want to
7 make sure of what, if we had a tie vote, that just does --

8 MR. THORNHILL: It is not rejected. It is
9 tabled. It just dies for lack of vote, majority vote.

10 You can bring it up at the next meeting. You
11 can bring it up especially.

12 MR. DIETZ: Okay.

13 MS. CARDENAS: Was the voting complete?

14 MR. DIETZ: I am sorry, Valerie?

15 MS. CARDENAS: Was the voting complete?

16 MR. DIETZ: No. I have not voted. That is why
17 I was waiting -- I wanted to have clarification on what my
18 vote means.

19 Because well, I vote yes. So, that does leave
20 us in a --

21 MR. THORNHILL: A tie.

22 MR. DIETZ: A tie vote. And it effectively,
23 the motion dies. So, I would entertain another motion.
24 Is there any other motion regarding this particular
25 project?

1 (No response.)

2 MR. DIETZ: I guess that could include,
3 theoretically, a motion to deny, because the last motion
4 was to approve. We could have some additional
5 conversation.

6 Or it could be any range of motions that legal
7 counsel says --

8 MR. THORNHILL: Postpone it to the next
9 meeting.

10 MR. L. WILLIAMS: Chair, I was going to ask for
11 legal counsel, for Roberts Rules of Order, could we motion
12 for next month, to bring this up for next month's meeting?

13 MR. THORNHILL: Correct.

14 MR. L. WILLIAMS: Okay. So, Chair, I make a
15 motion to take this issue for our July meeting.

16 MR. DIETZ: Okay. It has been moved that we
17 revisit this particular motion at our July meeting. Is
18 there a second?

19 MS. CARDENAS: Second.

20 MR. DIETZ: It is moved and seconded that we
21 revisit this at our July meeting. Is there any public
22 comment?

23 (No response.)

24 MR. DIETZ: Okay. Hearing none. Wait, we do
25 have one public comment. Yes. And I would just like to

1 ask you to keep the public comment brief, please.

2 MR. SIMONIANS: Very brief. My name is Bobken
3 Simonians with ITEX, 9 Greenway Plaza. I have two quick
4 comments.

5 One is, we very much share your concern, both
6 of you, about tenants being an asset. Would we be
7 afforded the possibility -- I have worked with government
8 for 18 years. I know there are some rules, that you
9 cannot talk to the people who are making the votes.

10 Could we be afforded the possibility, including
11 staff, to brief you, as to what we are trying to do to
12 save the tenants, to help the tenants? That is the
13 question.

14 MR. DIETZ: I appreciate that question. Since
15 we are subject to the Open Meetings Act, I can't really
16 envision a forum where we could have more than two Board
17 members together in order to have that type of
18 arrangement.

19 I think that that is really what our staff is
20 for, is for you --

21 MR. THORNHILL: Exactly, you have to go through
22 staff.

23 MR. DIETZ: Yes.

24 MR. SIMONIANS: Or maybe one or two that does
25 not constitute a quorum. Anyway, thanks.

1 MR. DIETZ: Thank you for the comment, and the
2 suggestion.

3 MR. SIMONIANS: We will be happy to share our
4 thoughts, to make sure that you understand that we are on
5 the same count. We are doing the same thing.

6 The second point that I was going to make, is
7 it possible at all to have a special telephonic Board
8 meeting to vote this? Does it have to go for next month?

9 Those are my questions.

10 MR. DIETZ: Okay. Well, thanks for that
11 suggestion as well. Good. So, any other public comment.

12 (No response.)

13 MR. DIETZ: Okay. Hearing no further public
14 comment, we will do our roll call vote. Remember, this
15 vote is to revisit this particular agenda item at next
16 month's Board meeting. So, a vote yes means you are
17 voting to revisit the agenda item. Andy Williams?

18 MR. A. WILLIAMS: Yes.

19 MR. DIETZ: Lemuel Williams?

20 MR. L. WILLIAMS: Yes.

21 MR. DIETZ: Valerie Cardenas?

22 MS. CARDENAS: Yes.

23 MR. DIETZ: And Bill Dietz, yes. Okay. So, we
24 will revisit Tab Item 4, the Sandpiper Cove Apartments at
25 the July meeting on the resubmission of application of

1 activity bonds.

2 Tab Item 5 is the presentation, discussion, and
3 possible approval of a resolution approving a Texas
4 Housing Impact Fund second lien bridge loan to Casa Cobe
5 Holdings, LLC in an amount not to exceed \$1,000,000 for
6 the Saison North Apartments Project.

7 MS. RAMIREZ: Good afternoon, Board members.
8 My name is Cassandra Ramirez, and I am a development
9 finance manager with TSAHC. Alice Woods and Lisa Stevens,
10 representing the loan applicant and developer, are also in
11 attendance.

12 To share some highlights from the loan summary
13 provided to you all, TSAHC's loan would help finance the
14 site acquisition and construction of 116-unit mixed income
15 multifamily property, called Saison Apartments, Saison
16 North Apartments. It is to be located at the former North
17 by Northwest Restaurant site in Austin, with primary
18 financing through the 9 percent low-income housing tax
19 credit program.

20 Of the 116 units, 82 units will be affordable
21 to households at or below 60 percent AMI. Thirty-four
22 units are proposed as market rate units. This area is
23 considered a high opportunity area by TDHCA's Qualified
24 Action Plan.

25 This is the highest scoring tax credit

1 application in the Austin region. TSAHC's loan would be a
2 second lien bridge loan to meet the site acquisition
3 costs.

4 The applicant, Case Cobe Holdings, LLC, is
5 requesting \$1 million in TSAHC funds to close on their
6 site in early August, and are requesting TSAHC funds, as
7 well as 6.48 in Mercy Community Capital funds, who is the
8 first lien lender to finance the site acquisition. TSAHC
9 and Mercy Community Capital would be repaid from proceeds
10 at the closing, from their Community Bank of Texas
11 construction loan.

12 As David Long mentioned in his Board
13 presentation, the Loan Committee met yesterday, and
14 approved a second lien bridge loan to Case Cobe Holdings
15 in an amount not to exceed \$1 million for the Saison North
16 Apartments, subject to the following conditions: the
17 interest rate of 3 percent per annum for a twelve-month
18 long term. Monthly interest only payments will be made
19 during the loan term.

20 The Corporation would collect an origination
21 fee of \$10,000 on the date of closing. Loan closing will
22 be conditioned on TDHCA low-income housing tax credit
23 award notice and confirmation of financing from Mercy
24 Capital, the first lien lender.

25 Closing of the TSAHC loan must occur

1 simultaneously with other financing sources. And the
2 Corporation must approve any subordination or parity loan
3 agreement.

4 Approval and funding are conditioned on the
5 satisfactory financial review, and a copy of the purchase
6 agreement related to site acquisition. Are there any
7 questions on the write-up provided?

8 MR. DIETZ: Any questions from the Board
9 members?

10 (No response.)

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

13 MS. CARDENAS: This is Valerie. Motion to
14 approve as presented.

15 MR. DIETZ: Is there a second?

16 MR. L. WILLIAMS: Chair, this is Lemuel
17 Williams. I will second.

18 MR. DIETZ: It is moved and seconded. Is there
19 any public comment? I think I do have a public comment
20 note here.

21 Is Ms. Woods wanting to make a public comment?

22 MS. WOODS: I'm not going to make one.

23 MR. DIETZ: Okay. Ms. Stevens might be on the
24 phone. Sarah, does she want to make a public comment?

25 MS. ELLINOR: I believe she was up here in

1 order to be available for any potential questions you may
2 have.

3 MR. DIETZ: Okay. Great. Great. So, no
4 public comments. Hearing no public comments, we will move
5 forward with a vote.

6 Andy Williams.

7 MR. A. WILLIAMS: Yes.

8 MR. DIETZ: Lemuel Williams.

9 MR. L. WILLIAMS: Yes.

10 MR. DIETZ: Valerie Cardenas?

11 MS. CARDENAS: Yes.

12 MR. DIETZ: And Bill Dietz, yes. So, the
13 resolution is approved as submitted for the Texas Housing
14 Impact Fund to Casa Cobe Holdings.

15 MS. RAMIREZ: Thank you.

16 MR. DIETZ: Thank you. Tab Item 6 is our 87th
17 Texas Legislative Session update. And since we are a
18 little after noon, if you could just give us the
19 highlights.

20 MR. WILT: Michael Wilt, Senior Manager of
21 External Relations. The legislative session did gavel out
22 sine die last Monday. If political theater is your thing,
23 then every other May under the pink dome is must-see TV.

24 They will be back. There will be at least one
25 legislative session probably in the fall to do

1 redistricting. And they are probably going to come back
2 again this summer to address some of the leadership's
3 priority issues that didn't pass.

4 I will cut to the chase on bills that impacted
5 us, and then housing in general, the ones that passed. SB
6 713 was the Omnibus Sunset Bill by Senator Buckingham.
7 Originally, we were scheduled to go through Sunset next
8 session in 2023.

9 That date changed around a few times during the
10 session, and they landed on 2027 as our Sunset date. And
11 that bill is sitting on the Governor's desk, and he has
12 got until the end of the month to sign it.

13 SB 113 was the Community Land Trust Bill.
14 Senator West has been trying to get this passed for
15 several sessions. It finally did. It directs appraisal
16 districts to use the income method when appraising land
17 trust properties.

18 There has been some confusion or lack of
19 direction to appraisal districts on what to do about land
20 trust sites, and they are increasingly common. They
21 weren't, you know, five or ten years ago, and they are
22 now.

23 So basically, instead of using the market
24 appraisal method, that we use the income method. And
25 also, it allows CLTs to set up subsidiaries, like LLCs and

1 LPs, which is pretty common. And it ensures that that
2 land trust benefit is passed down to that entity that is
3 created, as opposed to residing exclusively with the CLT.

4 SB 1984 makes a small but important change to
5 the private activity bond program, in that it allows you
6 to change your carry-forward designation, or to reassign
7 it from one project to another. I have read over this
8 bill several times, and it is still confusing to me. But
9 if you have questions about it, Dave can answer them.

10 Insurers have lost their carry forward in the
11 past because something happened to the project, and you
12 couldn't reassign it. But now, this will allow you to.

13 HB 1278 is the Texas Interagency -- the Texas
14 Interagency Council for the Homeless. It makes a small
15 change to meetings that are held that the TICH does.
16 David and I both attend these meetings. He is on the
17 Advisory Council, and I just go and support him.

18 It requires them to hold a public hearing on
19 the state of homelessness twice a year, once in an urban
20 area and once in a rural area. So, these meetings have
21 never really gone out into rural areas of the state
22 before, so now they will.

23 Other bills of interest, there are just a few
24 real quick. SB 403 makes a slight change to the right of
25 first refusal process. And then, it allows a public

1 housing authority to acquire a partnership interest in the
2 first 60 days of the right of first refusal process, as
3 opposed to waiting until the end of that 180-day period,
4 which is an important consideration for housing
5 authorities that intend to acquire a property at the end
6 of its compliance period.

7 SB 1679 is the Houston Urban Land Bank bill
8 that Senator Alvarado has been working on for a couple of
9 sessions. He finally got it passed. It is of interest to
10 us because during the interim, they are going to be
11 looking at best practices for how land banks and land
12 trusts should operate, and they have at least informally
13 asked us to be a part of that interim charge.

14 And then finally, HB 1558 incents developers
15 using low-income housing tax credits to house low-income
16 veterans, and it is bracketed. That bill was bracketed to
17 include only developments in a county with a population of
18 1 million or more, and that are not more than two miles
19 from a veteran's hospital, VA medical center, or VA health
20 center.

21 With that, I will take questions.

22 MR. DIETZ: Thank you. Any questions for Mr.
23 Wilt?

24 (No response.)

25 MR. DIETZ: Thanks for your update. And as

1 always, thanks for your continued email updates. Those
2 are appreciated.

3 MR. WILT: Sure.

4 MR. DIETZ: This item takes no action on behalf
5 of the Board. Is there any reason to go into a closed
6 meeting today? None?

7 And so, with that, any announcements, or
8 closing comments?

9 (No response.)

10 MR. DIETZ: Our Board meeting next month is set
11 for --

12 MR. LONG: July 14th.

13 MR. DIETZ: July 14th.

14 MR. LONG: The second Wednesday of the month.

15 It would be at 10:30. It would be held -- unless the
16 Governor's Office does not extend, it would be held
17 virtually and in person.

18 MR. DIETZ: And I will just note that I am out
19 of town on July 14th, that week.

20 MR. L. WILLIAMS: Dial in.

21 MR. DIETZ: So, yes. I may dial in, or
22 we'll talk in more detail about rescheduling that Board
23 meeting.

24 MR. LONG: Okay.

25 MR. DIETZ: Okay. With that, we are adjourned

1 at 12:15.

2 (Whereupon, at 12:15 p.m., the meeting was
3 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: June 9, 2021

I do hereby certify that the foregoing pages,
numbers 1 through 82, 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: June 15, 2021

(Transcriber)

On the Record Reporting
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