

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752

Tuesday,
July 16, 2024
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Vice Chair
COURTNEY JOHNSON-ROSE, Member (absent)
DAVID RASSIN, Member (absent)
LEMUEL WILLIAMS, Member

ON THE RECORD REPORTING
(512) 450-0342

<u>AGENDA ITEM</u>	<u>I N D E X</u>	<u>PAGE</u>
CALL TO ORDER		4
ROLL CALL		4
CERTIFICATION OF QUORUM		4
PUBLIC COMMENT		none
PRESIDENT'S REPORT		5
Tab a: Homeownership Finance Report		
Tab B: Development Finance Report		
Tab C: Monthly Financial Report		
ACTION ITEMS IN OPEN MEETING:		
Tab 1	Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on June 18, 2024.	12
Tab 2	Presentation, Discussion and Possible Approval of the 2024 Texas Foundations Fund Nonprofit Partners.	13
Tab 3	Presentation, Discussion and Possible Approval of a Resolution Approving an Equity Equivalent Investment from Texas Community Bank in the Amount of Five Hundred Thousand Dollars (\$500,000) and at a Fixed Interest Rate of Two Percent (2.00%) Per Annum, and Ratifying and Approving all Actions of the President and Executive Vice President Relating to the Execution of the Agreement Relating to Such Investment and Authorizing and Approving Further Related Actions.	42
Tab 4	Presentation, Discussion and Possible Approval of a Resolution Regarding Applications for Qualified Mortgage Bond Volume Cap related to Qualified Mortgage Revenue Bonds or Mortgage Credit Certificates Associated with 2024 Volume Allocation, Conversion to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto.	47
Tab 5	Presentation, Discussion and Possible Approval of the Publication for Public Comment of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Volume Cap under the Multifamily Housing Private	50

	Activity Bond Program Request for Proposals and the 501(c) (3) Bond Program Policies for Calendar Year 2025.	
Tab 6	Presentation, Discussion and Possible Approval of the publication for public comment of amendments to TSAHC's Joint Venture Guidelines.	54
Tab 7	Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Grocer Lofts.	56
Tab 8	Closed Executive Session - Discussion regarding the Evaluation and Annual Performance Review of the President of the Corporation (Personnel Matters - Texas Government Code § 551.074).	66
Tab 9	Review, Discussion and Possible Approval of the Annual Performance Review of the President of the Corporation and related actions.	65
	CLOSED MEETING:	65
	Consultation with legal counsel on legal matters B Texas Government Code § 551.071 Deliberation regarding purchase, exchange, lease, or value of real property B Texas Government Code § 551.072 Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation B Texas Government Code § 551.073 Personnel Matters B Texas Government Code § 551.074 Implementation of security personnel or devices B Texas Government Code § 551.076 Other matters authorized under the Texas Government Code	
	ACTION ITEMS IN OPEN MEETING:	--
	ANNOUNCEMENTS AND CLOSING COMMENTS	--
	ADJOURN	66

P R O C E E D I N G S

1
2 MR. DIETZ: All right. It is 10:30 a.m. and
3 the Texas State Affordable Housing Corporation Board
4 meeting for the month of July is called to order.

5 I'll do roll call. William Dietz, Chair. I am
6 present.

7 Valerie Cardenas.

8 MS. CARDENAS: Present.

9 MR. DIETZ: Courtney Johnson-Rose is absent.
10 Lemuel Williams.

11 MR. WILLIAMS: Present.

12 MR. DIETZ: And David Rassin is absent. We do
13 have a quorum. Okay.

14 Before we begin, if you would all join me in
15 the Pledge of Allegiance.

16 (Whereupon, the Pledge of Allegiance was
17 recited.)

18 MR. DIETZ: And to the Texas flag.

19 (Whereupon, a pledge to the Texas flag was
20 recited.)

21 MR. DIETZ: Is there any public comment before
22 we begin?

23 (No response.)

24 MR. DIETZ: Okay. Hearing none, did we lose
25 Mr. Long?

1 MS. TAYLOR: We did.

2 MR. DIETZ: We did? Okay. Then, we'll wait a
3 minute before we do the President's Report. Well, no,
4 let's -- oh, here he comes.

5 MR. LONG: Sorry about that.

6 MR. DIETZ: It's time for the President's
7 Report.

8 MR. LONG: Good morning, Chairman, Members.
9 The program reports are in Tabs A through E of the Board
10 book.

11 I would note that Tab A, which is normally your
12 home ownership report, is missing this month. As you
13 remember, we have been working to transfer all of our data
14 from one software system, which was Emphasys, to our new
15 software system, which is LoanDoc. And that conversion is
16 taking a little longer than we thought. But we also
17 didn't want to give you invalid reports, and so we are
18 making sure that we have those updated and ready to go by
19 August.

20 So, they'll be in the August Board book. So,
21 we apologize that those aren't in there. There's nothing
22 really urgent that would have changed, other than we would
23 normally like give you the monthly automation that goes
24 with that.

25 The Loan Committee did not meet this month. We

1 did not have any activity that we needed to meet on. So,
2 while we didn't have that -- and Mr. Williams sits on the
3 Committee with us. And we didn't have any activity that
4 we needed to report, so we elected not to have a Loan
5 Committee meeting this month.

6 As I mentioned at last month's Board meeting,
7 the staff did complete the strategic planning process that
8 the Board worked with us on. We wanted to celebrate that,
9 so we had a little staff luncheon and celebration, and
10 kind of revisited our new vision, mission, and the purpose
11 statements that we came up with. We mentioned those to
12 you at last month's Board meeting.

13 But I did want to let you know that we did have
14 kind of a staff get-together to manage and make sure that
15 everybody understood what that was. And we could focus on
16 it, knowing going into this next year that we would have
17 that as our strategy and game plan.

18 I want to extend my gratitude to everybody that
19 participated: the Board members, the staff, our partners
20 at Mission Capital. And the effort that everybody put in
21 to make that happen -- that was done over several months,
22 and I want to thank everybody for the opportunity that we
23 had to work with everybody, as well as the plan that we
24 ended up with. I think it is very positive. And I look
25 forward to having that be our foundation for our future

1 and what we work towards over the next coming years.

2 The budget, the accounting staff are currently
3 working for bringing to the Board next month our annual
4 budget that we will be asking you to approve. They have
5 finished the first draft of the budget and are working
6 with final adjustments with the directors in the program
7 areas to make sure that what we bring you is something
8 that we will be able to support going into next year.

9 Program updates -- I want to just mention a
10 couple of things on the program updates, specific to
11 Single Family. I already mentioned the transfer, the move
12 from Emphasys to LoanDoc as our software compliance
13 system.

14 But I do want to mention that Frank Duplechain
15 has been doing a lot of traveling lately. I saw him in
16 the kitchen this morning and asked him where he had been.

17 Only because I haven't seen him in about a month. But he
18 has been doing a road show around the state, doing various
19 things, along with some of the other team members.

20 But one of the things he did is he participated
21 in the ASHTI homebuyer fair that they do every year. We
22 have been invited, and have tried to sponsor, and be a
23 part of that. I want to thank Frank for going down there,
24 so we could focus on the Rio Grande Valley, and the
25 lenders and the partners that we have down there.

1 He was able to connect with over 100 lenders
2 and various homebuyers that were in and around the fair.
3 And I think it is a great opportunity. I know Ms.
4 Cardenas has been not only a member of that board, but
5 also understands kind of the impact that we can have down
6 there. So, it was great to have Frank doing that.

7 And in July, he has already also visited the
8 San Antonio region, teaching classes to lenders in New
9 Braunfels and in San Antonio. So, he has been really
10 busy. And we appreciate all the effort he is doing.

11 If you have never seen Frank do a training, he
12 is -- he could be a teacher in a classroom. He is really,
13 really good at what he does. And we thank him for all his
14 effort on that.

15 LoanDoc training. We continue to work with our
16 lenders as we train them to use our new software
17 compliance system. To date, we have trained 682 users,
18 and completed 540 courses in the last month to help
19 lenders and participating vendors work with us on that
20 program.

21 We added three new lenders to our single family
22 lender pool, that work with us in our lending programs.
23 And we also did an MCC webinar, which had 320
24 participants. Our MCC is our mortgage credit certificate
25 program.

1 It is one of our more popular programs, and we
2 are very happy to know that people are still very
3 interested in that program. And that webinar is also
4 available to view 24/7 on our training portal that we
5 maintain on the website.

6 Under fundraising, the Corporation secured
7 \$110,000 in funding from the following institutions:
8 Wells Fargo, J.P. Morgan Chase, Dominion, Texas Community
9 Bank, Regions Bank, Frost Bank, Insperity, Capital Impact
10 Partners, and The Vecino Group, to support our 2024
11 Supportive Housing Institute Training Program. And we
12 have got some additional requests out to the Federal Home
13 Loan Bank in Dallas, and Bank of America. So, hopefully,
14 that \$110,000 will be increased so we can fully fund
15 everything on that.

16 We also been fundraising for our 2024 Housing
17 Connection trainings, which is for housing nonprofits. We
18 have raised \$38,000 in funding from Texas Community Bank,
19 Lakeview Loan Servicing, PNC, and other individual
20 realtors who -- we really appreciate the realtors stepping
21 up and giving money back, because they are one of our main
22 marketing tools, next to our lenders.

23 Foundations Fund, that is one of our Agenda
24 Items today under Tab Item 2. The staff has reviewed and
25 completed the 2024 funding round for applications, and

1 they'll be recommending 82 applications for approval
2 today. And I will let the staff go over that in detail
3 with you under Tab Item 2.

4 As I mentioned, the Housing Connection and the
5 fundraising for it, we are opening our registration for
6 that -- oh, excuse me, it opened on July 1st. This year's
7 training will take place September 23rd through the 26th
8 in San Antonio at the Federal Reserve Bank of Dallas'
9 branch in San Antonio.

10 We are offering two NeighborWorks training
11 courses: Foreclosure Basics for home ownership
12 counselors, and Budget Basics: Decoding the Mysteries of
13 the Pro Forma. And we find that, in working with
14 NeighborWorks of America, they have great curricula and
15 great trainers. And we get a great response and
16 attendance for those courses.

17 The Texas Supportive Housing Institute -- as
18 opposed to the symposium, we are going to do an institute
19 this year. We released applications for our 2024
20 Institute on July 11th. The Institute is a four-month
21 intensive training and technical assistance program for
22 the developers who are interested in building permanent
23 supportive housing. We partner with Corporation for
24 Supportive Housing in order to provide the curriculum and
25 training on that.

1 It has been very successful several years now.
2 We look forward to having another successful time this
3 year. Applications for that will be due on August 16th.
4 And we'll be hoping the applicant webinar on July 23rd, to
5 walk through for those applicants that are awarded, or
6 participating with us.

7 TxDOT contract -- the Board approved that at
8 the June meeting, but we are still routing it through
9 TxDOT's internal review and final approval process. We
10 don't anticipate that taking much longer, but I would tell
11 you hopefully by the end of the week, we will have that.
12 And if not, hopefully we are reporting to you in August
13 that we have completed that and it is signed and ready to
14 go.

15 Once we do have that completed, the first phase
16 of that, as you remember, is for us to release an RFP. It
17 will allow us to hire -- to review applicants and to
18 select a consultant that will work with us in getting
19 Phase 1 started and going through that process.

20 Some presentations, and some trainings, and
21 some events that staff attended. Upcoming on July 22nd,
22 David Danenfelzer will be participating as a panelist at
23 the Texas Housing Conference. It is the state's
24 multifamily housing conference that is held here in
25 Austin.

1 David is going to be participating in the
2 conference's Bond Boot Camp on July 22nd. David has been
3 a participant as a panelist several times now. And I am
4 very excited to have TSAHC again participating as part of
5 the process at the Texas Housing Conference.

6 I will note also, Michael Wilt and I attended
7 the National Alliance in Homelessness Conference that was
8 held in Washington, D.C., July -- last week. I think it
9 was the 7th through the 10th, the 8th through the 10th.
10 We went out on Sunday.

11 With that, Mr. Chairman, I will conclude my
12 remarks, unless there is any other questions. I would
13 also remind the Board that the next scheduled meeting is
14 August 20th, which is Tuesday. And it will be at 10:30.
15 In advance of that meeting, we would also hold the Audit
16 Committee, which would typically be held at 9:30.

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

18 Any comments or questions for Mr. Long?

19 (No response.)

20 MR. DIETZ: All right. If not, we will go into
21 our action items for the open meeting.

22 Tab Item 1 is the presentation, discussion and
23 possible approval of the minutes of the Board meeting that
24 was held on June 18th. Any corrections, amendments,
25 questions, comments, additions to the minutes?

1 (No response.)

2 MR. DIETZ: If not, is there a motion?

3 MR. WILLIAMS: Chair, this is Lemuel Williams.

4 I will make a motion to approve of Tab Item 1, as stated
5 in the approved agenda.

6 MS. CARDENAS: Second.

7 MR. DIETZ: Okay. It has been moved and
8 seconded that we approve the minutes as submitted.

9 Any public comment?

10 (No response.)

11 MR. DIETZ: Hearing none. All in favor, please
12 say aye.

13 (A chorus of ayes.)

14 MR. DIETZ: Any opposed.

15 (No response.)

16 MR. DIETZ: The minutes are approved.

17 Tab Item 2, the presentation, discussion and
18 possible approval of the 2024 Texas Foundations Fund
19 nonprofit partners.

20 MS. ORENDAIN: Good morning. My name is Anna
21 Orendain. I serve as the external relations specialist
22 here at TSAHC.

23 This past April, we brought our 2024 Texas
24 Foundations Fund program guidelines to the Board for final
25 approval, and then began accepting applications for 2024

1 funding.

2 This year, we received a total of 87
3 applications for the nonprofit organizations. Our staff
4 then conducted a review of each application, and any
5 organizations that were found to have some sort of
6 deficiency in their application were then given an
7 opportunity to correct those deficiencies via email.
8 After the time period for correcting deficiencies closed,
9 our staff found that 82 of those organizations met the
10 requirements to be selected as a grantee.

11 This year will mark the highest number of
12 annual grantees that we have ever had, proving just how in
13 demand this program continues to be. For context, we have
14 had 66 grantees in 2023, 54 grantees in 2022, and 34
15 grantees in the 2020 through 2021 round, back when it was
16 a two-year cycle.

17 As far as funding is concerned, the total
18 amount of funding budgeted for this year is \$965,000.
19 Although, our team would recommend adding an additional
20 \$2,000 onto that, just to ensure that we have an even
21 dollar amount for each grant award.

22 That would bring the total budgeted funding
23 amount for -- the first option is \$967,000. This is the
24 funding option that our team recommends, as it will allow
25 us to get the funding out the door as quickly as possible.

1 However, in the Board packet, we have also
2 included a funding option that would allow us to maintain
3 the same grant award amount per organizational tier, as
4 last year. But this would bring the total amount of
5 funding up to \$1,246,000. And it would require us to come
6 back in August for your approval.

7 A breakdown of the two funding options by award
8 amounts is in the Board packet, along with a map showing
9 where each of the proposed grantees is located around the
10 state. If you have any questions, we'd be happy to answer
11 them.

12 MR. WILLIAMS: I have a couple of questions.
13 So, I guess -- you know, I mean, when you look at \$967-
14 and then \$1.2 million, I mean, of course, optics would be
15 like, oh, the bigger number. But will there be an impact
16 on the budget if awarded \$1.246 million versus the \$967-?

17 MR. WILT: Michael Wilt, Senior Manager of
18 External Relations. Yes, it would require a budget
19 amendment.

20 MR. LONG: Which is why we would delay it until
21 August, to make the awards. Because we would have to have
22 your approval to expend that much money outside the budget
23 that is already approved.

24 MR. DIETZ: It sounds like, if I understood you
25 correctly, the staff's recommendation would be to go with

1 Option 1, which is the lower amount. But really the
2 primary reason for that, if I heard you correctly, is for
3 expediency's sake, so that we are able to go ahead and get
4 the grants out the door.

5 Is that -- did I hear you correctly?

6 MR. WILT: Yes. That is the rationale behind
7 it. But in talking with Katie this morning, if you
8 elected to do a budget amendment, I don't think that it
9 would impact how quickly we could get the grants out the
10 door. Because we have to wait for the fiscal year to turn
11 over, anyway.

12 So, we don't send out funds until the beginning
13 of September at the earliest. So, it would compress the
14 timeline a little bit, and the grant agreements that we
15 have to get out, generate 82 of those. But I don't know
16 that it would hold up funding in reality. It would just
17 require us to do things a lot quicker.

18 MR. WILLIAMS: Sorry, Michael. I am just
19 seeing head shaking in the crowd.

20 MR. WILT: Oh, sorry. I spoke incorrectly?

21 MS. ALDRICH: (From audience.) Don't we have to
22 get them out before the end of the fiscal year?

23 MR. WILT: Oh, before the end of the fiscal
24 year, yes. So, we would have maybe -- depending on the
25 August Board date, we would have a week to get them out.

1 MR. LONG: The August Board meeting is on the
2 20th. And so, we have to get them out by the end of the
3 fiscal year, which ends 8/31.

4 MR. DIETZ: Gotcha.

5 MS. CARDENAS: But \$1,246,000 would be in
6 line -- I understand we have more applicants, or qualified
7 applicants. But it would be in line with what was
8 disbursed last year.

9 MR. WILT: That is right.

10 MS. CARDENAS: And so --

11 MR. DIETZ: Per?

12 MS. CARDENAS: Yes. Per recipient. Right?

13 I mean, if you all, if the staff feels that
14 they could still meet that time frame, I would rather
15 award more than regress. I know it is more applicants,
16 but --

17 MR. WILT: I don't want to commit Accounting to
18 doing something that quickly. Last year, and before that,
19 when we have had this many awardees, we have done them in
20 tranches, just to ease the workload on Accounting for
21 reviewing everything.

22 We did them in three tranches, I think, last
23 year. And, yeah. I can't answer on behalf of Accounting,
24 how much time they need.

25 MR. WILLIAMS: I guess I don't even know if

1 this can be done. But I mean, I am just -- I guess, while
2 we are here discussing it, for accounting purposes, is
3 there -- I am sorry. Okay, let's just say -- I mean, like
4 I said, for optics, funding purposes, I mean, the bigger
5 number always looks good on paper.

6 And just for awarding's sake, if we approve the
7 1.246, so that there is not a delay in disbursing funds,
8 could the first piece of the 967- get awarded first, and
9 then the remainder be approved at a later date? Or does
10 it all have to be approved and released at once?

11 MR. WILT: I see what you are saying. So, if
12 you approved the budgeted amount today, we could get
13 basically \$965,000 out the door --

14 MR. WILLIAMS: Okay.

15 MR. WILT: -- and then come back and approve
16 the remaining amount in August?

17 MR. WILLIAMS: Yes.

18 MR. WILT: So, we could fund organizations up
19 to \$965,000 after this --

20 MR. WILLIAMS: Yes.

21 MR. WILT: Right, and then come back --

22
23 MS. CARDENAS: So, the difference would be 281,
24 279 plus the two that they wanted to increase --

25 MR. LONG: Let me kind of chime in. First and

1 foremost, let me make sure you all understand. This money
2 is not in the budget. The additional money, the 300 --
3 give or take --

4 MR. WILLIAMS: Yes.

5 MR. LONG: We would take it from capital
6 reserves to make the budget whole this year. That is not
7 because we can't afford it. We can afford to do that.

8 It is just that when we budget, we budget
9 within a certain amount for each of the program areas.
10 And so, this year the Board authorized \$1 million, of
11 which we used some portion of that for the disaster
12 recovery works that they mentioned last month. The
13 balance is the 965 -- the balance is that amount.

14 So, whether you want to approve this amount, or
15 you want to wait, I think that waiting till you have a
16 budget amendment would be the simplest thing to do,
17 because then we have the exact amount that we would be
18 doing. We are not going to fund it until next year.

19 I mean, we will make all the awards. But I am
20 not going to speak for Katie and her team, and for
21 accounting, but we don't have -- we would not be able to
22 award any more than the 960 now.

23 MR. WILLIAMS: Yes.

24 MR. LONG: Because we don't have it in the
25 budget. It is not currently appropriated. It is not a

1 budget amendment on the agenda.

2 MR. WILLIAMS: So, the remainder, \$200,000
3 plus, would that put an impact on other programs for the
4 next fiscal year?

5 MR. LONG: No, because we take it from capital
6 reserves.

7 MR. WILLIAMS: You take it from capital
8 reserves.

9 MR. LONG: Again, what you will do in August,
10 at the August 20th Board meeting, you will be approving
11 the 2025 fiscal year budget. And if you as a Board want
12 to make that number higher, we'll have to adjust where
13 that comes from. We are doing it at that point in time in
14 making that decision for 2025.

15 For 2024, the million dollars, which is less
16 the disaster funds that have been already disbursed, was
17 the 965. To change that, we need to do a budget amendment
18 to go to the \$1,246,000. And that is to award everybody
19 at the same level as we awarded last year.

20 MR. WILLIAMS: Yes.

21 MR. LONG: And that said, we are happy to do
22 whatever you want to do. And we'll figure it out.

23 I do want to add something, though. And that
24 is this. We have been doing Foundations Fund -- does this
25 take us over \$10 million we have awarded with this round?

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MR. WILT: Yes.

MR. LONG: So, the Board has gotten a lot of really, really good work, allowing a lot of money to go out the door, to help a lot of nonprofits. So, I commend you for that.

I will say this, though. At some point in time, we reach a break-even point. And I would say this year kind of shows us that we are there. We can't keep funding -- next year, if it is a hundred applications --

MR. WILLIAMS: Absolutely.

MR. LONG: -- and it becomes \$2.6 to keep it up, I mean, where do we draw the line of what we need to do?

I am not a big fan of the competitive scenario. But we had an internal discussion -- I'll throw it out in advance. Maybe they don't want me to, but I will.

You know, that you say, we are going to give the same amount that we have done in the years past where we do a \$1 million, but we have the larger, middle, and smaller nonprofit breakouts and that dollar amount for each one is set up. And we take applications on a first-come, first-served basis until that bucket is full. And we put everybody else's in on a wait list. But then we are managing not only the volume, but we are also

1 managing the dollars -- the volume being the number of
2 applicants we have to serve.

3 Otherwise, my concern is that you are going to
4 end up with 110 applicants at some point for a million
5 dollars -- or even if you take it to \$1.5 million. You
6 can't divide that up to where we are making it really
7 worth the while to some of the larger and smaller
8 nonprofits. I am concerned where we will either budget
9 ourselves out of it, or we will run ourselves out of staff
10 resources, because we won't have the resources to run, you
11 know, 90 or 100 applications.

12 They do a great job. Staff has done
13 phenomenal. We got it all done, and here we are.

14 But I just wanted to throw those suggestions
15 and kind of scenarios out to you. It doesn't answer the
16 question that is in front of you, which is which option do
17 you want to do this year. It just kind of gives maybe a
18 little bit more insight as to what we are looking at,
19 going forward for the 2025 budget. And looking back at
20 what you want to do here.

21 MR. WILLIAMS: I am sorry.

22 MR. DIETZ: Go ahead.

23 MR. WILLIAMS: So, I just want to look at the
24 increase over the years. So, I think it was mentioned
25 previously there were 34 -- what was it, 34, I guess,

1 approved applications. Or was it 34 received
2 applications?

3 MS. ORENDAIN: Approved applications.

4 MR. WILLIAMS: So, 34, and then it went to --
5 what was it, 66?

6 MS. ORENDAIN: Fifty-four. And then 66.

7 MR. WILLIAMS: Fifty-four? And then 66. And
8 then today, we are here, 82. So, okay.

9 So, I mean -- given just in light of that
10 information, like I said -- I mean, and I am kind of
11 making this comment to my other fellow Board members. I
12 mean, I am sitting here doing the math on all this. I
13 mean, for funding option 1, you are looking at an average
14 of around about 11,700 or if we are going to use whole
15 numbers, \$12,000 -- for funding option 1, for each one of
16 the 82 selected applicants.

17 And then funding option 2, same number. But
18 that number jumps up to around about 15,200.

19 And to the point of what David mentioned -- and
20 I think for us up here, every year, when we look at the
21 budget, when we look at where staff is growing and doing
22 what they are doing, the question always comes up as to
23 can you continue to maintain doing what you are doing with
24 the same number of people.

25 And just by looking at this here, the numbers

1 are growing per applicant, right about 1.2 to 1.5. That
2 is just -- it is not going to be sustainable as time goes
3 on. Because if not, I mean, they are just going to be --
4 they are going to be managing paperwork versus managing
5 the success of the program.

6 I mean, as much as my heart leans on the bigger
7 number -- because again, from an optics standpoint, you
8 like the bigger number. We want to do that.

9 Mr. Chairman, I am torn on even voting for this
10 today. Usually, I kind of have an idea, kind of have a
11 thought. I am just -- it is good. I mean, everything --
12 hopefully I am saying it is good.

13 It is moving in the right direction. It is
14 progress. But we just have to be smart, since, you know,
15 this is coming -- you know, the larger number is coming
16 out of capital, capital reserves. I mean, that is kind
17 of, you know, where my mind ultimately points that to.

18 MS. CARDENAS: I guess, where I look at it is,
19 you know, as institutions, we participate in a lot of
20 programs, grant programs. And every year, the awards get
21 higher and higher. They never stay the same. They never
22 regress.

23 Now, do they change infrastructure? Do they
24 change their processes and procedures, as to how many
25 recipients are going to be awarded? But from down payment

1 assistance programs at a state level, at a federal level,
2 every year, the award goes up the amounts. They are a
3 first-come, first-served basis.

4 And I know, and I appreciate David and the
5 staff saying, okay, well, maybe that is something that is
6 not necessarily a topic for today. Maybe they need to go
7 and revisit, do we have a cutoff.

8 But what I am saying is never does the award
9 amount -- it keeps increasing. It keeps increasing
10 because there is a need, whether it is inflation, whether
11 it is whatever. The amount never decreases.

12 So, to say that we are going to stay at 967- or
13 a \$1.2 million, and we are going to hold. You know, that
14 is why we have a budget. That is why we have fundraising.
15 We have all these factors of income contributing to the
16 budget.

17 But I guess, I just want to make a point, is
18 that, that amount never holds, right. Whether it is
19 grants that you are seeking, whether it is DPAP that you
20 are seeking. And so, I just want us to consider that, you
21 know.

22 And if it is that we need to revisit how many
23 applications. Are we going to have a cutoff. Is it going
24 to go back to a first-come, first-served basis, then maybe
25 that is a whole other issue.

1 So, I just wanted to throw my two cents in on
2 that.

3 MR. LONG: Let me add real quickly. First, if
4 the Board so desires to go to a larger amount for this
5 year based on the funding, to keep it at the same level of
6 small, medium, large funding that we did last year, I am
7 not going to -- probably knock Melinda out of her chair
8 back there, but I would say we would be able to draw from
9 the capital reserves, and it wouldn't be a problem. That
10 is what we would have to do for this fiscal year. We'll
11 make it work.

12 I will remind you also that this is not -- you
13 know, 82 applicants don't get the same amount. The way it
14 is done, is we have the smaller, medium, and large. And
15 so, that breakout will -- you know, the question is, do
16 you want to hold from the amounts that they got last year?

17 Or do you want us to break it out based on this smaller
18 amount, so that we give some pro rata difference between
19 the small, medium, and large again this year. And it
20 would just be a lower amount because we have less to work
21 from.

22 So, the dollar amount of the \$1.246 million
23 is us trying to keep the funding at the same level it was
24 last year for each of those categories, with the number of
25 applicants we have received that meet those criteria, for

1 each of the levels of small, medium, or large.

2 MS. CARDENAS: And I speak -- and I think it
3 speaks to that there is more awareness created now for the
4 program, right.

5 MR. LONG: Obviously.

6 MS. CARDENAS: And that happens with
7 everything, right. You know, some people say well, gosh.
8 Back, you know, five years ago, there used to be this big
9 pool of money, whatever. Whether it was for DPAP, you
10 know. And now it ran out in like three or four months.

11 Well, more awareness was created, right. And
12 so, you know, that is just something we have to balance.

13 But what I was saying, again, is that the
14 amount of disbursement or availability of funds in
15 whatever program offering there is has always increased,
16 you know. It has never just stayed stagnant at, well,
17 that is all it is. Now, who gets the money first? That
18 is a whole other ball game.

19 Who is applying first? That is a whole other
20 ball game, right.

21 So, I expect next year you are going to have a
22 hundred applicants. And so, to your point, yes. We have
23 to decide, does it just mean that someone is going to get
24 a little less of the pie because there is more people
25 applying?

1 But as long as an organization, we consider,
2 well, we are putting as much money in every year. And
3 now, how you all, you know, manage and disburse the funds,
4 you know, is up to you. But it shows as an organization
5 that we are continuing to make an investment into this
6 fund, and not just holding at this amount.

7 MR. LONG: I would agree with that. And I
8 would remind the Board that when we first started this, it
9 was \$250,000; \$50,000 times five awards that we made. And
10 the award had set aside \$250,000 as potential reserves.
11 And that was used last year, when we went from a million
12 to \$1.25 million to make that amount whole.

13 MR. DIETZ: My inclination would be this year,
14 just based on my read of the budget -- balance statement.

15 It appears to me that we are very easily able to do the
16 1.2, whatever amount that is. You know, we are an
17 organization that is supposed to be using the money that
18 we are making to benefit the citizens of the State of
19 Texas. This is a great, very tangible way we can do that.

20 I also recognize that for future purposes, both
21 from a staffing, man hour perspective, and a budgetary
22 perspective, we probably need to revisit this program.

23 So, my inclination would be to go ahead and
24 figure out how to do the larger amount. Whether that
25 is -- how we do that functionally doesn't really matter to

1 me. Just the best way that we make that happen.

2 But also have the staff maybe revisit this
3 program, perhaps with Board member input. Because this is
4 something, obviously, the Board cares about a lot. And
5 kind of rethink what we do in the future, whether that be,
6 you know, somehow limiting our application pool or maybe,
7 you know, limiting the number of years in a row that you
8 can get it. Or, I mean, there are a lot of ideas.

9 But that is another conversation. What do you
10 all think? My fellow Board members, that is really kind
11 of posed to you all. Is that a reasonable process?

12 MS. CARDENAS: Yes. No, I think we share the
13 same sentiment, right.

14 MR. DIETZ: Yes.

15 MS. CARDENAS: And I think you stated it, you
16 know, very well. It's that, you know, we have the funds.
17 We are fortunate that we do.

18 And so, the purpose is for us to disburse them
19 accordingly, obviously with staff guidance. They know
20 best. They manage the program better than we do.

21 But I mean, at this point, I am inclined, you
22 know, for the larger amount. And then, again, subject
23 to -- not subject to, but for the staff to go and revisit
24 the program, so that -- you know, we want to continue to
25 do a good thing, right. And so, for them to just come up

1 with the best model or continue to improve upon the
2 program.

3 MR. DIETZ: So, for purposes of today, for this
4 action item, I think you are hearing that there is
5 probably an inclination. We haven't taken a vote yet.
6 But there is probably an inclination to go with that
7 larger amount for this year, for now.

8 But I don't want us to do something that puts
9 undue stress on Accounting or whoever. So, what is the
10 best way for us to do that?

11 MS. CARDENAS: Yes. Getting positive vibes
12 back there.

13 MR. WILLIAMS: I mean, I am right there with
14 you. I mean, I agree with everything. Because
15 immediately, you know, when I saw the larger option and
16 just kind of hearing -- again, I mean, I am looking at
17 this. And all of the organizations are doing this amazing
18 work. This is -- it is about them.

19 And, but again, I go back to just to measure or
20 review ten times. And we decide once and for all. I want
21 to ensure with full confidence that, within the budget or
22 how the budget looks, that we are just also being fiscally
23 responsible.

24 And I think it goes to the comment of undue
25 stress. Because we just want to make sure, like, okay.

1 If we are thinking out loud versus saying it out loud that
2 we want to do X, but how do we go about that? How do we
3 go about agreeing to that number, or seeing it?

4 I mean, I just -- for confidence sake, I want
5 to review the budget. I just want to see it just to make
6 sure like, yes. Okay. We are making the right decision.
7 That is just me.

8 MR. DIETZ: Yes.

9 MR. WILLIAMS: I am going to be a black sheep,
10 but I am sorry.

11 MR. DIETZ: Yes. That will happen next month,
12 right.

13 MR. LONG: I would -- let me for the record
14 just kind of reiterate, because if you are going to make a
15 motion, I want to make sure that the motion is accurate to
16 what we have in our records.

17 MR. WILLIAMS: Yes.

18 MR. DIETZ: Yes.

19 MR. LONG: If you are interested in Option 2,
20 to fund at last year's funding level based on the number
21 of applicants we have received this year, it is \$1,246,000
22 to fund. And the small category, 28 applicants at
23 \$10,000, 32 applicants at \$13,000 in the middle. And 22
24 applicants at \$25,000 in the larger nonprofit category.

25 That combined number is the \$1,246,000.

1 MR. DIETZ: Right.

2 MR. LONG: And that is what you would be
3 approving today, if you went with the larger number. Just
4 for the record, that is what we received and how we broke
5 it down and came up to the \$1,246,000.

6 MR. DIETZ: And since that requires a budget
7 amendment, can we even do that today? Or does that have
8 to wait until next month?

9 MR. LONG: Yes. You are going to have to table
10 it.

11 MR. DIETZ: Which would also be in keeping with
12 what you just expressed, which is wanting to take a look
13 at the budget before we make that final decision.

14 MR. LONG: The only question I have on that is
15 the impact of funding by the end of the fiscal year. We
16 meet on the 20th. I guess we could assume that is the
17 direction that the Board would like to go.

18 MR. DIETZ: Well, couldn't we just approve
19 today the \$965,000, since that is the budgeted amount, and
20 then ask the staff to come back with an agenda item for
21 next month, so that we can vote up or down the additional
22 funds --

23 MR. LONG: I mean, I am assuming the Board can
24 do whatever. We can we bring it back as an agenda item
25 next month and make up the difference regardless, knowing

1 that is your intention.

2 I can't tell you off the top of my head what
3 that exact number looks like in terms of breakout.

4 Because the nine --

5 MS. CARDENAS: And that is what I was going to
6 ask.

7 MR. LONG: The 965-, the -- I am sorry.

8 MS. CARDENAS: The 967-.

9 MR. LONG: We can't fund, so this is -- this is
10 not categorizing it. They want to do this here, starting
11 with that number.

12 MR. WILT: Right. So, I think the intent would
13 be to get \$965,000 out the door.

14 MR. LONG: 967-.

15 MR. WILT: Well, the budgeted amount.

16 MR. WILLIAMS: The budget is 965-, right.

17 MR. WILT: Right. So, we could get 965 out the
18 door and then come back and fund it for 281.

19 MR. LONG: Fund the balance. Yes.

20 MS. CARDENAS: But where --

21 MR. DIETZ: How would you do that? Would
22 you -- everybody --

23 MR. WILT: However many, everybody, we can fund
24 in this fund. Because we don't want to give them two
25 separate payments.

1 MR. DIETZ: That is what was asking.

2 MR. LONG: I would recommend that we fund,
3 starting at the smallest and work from there down, and
4 fund as much as we can, until we end up with an odd
5 number. And then we'll just wait to fund the balance,
6 based on the Board's approval of an amendment next month.

7

8 MR. DIETZ: Yes. I don't -- I think that is a
9 great way to do it, assuming that we come back next month
10 and approve it. I guess the problem is --

11 MR. LONG: Because if we don't come back next
12 month to approve it, where if we don't --

13 MR. DIETZ: If we don't approve next month,
14 then you are going leave off three organizations.

15 MR. LONG: Yes. There will be a grouping of
16 applicants that were approved that aren't getting funded
17 this fiscal year.

18 MR. DIETZ: That aren't getting it funded.

19 MR. LONG: That is correct.

20 MR. DIETZ: Right. Right. So, I guess --

21 MR. WILT: Doing the quick math, it would end
22 up being twelve to 13 large organizations.

23 MR. LONG: Out of the 22 that are currently --

24 MR. WILT: Everybody funded, plus the first ten
25 large organizations.

1 MR. DIETZ: Yes.

2 MR. WILT: Maybe nine.

3 MR. DIETZ: Yes. It just seems like the most
4 prudent thing to do, because that puts us in a weird spot
5 where we are kind of deciding today not to fund certain
6 organizations, and we are funding others. We don't know
7 what the decision is going to be at the next month's Board
8 meeting.

9 We kind of know what our inclination is, I
10 think. But we want to be prudently --

11 MR. LONG: And you have a quorum. You have two
12 more Board members.

13 MS. CARDENAS: Then you would have two more.
14 Potentially two more Board members that could
15 potentially --

16 MR. LONG: Again, we can't speak for the Board.

17 MR. DIETZ: We can't. Yes. Right.

18 MR. THORNHILL: That part right there.

19 MR. DIETZ: Right.

20 MS. CARDENAS: Yes.

21 MR. DIETZ: Our attorney.

22 MR. THORNHILL: Routt Thornhill, General
23 Counsel -- Coats Rose, General Counsel to the Board and
24 TSAHC. I will bring up one other issue that might cause a
25 problem here.

1 And that is you have got the Foundation
2 guidelines that are out there that they've applied to,
3 with the understanding of those guidelines. And if you
4 don't fund certain ones that have qualified under those
5 guidelines, I am not sure what that impact would be. But
6 there might be legal issues.

7 MR. DIETZ: Yes. Yes. Yes.

8 MR. THORNHILL: So, I don't -- I would not
9 recommend --

10 MR. DIETZ: Or public relations issues --

11 MR. THORNHILL: Right. Yes. But I am talking
12 from a legal standpoint.

13 MR. DIETZ: Yes. Yes.

14 MR. THORNHILL: You might have issues with
15 people getting money --

16 MR. DIETZ: Yes. Yes.

17 MR. THORNHILL: -- that did comply with the
18 same criteria. And have other folks that didn't comply.
19 We don't have a cutoff. We don't have a cap.

20 And you know, next year, if you change your
21 mind and want to do first come, first served, that is
22 fine. Everybody knows the rules going in. I don't think
23 you can change them -- I don't think it would be advisable
24 to change them midstream.

25 So, I don't think you -- if you are going to

1 parcel it out, it is going to have to be on a pro rata
2 basis, or to take into account that you may not fund a
3 second tranche in August. So, you can go with series 1,
4 or possibly series 2, but do it on a pro rata basis.

5 MR. WILT: A quick comment on that. There is a
6 cutoff in the guidelines that we have employed. And that
7 is the first come, first served.

8 So, we did timestamp all the applications. So,
9 they have already been -- Anna has organized them in order
10 of earliest to latest.

11 MR. DIETZ: And the problem with waiting until
12 next month to do this -- which procedurally would be the
13 cleanest thing to do -- is just that we are not leaving
14 enough time between next month's Board meeting and the end
15 of the fiscal year in order to make the disbursements. Is
16 that correct?

17 MR. WILT: And you would have to guarantee that
18 there is an August Board meeting.

19 MR. DIETZ: That there is what?

20 MR. WILT: That there is an August Board
21 meeting. If it is on the 20th, that gives us one, two,
22 three -- eight business days to get the funding out the
23 door.

24 MR. DIETZ: There is no way to get an extension
25 of time to get the funding out the door? What is the --

1 why do we have it out within that eight-day time period?

2 MR. WILT: The end of the fiscal year.

3 MR. LONG: The end of the fiscal year, showing
4 that it was expended in this year.

5 MR. DIETZ: So that it matches up from the
6 accounting perspective. Yes.

7 MR. LONG: CFO Melinda Smith has just informed
8 me that, obviously, if you want to try -- I don't even
9 know if this requires a budget amendment either.

10 But fiscally, this year, we have enough in the
11 budget to make the adjustment you are talking about --
12 essentially robbing Peter to pay Paul, from one program to
13 another where we wouldn't go over the overall budgeting.

14 MR. WILLIAMS: You said exactly what I was
15 thinking.

16 MR. LONG: And so, you could fund the
17 additional 275- whatever --

18 MR. WILT: 281.

19 MR. LONG: -- two hundred and whatever it is
20 difference, and it would still -- the bottom line, the
21 budget would still work, given where we are at right now
22 in the year.

23 MR. WILLIAMS: When you say -- I don't mean to
24 cut you off. When you say it will still work --

25 MR. LONG: That means we still would fall

1 within our budget that was pre-approved -- already
2 approved by the Board at the beginning of the year.

3 MR. DIETZ: On a net basis.

4 MR. LONG: On a net basis.

5 MR. WILLIAMS: Okay.

6 MR. LONG: The bottom-line number would still
7 work.

8 MR. WILLIAMS: Okay. Because I was just making
9 sure there is no making it work for -- and yet concern.
10 That is -- I mean, that is just kind of what goes through
11 my mind.

12 MR. LONG: No. I am looking at the number
13 right now, and we would be more than fine.

14 MR. WILLIAMS: Okay.

15 MR. LONG: If that is what the Board would like
16 to do. Just funding it, knowing that it is within the
17 budget. Net number, as Mr. Dietz said.

18 MR. WILLIAMS: Okay.

19 MR. LONG: As a whole. And we would then -- if
20 you want to, then we would come back to the Board as is
21 and leave it alone. Or we could come back to you, showing
22 what that changed in the budget at next month's meeting,
23 just showing you the number.

24 MR. DIETZ: Well, we are fortunate because of
25 good leadership and good market conditions, that we have a

1 nice income over the last few years. And so --

2 MR. LONG: A lot of hard work by the staff in
3 the program areas. Yes, sir.

4 MR. DIETZ: Yes. Yes. I think --

5 MR. WILLIAMS: I think I got my answer.

6 MR. DIETZ: Yes.

7 MR. LONG: I am basing mine off of Melinda
8 Smith, so.

9 MR. DIETZ: Great. Is there a motion, perhaps?

10 MS. CARDENAS: Okay. Let me see how we are
11 going to do this. Okay.

12 So, motion to approve Tab Item 2 as presented,
13 with the increased amount going from \$965-, which I know
14 it is presented as \$967,000, to \$1,246,000, which is an
15 increase of \$281,000 for the Texas Foundation program.

16 MR. WILLIAMS: Mr. Chairman, I will second
17 that.

18 MR. DIETZ: Okay. It has been moved and
19 seconded that we approve the 2024 Texas Foundations Fund
20 nonprofit partners as presented with the increased amount
21 referred to as Option 2 in the guidance from the staff.

22 Is that an acceptable way to make that motion?
23 Great. Good. A motion has been made.

24 Is there any public comment?

25 MR. LONG: I would just add that essentially as

1 you just said, Chairman Dietz, that it is Option 2, which
2 includes the breakouts for each of the categories funding
3 at the small, medium, and large nonprofit category.

4 MR. DIETZ: Yes.

5 MS. CARDENAS: Yes.

6 MR. LONG: So, it would be the \$10,000 for the
7 small, \$13,000 for the medium, and \$25,000 for the large.

8 Which gets to the number that Ms. Cardenas just brought
9 up as the \$1,246,000. Just making sure that it is Option
10 2 is what you are approving.

11 MR. DIETZ: Yes. Yes. So, let me restate the
12 motion, and make sure that everybody is agreement with the
13 way the motion was stated.

14 The motion is to approve the 2024 Texas
15 Foundations Fund nonprofit partners using Option 2 as
16 presented by staff, which is an increased amount by
17 \$281,000. Great.

18 Good motion? So, that is the motion. It has
19 been has moved and seconded.

20 Is there any public comment?

21 (Simultaneous discussion.)

22 MR. THORNHILL: You referenced funding 2.
23 Looking at the written material that was posted.

24 MR. WILLIAMS: Okay. Just making sure.

25 MR. DIETZ: Great. Okay. Great. All in

1 favor, please say aye.

2 (A chorus of ayes.)

3 MR. DIETZ: Any opposed.

4 (No response.)

5 MR. DIETZ: Okay. It is approved as presented.

6 MR. LONG: Thank you very much for your time
7 and consideration.

8 MR. DIETZ: Yes. Yes. Thank you. Thanks for
9 all your work on that. That is an important program. And
10 we are really glad that staff is working so hard on it.
11 Appreciate it.

12 Tab Item 3, the presentation, discussion and
13 possible approval of a resolution approving an equity
14 equivalent investment from Texas Community Bank in the
15 amount of \$500,000, and at a fixed interest rate of 2
16 percent per annum. And ratifying and approving all
17 actions of the President and Executive Vice President
18 relating to the execution of the agreement relating to
19 such investment and authorizing and approving further
20 related actions.

21 MS. CLAFLIN: Good morning. My name is Katie
22 Claflin, Senior Director of Communications and
23 Development, here to present Tab Item 3, which is a
24 resolution asking the Board to approve an equity
25 equivalent investment over to TSAHC from Texas Community

1 Bank.

2 To start, just a definition. An equity
3 equivalent investment, also known as an EQ2, is
4 essentially a loan, a fixed interest rate loan that
5 financial institutions provide to nonprofits and CDFIs,
6 generally to provide working capital to either construct
7 or finance affordable housing. It is very similar to a
8 program-related investment that is offered by financial
9 institutions, so you may have heard that term as well.

10 It is important to note that an EQ2 is a loan
11 that does need to be repaid with interest. The main
12 difference between an EQ2 and like a general community
13 development loan is that the interest rate is lower than
14 market rate. You know, in this case, 2 percent. And then
15 there is also some language indicating that the EQ2 will
16 automatically renew unless the financial institution
17 specifically provides the nonprofit with notice that they
18 are opting not to renew it.

19 And so, TSAHC does have a longstanding
20 partnership with Texas Community Bank. They were at our
21 Board meeting in June to present us with a grant funding.
22 They provided grant funding to support both our Housing
23 Connection program and our Permanent Supportive Housing
24 Institute.

25 We also have an existing EQ2 investment from

1 them that we received in 2015, that automatically renewed
2 in 2020. With that EQ2, we have constructed or rehabbed
3 about 25 homes through our ACT program in Harlingen,
4 Mission, San Antonio, and Laredo. And that includes homes
5 in the Park Meadows and Mesquite Woods subdivisions in
6 Harlingen.

7 Our current EQ2 is due in May of 2025. And it
8 is important to note that this agreement is a completely
9 separate agreement and doesn't increase the amount or
10 extend the due date of our current EQ2. We don't know if
11 they intend to offer us a renewal for our current EQ2.

12 So, accepting these new funds ensures that we
13 will still have funds available to continue to work on our
14 current projects, which includes a four-unit condo complex
15 in San Antonio, and then the Mesquite Woods subdivision in
16 Harlingen.

17 The other thing that I would mention is that
18 the only difference between the original EQ2 language that
19 was approved in 2015 and this new language is that the
20 original EQ2 was specifically for the ACT program. And
21 this -- we have expanded this new one to include both the
22 ACT program and the Texas Housing Impact Fund, which just
23 gives us a little bit more flexibility on how we use the
24 funds.

25 So, with that, I would be happy to answer any

1 questions.

2 MS. CARDENAS: What is the rate? I am sorry.
3 What is the rate on our first -- on our previous EQ2?

4 MS. CLAFLIN: Also, 2 percent.

5 MS. CARDENAS: Okay.

6 MR. WILLIAMS: So, did you say that one is due
7 soon?

8 MS. CLAFLIN: It is due in May of 2025, yes.

9 MR. WILLIAMS: Okay.

10 MS. CARDENAS: And it is for the same amount,
11 \$500,000.

12 MS. CLAFLIN: Yes.

13 MR. DIETZ: And this is tied specifically to
14 the project you referenced. Or that is just kind of the
15 way that we intend to use the funds?

16 MS. CLAFLIN: It is the way that we intend to
17 use the funds.

18 MR. DIETZ: Okay.

19 MS. CLAFLIN: We have been using them for ACT
20 projects specifically in Texas Community Bank's priority
21 counties, which are -- they are listed in the EQ2
22 agreement, I believe, there: Webb County, Hidalgo County,
23 Cameron County, Val Verde County, Bexar County, and maybe
24 Atascosa County.

25 MR. DIETZ: Impressive.

1 MS. CLAFLIN: Did I get that right?

2 MR. DIETZ: Yes, you did. So, it is just a
3 low-cost source of funds --

4 MS. CLAFLIN: Exactly. Yes.

5 MR. DIETZ: -- for us to use. And the bank
6 is -- Community Reinvestment Act credit, and all that
7 stuff.

8 MS. CLAFLIN: Yes.

9 MR. DIETZ: Yes. Great.

10 Is there a motion?

11 MS. CARDENAS: Motion to approve Tab Item 3 as
12 presented.

13 MR. WILLIAMS: Mr. Chairman, this is Lemuel. I
14 will second that motion.

15 MR. DIETZ: Okay. It has been moved and
16 seconded that we approve the resolution approving the
17 equity equivalent investment from Texas Community Bank in
18 the amount of \$500,000, and at a fixed interest rate of 2
19 percent per annum. And ratifying and approving all
20 actions of the President and Executive Vice President
21 relating to the execution of the agreement, relating to
22 such investment, and authorizing and approving further
23 related actions.

24 Is there any public comment?

25 (No response.)

1 MR. DIETZ: Hearing none. All in favor, please
2 say aye.

3 (A chorus of ayes.)

4 MR. DIETZ: Any opposed.

5 (No response.)

6 MR. DIETZ: Okay. Approved as presented.

7 Thank you.

8 MS. CLAFLIN: Thank you all so much.

9 MR. DIETZ: Tab Item 4, presentation,
10 discussion and possible approval of a resolution regarding
11 applications for qualified mortgage bond volume cap
12 related to the Qualified Mortgage Revenue Bonds, or
13 Mortgage Credit Certificates, associated with 2024 volume
14 allocation, conversion to Mortgage Credit Certificates,
15 and containing other matters incident and related thereto.

16 MS. LEVECQUE: Good morning, Mr. Chairman,
17 members of the Board. I am Joniel LeVecque, the Senior
18 Director of Single Family Programs. And under Tab Item 4
19 today, we are asking the Board to approve a resolution
20 authorizing the Corporation to submit an application for
21 our 2024 annual allocation in the amount of \$122,966,432.

22
23 Each year, a portion of the state's private
24 activity bond volume cap is available exclusively for
25 reservation by issuers of qualified mortgage revenue

1 bonds, and 10 percent of that amount is dedicated for
2 reservation by TSAHC until August 6th of this year, or
3 each year. This resolution also authorizes the
4 Corporation to apply for volume cap during the other Texas
5 Bond Review Board competitive application periods
6 throughout the year.

7 And unfortunately, not knowing the exact amount
8 that will be available at those times, and also because
9 they are competitive application periods with no guarantee
10 of award, we will note that we are asking the Board to
11 approve a resolution authorizing us to apply for an amount
12 up to \$335,863,902 throughout, for each of these
13 application periods. And then, with the applications that
14 are awarded, the resolution will also authorize us to
15 elect a non-traditional carry-forward of the unused 2024
16 volume cap, and then also allow us to either use that
17 volume cap for either qualified mortgage revenue bonds, or
18 an MCC program.

19 Please let me know if you have any questions.
20 And I ask for your approval of the resolution as is.
21 Thank you.

22 MR. DIETZ: It sounds like, if I am reading
23 this correctly, it is basically that the Board is
24 authorizing you to move forward in the application process
25 with this much flexibility, as --

1 MS. LEVECQUE: Yes. And actually, to add to
2 that. And to clarify, you know, we normally come to the
3 Board with various resolutions at different Board
4 meetings, for all of these application periods.

5 And through our counsel, our Bond Counsel, we
6 decided to make one resolution to cover all of these
7 various application periods, versus coming to you with
8 each one.

9 MR. DIETZ: So, is this resolution really kind
10 of for the whole year, the whole coming fiscal year?

11 MS. LEVECQUE: Yes, sir. Yes, sir.

12 MR. DIETZ: Makes sense to me.

13 MS. CARDENAS: So, just for my clarification,
14 the 335- gives you the authority to go and seek that.
15 What was the 122-?

16 MS. LEVECQUE: So, that is our annual
17 allocation. The way it works is that the private activity
18 bonds are allocated for different uses. And for qualified
19 mortgage revenue bonds, there is a certain amount allowed
20 for that.

21 And those issuers, that includes TDHCA, other
22 local HFAs, have a specific allocation that they can apply
23 for each year. And ours is 10 percent.

24 So, then what happens is if any of those
25 eligible applicants don't apply for their allocated

1 amount, then it collapses into a bucket where the rest of
2 it -- the qualified mortgage revenue bond issuers can
3 apply for it. And then, the same thing happens for all
4 private activity bonds, at another collapse for all other
5 purposes.

6 MR. DIETZ: Any other questions?

7 (No response.)

8 MR. DIETZ: Is there a motion?

9 MR. WILLIAMS: Chairman, this is Lemuel
10 Williams. I make a motion to approve Tab Item 4 as
11 presented in today's agenda.

12 MS. CARDENAS: Second.

13 MR. DIETZ: Okay. It has been moved and
14 seconded that we approve the resolution regarding
15 applications for qualified mortgage bond volume cap
16 related to the Qualified Mortgage Revenue Bonds, or
17 Mortgage Credit Certificates, associated with 2024 volume
18 allocation, conversion to Mortgage Credit Certificates,
19 and containing other matters incident and related thereto.

20 Is there any public comment?

21 (No response.)

22 MR. DIETZ: Hearing none. All in favor, please
23 say aye.

24 (A chorus of ayes.)

25 MR. DIETZ: Any opposed.

1 (No response.)

2 MR. DIETZ: Approved as presented. Thank you.

3

4 MS. LEVECQUE: Thank you very much.

5 MR. DIETZ: Tab Item 5, the presentation and
6 discussion and possible approval of the publication for
7 public comment of the guidelines, scoring criteria and
8 targeted housing needs for the allocation of Qualified
9 Residential Rental Project tax exempt bond volume cap
10 under the Multifamily Housing Private Activity Bond
11 Program request for proposals, and the 501(c)(3) Bond
12 Program policies for calendar year 2025.

13 MR. DANENFELZER: Good morning. Dave
14 Danenfelzer, Senior Director of Development and Finance.
15 It has been a while since I have been up here. Yes. I am
16 happy to be back.

17 This agenda item is something we do every year.

18 And as noted in the write-up, it is in accordance with
19 our governing statute. And we have to bring this to the
20 Board, present it for public comment, and then bring it
21 back to you all for approval.

22 Our intention is to bring this back next month.

23 We will have a full 30 days between Board meetings, so
24 there would be a full 30-day public comment period, which
25 is our traditional standard for public comment.

1 Staff has reviewed a lot of the -- well, all of
2 the research and assessments of state housing needs that
3 are noted here in the writeup, as well as a number of
4 other housing needs assessments that we look at throughout
5 the year. The changes that we are making this year are
6 really kind of more fine tuning than anything. There is
7 no drastic changes.

8 A couple of things that I do want to point out
9 that we are recommending -- a change to our targeted
10 housing need, which is kind of one of our core parts of
11 the policies for senior and supportive housing. And
12 really, it is to kind of help clarify some of the language
13 there.

14 In particular, over the last several years,
15 sort of the definition of service-enriched housing and
16 people with special needs has kind of changed culturally
17 and more readily in policies and regulations throughout
18 the country. So, we are trying to match that and update
19 our language a little bit, to make sure that it kind of
20 flows with all other programs out there that the bonds
21 utilize or are utilized with.

22 The other thing is, we have provided just a
23 small -- a couple of small changes in our scoring
24 components. In particular, extremely low-income housing
25 scoring as well as some of the descriptions for the

1 letters of support. We want to make sure that people are
2 able to get as many letters of support as possible, and
3 that we hope we'll see fewer questions from applicants on
4 that particular item.

5 We often get a lot of questions on those --
6 which letters apply and when they can submit them. So, we
7 think this is in response to those kind of questions we
8 have had over the last couple of years.

9 Otherwise, again, this is just a draft. There
10 may be additional changes. Bond Counsel and our municipal
11 advisor have looked at this. But from time to time, they
12 will kind of give them a second look.

13 I will nudge them again here in the next couple
14 of weeks, and they might have one or two small changes.
15 But we will notify you of those small changes at the next
16 meeting, if there are any.

17 MR. DIETZ: Questions or comments?

18 (No response.)

19 MR. DIETZ: Or is there a motion?

20 MR. WILLIAMS: Chairman, this is Lemuel. I
21 would like to make a motion to approve Tab Item 5, which
22 is presented in today's agenda.

23 MS. CARDENAS: Second.

24 MR. DIETZ: It has been moved and seconded that
25 we approve the publication for public comment of the

1 guidelines, scoring criteria and targeted housing needs
2 for allocation of Qualified Residential Rental Project tax
3 exempt bond volume cap under the Multifamily Housing
4 Private Activity Bond Program request for proposals, and
5 the 501(c)(3) Bond Program policies for calendar year
6 2025.

7 Any public comment?

8 (No response.)

9 MR. DIETZ: Hearing none. All in favor.

10 (A chorus of ayes.)

11 MR. DIETZ: Any opposed.

12 (No response.)

13 MR. DIETZ: It is approved as presented.

14 Tab Item 6, the presentation, discussion and
15 possible approval of the publication for public comment of
16 amendments to TSAHC's joint venture guidelines.

17 MR. DANENFELZER: Good morning. David
18 Danenfelzer, Senior Director of Development and Finance.
19 Again, this is a similar thing to the last.

20 Our joint venture guidelines govern sort of
21 those types of projects where TSAHC is an owner entity
22 within a development. Some of the deals that we have done
23 recently include Park on 14th, the Juniper Creek
24 transaction, which are both under construction at this
25 time.

1 In looking at past applications, we just had a
2 couple of tweaks we wanted to, again, make some
3 clarifications based on questions that we received during
4 the application process. I think you know the two things
5 noted here, in Section 1 and Section 4(f), are relatively
6 minor.

7 Again, we have shared these with our joint
8 venture counsel, Coats Rose. They haven't had any
9 comments yet. But again, they are free to provide
10 comments all the way through, just like the public.

11 So, if there are any small changes, we will
12 bring those back to you next month and make sure those are
13 clearly pointed out. Otherwise, this is ready for
14 approval to be posted for public comment.

15 MR. DIETZ: Just like with the previous tab
16 item, we are approving this for the publication for public
17 comment. And then we'll get this back as an agenda item
18 in the future, after a public comment period was ended.

19 MR. DANENFELZER: Correct. Next month, you
20 will see the draft version as well as a final version in
21 the Board book that would be as adopted.

22 MR. DIETZ: Any questions or comments, or
23 motions?

24 MS. CARDENAS: Motion to approve Tab Item 6 for
25 public comment, the amendments to TSAHC's joint venture

1 guidelines.

2 MR. WILLIAMS: Mr. Chairman, this is Lemuel. I
3 will second that motion.

4 MR. DIETZ: It has been moved and seconded that
5 we approve as presented.

6 Any public comment?

7 (No response.)

8 MR. DIETZ: Hearing none. All in favor, please
9 say aye.

10 (A chorus of ayes.)

11 MR. DIETZ: Any opposed.

12 (No response.)

13 MR. DIETZ: Okay. Approved as presented.

14 Tab Item 7, the presentation, discussion and
15 possible approval of a resolution regarding the submission
16 of one or more 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 and
19 declaration of expectation to reimburse expenditures with
20 proceeds of future debt for Grocer Lofts.

21 MR. DANENFELZER: Good morning. David
22 Danenfelzer, Senior Director of Development and Finance.

23 Our credit application cycle for this calendar
24 year 2024 has been going on for quite some time. We did
25 approve four transactions last December, with inducements

1 similar to what we are asking you to do today. One of
2 those applications did withdraw because of the complexity
3 of the project and certain financial needs they needed to
4 figure out.

5 This application we received last month from
6 American Agape Foundation and their partners, it is for
7 the adaptive reuse and new construction of a 48-unit
8 affordable senior apartment community located in San
9 Antonio. And it is to be called Grocer Lofts. It does
10 fulfill our targeted housing needs for seniors. And it
11 has a good mix of affordable housing, including 30
12 percent, 50 percent, and 60 percent AMI units.

13 Staff has looked at this. And at this point,
14 what we are really asking through this resolution is for
15 the Board to give us and grant us authority to engage
16 counsel, engage our municipal advisor, and then begin
17 working with the finance team on this project towards a
18 bond issuance.

19 Before we would close on anything, we would
20 come back with a final bond resolution to the Board for
21 your approval. At that point, we would have negotiated
22 all the business terms of the bonds or the obligations to
23 be issued. And we would have gone through all of our
24 public hearing process and other notifications in
25 preparation for closing on this transaction.

1 Staff is pretty happy with the location. This
2 is in a downtown area. It is nice to see an adaptive
3 reuse of an older commercial structure for housing. So,
4 it blends well with the fabric of the neighborhood.

5 For those of you who have been to San Antonio,
6 you will know that downtown has really pushed a lot to
7 restore historic structures and integrate them as best
8 they can into the fabric of new housing and new commercial
9 services in downtown. So, we find that to be a really
10 strong point of this project.

11 There are representatives of the development
12 team, particularly Jose Gonzalez, who is here with
13 Partners in Community Development, as well as their tax
14 credit consultant, Robbye Meyer, if the Board has any
15 questions.

16 With that, I will leave it to you for any
17 questions.

18 MR. WILLIAMS: Hey Dave, has staff did a site
19 survey at this location, or not yet?

20 MR. DANENFELZER: Not formally. I did actually
21 realize that I was at an event a couple of months ago that
22 was one block from this. I parked across the street from
23 this site. I didn't know that at the time.

24 So, I have actually been to this area recently.
25 And again, that project in particular was a historic

1 renovation and reuse of an old grocery store and
2 warehouse, literally like a block away from this one.
3 That was being used for commercial purposes, but this
4 would be more of an adaptive reuse for housing.

5 MR. WILLIAMS: And has -- I am sorry, Mr.
6 Chairman.

7 MR. DIETZ: No. Go ahead.

8 MR. WILLIAMS: Okay. Has staff partnered with
9 American Agape Foundation before, or is this the first
10 time?

11 MR. DANENFELZER: So, American Agape Foundation
12 was an applicant under the Corporation's 501(c)(3) bond
13 program, which we have not -- while we have it in our
14 policies and we have the authority to issue, we have not
15 issued any 501(c)(3) bonds since 2003. There is a number
16 of reasons for that. Particularly that the 501(c)(3) bond
17 program, while it is a tax-exempt bond and typically has
18 lower interest rates, it does not assure any access to
19 housing tax credits.

20 And the projects that were financed across
21 Texas from around 1994 through 2003 utilizing 501(c)(3)
22 bonds overwhelmingly failed. Even the Corporation's
23 issuances, we did have a few deals that made it through
24 their affordability period. But the model of financing
25 was really over-leveraged utilizing 501(c)(3).

1 American Agape Foundation did do a couple of
2 projects, portfolio projects with the Corporation. And
3 both of those portfolios did end up in foreclosure or
4 through redemption of the bonds poorly and did not fulfill
5 their affordability period.

6 Staff is very cognizant of that history. We
7 have looked deeply at the developer's existing portfolio.

8 And we have noted that they actually have excellent
9 scoring on all the projects that are associated currently
10 with HUD financing or FHA financing, including a score of
11 99a on one of their projects, which is essentially
12 perfect. Our reviewers and I myself have never seen a 100
13 in an FHA score, or a perfect score.

14 And we also have great confidence in the
15 partner organization. While we have not worked with
16 Partners in Community Development directly, Jennifer
17 Gonzalez and her history with Alamo Community Group, as
18 well as Jose Gonzalez, who is a member of Partners in
19 Community Development, have strong histories of working on
20 different deals that we have looked at and worked with
21 over the years. So, the team is real strong.

22 But we did enter that information about
23 American Agape's history with the 501(c)(3) bond program.

24 We do want to make sure that that is -- that you are
25 aware of that history.

1 MS. CARDENAS: So, this is seeking approval for
2 you to continue, or the organization to continue to engage
3 in this process.

4 MR. DANENFELZER: Correct. Yes. So, with this
5 approval, we will go ahead and engage. We can reserve
6 bonds.

7 But we will have to bring it back for a final
8 approval once the bond documents are prepared and we are
9 confident the project will move forward and is financially
10 feasible.

11 MR. LONG: This is essentially an inducement
12 resolution.

13 MS. CARDENAS: Right.

14 MR. DIETZ: You said in the past, those
15 501(c)(3) bonds -- is the failure of those specific bonds
16 more a reflection of the developer or just the structure
17 of the bond, or --

18 MR. DANENFELZER: For me, the structure of the
19 bond was pretty poor. In many cases, the structure of the
20 501(c)(3) bonds issued in that time period were heavily
21 leveraged on two factors.

22 One, the markets were strong enough where
23 people could actually borrow up to 104 percent of the
24 total development costs. But the projects also, uniformly
25 at that time, received 100 percent property tax exemption

1 under an exemption which was eliminated in 2003 by the
2 state's Legislature for what was, at that time, called
3 Community Housing Development Organizations, or CHDOs.

4 Because of the change in statute, local and
5 county-wide appraisal districts found a lever in order to
6 file suits and claim that those organizations no longer
7 qualified for the tax exemption, which resulted in the
8 foreclosure of almost every one of those projects.
9 Because in Texas, you may know, you have to pay on your
10 tax bill, then you have to fight it in court. And those
11 court cases can drag on for several years.

12 When those tax bills are several hundred
13 thousand dollars a year, it pretty much eliminates any
14 cash flow that is available to a project, including its
15 debt service, so. Yes, I mean, sometimes I pat myself on
16 the back that TSAHC actually had some deals that made it
17 to year 15 and fulfilled their affordability.

18 But it is not a good story for TSAHC or any
19 other issuer in the State of Texas, the 501(c)(3) bond
20 program.

21 MR. WILLIAMS: David, a quick question on
22 the -- I guess, it is on page 122, under the permanent
23 funding sources.

24 Can you help me understand -- so the City of
25 San Antonio, I guess they would be providing \$2,710,000 as

1 a cash flow loan. Would that loan be to the JV, to the
2 joint venture? Or would that be to us directly for this
3 project?

4 MR. DANENFELZER: It would be through us. It
5 will be to the project.

6 MR. WILLIAMS: To the project. Okay.

7 MR. DANENFELZER: And typically, with the cash
8 flow notes what happens is the primary mortgage will be
9 obviously fully collateralized and amortized over time.
10 We have not seen the full breakout of the cash flows for
11 this project yet.

12 MR. WILLIAMS: Okay.

13 MR. DANENFELZER: Often, that is part of the
14 negotiations we go through over the next several months.

15 But what I would imagine is that there will be
16 a payment after debt service, and any other reserve
17 requirements by other lenders, and the City of San Antonio
18 will request a percentage, if not 100 percent of that,
19 depending on how they negotiate with the developer and the
20 other lenders. It has been really common lately for us to
21 see cities in the State of Texas to require 50 percent of
22 cash flow to repay their notes. That has been kind of
23 like the deal du jour for cash flow.

24 So, I am expecting that to pop up in this deal,
25 considering the sources of funding that they have.

1 MR. WILLIAMS: Yes.

2 MR. DIETZ: Questions or comments?

3 (No response.)

4 MR. DIETZ: Or motions?

5 MS. CARDENAS: Motion to approve Tab Item 7 as
6 presented.

7 MR. WILLIAMS: Mr. Chairman, this is Lemuel. I
8 will second that.

9 MR. DIETZ: It has been moved and approved to
10 approve a resolution regarding the submission of one or
11 more applications for allocation of private activity
12 bonds, notices of intention to issue bonds and state bond
13 applications to the Texas Bond Review Board and
14 declaration of expectation to reimburse expenditures with
15 proceeds of future debt for Grocer Lofts.

16 Is there any public comment?

17 (No response.)

18 MR. DIETZ: Hearing none. All in favor, please
19 say aye.

20 (A chorus of ayes.)

21 MR. DIETZ: Any opposed.

22 (No response.)

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

25 MR. DANENFELZER: Thank you very much.

1 MR. DIETZ: At this time, the Board is going to
2 go into closed session per Texas Government Code Article
3 551.074, for personnel matters.

4 And we will discuss the evaluation and annual
5 performance review of the President of the Corporation.
6 And I think we might have Melinda stay for just a minute.

7 And then, we'll probably meet privately. And then, we'll
8 come and get Mr. Long.

9 MR. LONG: Okay.

10 (Whereupon, the Board recessed into Executive
11 Session at 11:48 a.m.)

12 MR. DIETZ: Okay. It is 12:35 p.m. on July
13 16th and we have come back into open session.

14 We were in closed session in accordance with
15 Texas Government Code Article 551.074, discussion
16 regarding the evaluation and annual performance review of
17 the President of the Corporation. No action was taken
18 during closed session.

19 Now, on to Tab Item 9, the review, discussion
20 and possible approval of the annual performance review of
21 the President of the Corporation, and related actions. Is
22 there any comment or discussion, or a motion for our open
23 session?

24 MR. WILLIAMS: Chairman, this is Lem. I would
25 like to make a motion to approve Tab Item 9 as listed in

1 the agenda, where we reviewed, discussed and would like to
2 make a future recommendation on the annual performance of
3 the President of the Corporation and related actions.

4 MS. CARDENAS: Second.

5 MR. DIETZ: And to, just to restate that. So,
6 we are approving the annual performance review, including
7 a salary increase per the performance review by the Board
8 for the President of the Corporation.

9 MR. WILLIAMS: That is correct.

10 MR. DIETZ: So, that has been moved and
11 seconded. Is there any public comment?

12 (No response.)

13 MR. DIETZ: Hearing none. All in favor, please
14 say aye.

15 (A chorus of ayes.)

16 MR. DIETZ: Any opposed.

17 (No response.)

18 MR. DIETZ: Okay. It is approved as discussed.
19 It is now -- do we have any action items or announcements
20 or anything?

21 MR. LONG: No. I do not.

22 MR. DIETZ: Then it is 12:37 p.m., and we are
23 adjourned.

24 (Whereupon, at 12:37 p.m., the meeting was
25 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: July 16, 2024

I do hereby certify that the foregoing pages,
numbers 1 through 67, 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: July 22, 2024

/s/ Carol Bourgeois
(Transcriber)

On the Record Reporting
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