TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

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

Tuesday,
July 21, 2026
10:30 a.m.

BOARD MEMBERS:

LEMUEL WILLIAMS, Chair
VALERIE V. CARDENAS, Vice Chair
DAVID LEWIS, Member
DAVID RASSIN, Member
ERNEST RICHARDS, Member

I N D E X

P R O C E E D I N G S

(10:33 a.m.)

MR. WILLIAMS: I'd like to call this meeting to order. Sorry, I was just going right into it. I would like to call this meeting to order of the Texas State Affordable Housing Corporation Board meeting. Today is July 21st. The time is 10:33 a.m.

Before we go into our session, I would like to make a quick roll call.

Vice Chair Valerie Cardenas?

MS. CARDENAS: Present.

MR. WILLIAMS: Board member David Rassin.

MR. RASSIN: Good morning. Present.

MR. WILLIAMS: Board member Ernest Richards?

MR. RICHARDS: Good morning again.

MR. WILLIAMS: Board member David Lewis.

MR. LEWIS: Good morning.

MR. WILLIAMS: And Chair, Lemuel Williams, I am present. We have a quorum.

If everyone can rise for the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited.)

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

MR. WILLIAMS: Okay. Before we jump into the President's Report, is there any public comment?

(No response.)

MR. WILLIAMS: Okay. None being said, Mr. David Long, the floor is yours.

MR. LONG: Thank you, Mr. Chairman, Members. Good morning. If you have any questions under the program or financial area reports under Tab Items A through D, please let me know.

I want to let the Board know that Corporation's Loan Committee met last week, on July 14th, to review not only our ongoing and outstanding loan portfolio under our affordable housing program and our Texas Housing Impact Fund. The Committee also reviewed and approved a loan to OPG Lucas Partners, LLC, in an amount not to exceed $450,000 for Lucas Lofts Apartments. And these funds are going to be used for an acquisition bridge loan for Lucas Lofts, which is a proposed affordable housing community of 49 units, serving seniors in Wichita Falls.

As always, I would like to thank Mr. Lewis for his participation on the Committee. And while he was not able to join us, which he normally does in person, he did make an effort to be available remotely. So, thank you, Mr. Lewis.

MR. LEWIS: You are welcome.
A quick update. As you all know, we have been going through a State Auditor's Office efficiency audit, as all agencies are going through right now. The State Auditor's Office completed its field work portion of the efficiency audit of the Corporation, is now working on the report writing phase. The draft audit report is expected to be provided to the Corporation sometime in the first week in August.

Once we receive it, the Corporation will have about ten days to do its review and provide any feedback. And then, we expect to have the final report at the end of August. So, excited to have that kind of in this space, where we can get a chance to see the final report and let the Board know what is going on, once we get everything done.

On the program areas, Single Family Program area update. Our upcoming $100 million bond transaction continues to move forward on schedule. Joniel and several of our professionals, including bond counsel, underwriter, and financial advisor firm, recently attended a Bond Review Board planning session. And we are available to answer any questions that might have been asked of the

Bond Review Board while they looked at that, in the initial phase of that transaction.

To my understanding, they did not have any questions. But Joniel and team were available should they have had any. We remain very much on track to have that in front of the Bond Review Board for their formal consideration and approval and would look to have that being released in the next month or so.

We continue to see strong demand for our Single Family Homeownership Program. For the past several months, we have been averaging around $300 million plus a month in reservations.

Again, that is just the reservations. The pull-through rate is probably less than that. But still, that is a significant number. I'm very pleased to see that. I think that is indicative of the fact that our homeownership team continues to provide their lender and realtor trainings.

Over the past month, the team provided several courses to both realtors and lenders, as well as ongoing training online through our LoanDoc online training portal. And we have continued to grow our lender base by adding lender organizations to the network of mortgage lenders that serve under our program. To date, we have

233 mortgage entities that serve and work in our program. So, that is very nice to see that we have such a large amount of entities interested in making sure that our mortgages are made available to the borrowers we try and serve.

This month, the road show continues to provide outreach across the state, with Kayla representing TSAHC in New Braunfels and San Antonio earlier this month, on the 14th and 15th. And Frank will be in Harlingen and McAllen on the 22nd and the 23rd, and that road show is hosted by AHSTI. Ms. Cardenas' former -- been around their Board for a while, I know. So, thank you very much.

We hope that they do a great job. They always have a great turnout. And we are excited to be a part of it.

Development finance, Cassandra attended the grand opening of the Jericho Village Apartments in Wiley on -- will be attending on July 25th. Jericho Village, if you remember, is a 38-unit complex targeting single mothers, with one, two, and three bedroom units. They have received $2 million in construction, in loan from the Corporation in 2023, and it was completed earlier this year.

The project is currently leasing up and should be converted to its permanent mortgage later this year. So, excited to have that project in the final phases.

Yesterday, for those of you who don't know this, Texas Affiliation of Affordable Housing Providers is having their annual conference in Austin right now, this week. It is a rather large conference. It is probably one of the biggest in the country, if not the state, for sure, with over 2,000 attendees.

And we have several staff members attending that. It is at the JW Marriott. And yesterday, Dave Danenfelzer presented at the conference. And he was part of a Bonds 102 training course, along with representatives from lenders, underwriters, financial advisors, discussing the multifamily history of how bonds work -- how they work.

So, thank you to David for not only representing us, but training some people along the way to maybe use our programs in the future.

The Corporation opened registration for our 2026 Housing Connection training workshop earlier this month. The 2026 workshop is scheduled to be held September 28, through October 2nd, and will again be hosted by the San Antonio branch of the Federal Reserve Bank of Dallas.

TSAHC has partnered with NeighborWorks America, who we have used in the past for our curriculum. And they will be offering a weeklong course on post-purchase homebuyer education, as well as three courses on affordable housing development.

And again, a very special thank you to the Federal Reserve Bank of Dallas. They have been a great partner with us over the years, and we greatly appreciate their hosting this again.

Under fundraising, the Corporation received an additional $1.5 million in funding from the Community Foundation of the Texas Hill Country to continue our program of providing down payment assistance to homeowners impacted by the July 4, 2025, flooding in Kerrville. Janie and I had the opportunity to go to a press event, and were able to -- I was asked to speak a little bit at that press event. It is a great scenario for us to be able to be down there and see people's lives being built back up and the housing relief they're providing.

And we are very grateful to receive literally a check for $1.5 million while we were in attendance. So, I want to thank them for that partnership, as well as the staff who continue to make sure that program is ongoing.

To date, we have assisted more than 20

homebuyers. We expect to serve an additional eight to ten with the additional funding we have received. So, congratulations to our team for doing so.

Under marketing, the Corporation released our 2025 Annual Report in late June. The report again this year is in a virtual format. It includes success stories and testimonials highlighting our programs and partners, video footage from me, which is no big deal, but it is in there. And a snapshot of our 2025 financials and some shout-outs to our funders.

So, we want to thank everybody for their work on that -- Katie and her team for putting that together. That takes a lot of work, and a lot of impact. And so, we are really, really thankful to have that done.

I say it every month and, hopefully, I will stop having to say it. But I just want to tell you that we are making huge progress towards finalizing our new website. And we are nearly done with internal testing and expect to begin having that available in August. So, be on the lookout for that.

Foundations Fund, the Corporation has fully committed our Texas Foundations Fund annual grants, awarding $1.25 million to a total of 80 non-profit organizations. And we have a full list of that under Tab

B in the Board book.

The Texas Supportive Housing Institute, applications for the 2026 Texas Supportive Housing Institute were due on Friday the 17th. The Corporation received a total of ten applications. And we are currently reviewing the submissions, along with the Corporation's supportive housing training partner, which is CSH, and Charles Schwab Bank, which is our funder for the 2026 Institute this year.

We plan to launch the 2026 Institute in September. It will consist of four months of intense training and PSH development, as well as one-on-one technical assistance and follow-up with the grantees that are allowed to participate in that.

So again, a lot going on in September, but we are very thankful to have that Institute. Not only that, but I wanted to give a huge shout out to Charles Schwab. They committed to fund the entire thing this year.

In the past, we have gone and gotten funders. But they host it. And they are going to fund the entire thing. So, that is a really big commitment on their part and we are very thankful for that partnership.

Under the TxDOT contract we have, the Corporation is currently working on finalizing the contract amendment with TxDOT that will guide the second phase of the affordable housing revitalization program, which is to administer the $28.5 million in grant funds to be awarded to the impacted neighborhoods. Once the contract is finalized, we will contract with a locally-based administrator to set up the grant program and make sure those funds get out the door.

Related to that, the Corporation, Katie and her team are in the final stages of interviewing candidates for two positions in our marketing and communications department.

One of them aligns specifically with the grant program administrator for the TxDOT award. Obviously, that person will be hired to administer the $28.5 million. They'll work on drafting the funding guidelines, draft the application and grant agreements, and collect reports from the grant recipients. And so, that position would be funded out of the grant award for a twelve-month term, with the ability to renew up to three years because we just don't know how long it will take to get all the funding out.

The intern that we are looking for the 2026 marketing term, they will assist with social media and graphic design. And this position is scheduled for about four months, running from about August through December.

What I might note in that is that one of our staff members that works in that position for us right now is currently at home on pre-maternity leave, her doctors' orders. And we hope that this person will fill in while they are out, not only during this time, but also after the baby is born. So, we are excited for them, but at the same time, we need to fill the position.

With that, Mr. Chairman, I will conclude, other than that we have our next scheduled Board meeting which is August 18th at 10:30. And just a reminder, since that is on the heels of ending our fiscal year, we'll also have an Audit Committee in advance of the Board meeting on the 18th.

MR. WILLIAMS: Okay. Thank you.

Board members, any questions?

MR. LEWIS: Always me asking a question.

MR. WILLIAMS: Go for it.

MR. LEWIS: I think it is fantastic, what we are doing, what we have done in Kerrville. Given the recent floods in Kerrville, Uvalde, Comfort, and that area, do you see an increase in demand for more assistance there? Another second wave, if you will, requests -- or is that a one-time shot for last year's floods? Maybe it is too early to tell.

MR. LONG: We have not heard from Community Foundations since. At least, I have not. And we were down, like I said, just recently, and in advance of the recent flooding.

I am very hopeful that the floods didn't have the impact they had before. Obviously we are very hopeful that the steps that have already been taken over the last year to mitigate that risk, but we'll be in contact with them. And if they have need for us, we'll certainly make ourselves available to continue the program as it is set up.

MR. LEWIS: Is that something we put inside our budget?

MR. LONG: It is funding from them. They basically funded the entire program for us. And then we use our Single Family Homeownership Program and we just stack additional down payment assistance on those awards.

MR. LEWIS: Thank you.

MR. RICHARDS: David, so you mentioned a conference yesterday.

MR. LONG: The TAAHP conference?

MR. RICHARDS: Yes.

MR. LONG: Yes, sir.

MR. RICHARDS: I was there.
MR. LONG: Okay.
MR. RICHARDS: And I've attended a couple previously. And it's a conference I think that would be interesting to Board members.
MR. LONG: Okay.
MR. RICHARDS: It is something that the Board members would have an opportunity to attend, as well.
MR. LONG: Okay. We can keep that in mind for next year.
MR. RICHARDS: Sure.
MR. LONG: Sure. Thank you for that. Good point, Mr. Richards. Thank you.
MR. WILLIAMS: Board members, anything else?
(No response.)
MR. WILLIAMS: Okay. David, thank you.
MR. LONG: Thank you.
MR. WILLIAMS: Okay. We are going to move on to our agenda items.
Tab Item 1, presentation, discussion, and possible approval of minutes of the Board meeting held on June 16th of 2026. Upon review, any questions? Any comments?
(No response.)

MR. WILLIAMS: Is there a motion?

MR. RASSIN: I move that the minutes be approved as presented.

MR. WILLIAMS: Motion made by Board member David Rassin. Is there a second?

MS. CARDENAS: Second.

MR. WILLIAMS: Second by Vice Chair Cardenas. Any questions on this?

(No response.)

MR. WILLIAMS: Any public comment?

(No response.)

MR. WILLIAMS: Okay. Moving on to a vote. All in favor, say aye.

(A chorus of ayes.)

MR. WILLIAMS: All opposed.

(No response.)

MR. WILLIAMS: Any abstentions.

(No response.)

MR. WILLIAMS: Okay. Great. The ayes have it. Thank you.

Okay. Moving on to Tab Item 2, 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 2026 Volume Allocation, and containing other matters incident and related thereto.

MS. LeVECQUE: Good morning, Mr. Chairman, members of the Board. I am Joniel LeVecque, the Senior Director of Single Family Programs.

And under Tab Item 2 today, we are asking the Board to approve a resolution authorizing the Corporation to submit one or more applications for our 2026 annual allocation. Each year, a portion of the State's private activity bond volume cap is available exclusively for reservation by issuers of qualified mortgage revenue bonds. And 10 percent of that amount is dedicated exclusively for reservation by TSAHC until August 6th of that year.

This year, the amount of our annual allocation is $138,056,633. This resolution also authorizes the Corporation to submit applications for additional volume cap during three other application periods throughout the year.

To give a little more background on that, any volume cap that has not been reserved before August 6th deadline for the single family will collapse into one general pot and is available for reservation by issuers of qualified mortgage revenue bonds. The next opportunity is during the August 15th collapse, and again during the calendar year 2026 application for traditional carryforward later on in the year.

So, not knowing the exact amount that will be available at any of those times, you will note that we are asking the Board to approve a resolution authorizing us to apply during each of those application periods, for an amount up to $800 million in reservations. This resolution authorizes the Corporation to file with the Texas Bond Review Board the applications for allocation, or an application for carryforward, along with any related certificates or documents needed for qualified mortgage revenue bonds.

It also authorizes the Corporation to execute any certificates and documents relating to converting all or a portion of the 2026 allocation of mortgage credit certificates, and to take any other actions necessary to implement a mortgage credit certificate program, including but not limited to publication of any required notices.

Please let me know if you have any questions. And I ask your approval on this resolution.

MS. CARDENAS: And this is common practice that you bring forward every year.

MS. LeVECQUE: Yes, ma'am. Yes, ma'am. It is the same time of year, either June or July of every year.

MS. CARDENAS: Yes. Yes.

MR. WILLIAMS: Board members, any questions?

MR. RICHARDS: Yes. I just have a question on the reserve, right. Is that what it is for?

MS. LeVECQUE: I am sorry. Under what?

MR. RICHARDS: Reserve. Is that correct?

MS. LeVECQUE: Yes. So, we are reserving it. Is that what you are asking?

So, we reserve the funds during the application period of January 1st through August 6th for our annual 10 percent allocation. We are reserving that. And then, in the other collapse periods that I have referred to, we are also trying to reserve during that period.

But it is competitive. There are multiple applications going in during those collapse periods. So, we don't always get any volume cap allocation reserved during those periods.

MR. RICHARDS: Okay.

MR. LEWIS: Do we have a cap? Or are we going to be bumping up against any limits?

MS. LeVECQUE: No.

MR. LEWIS: I mean, I know it is not unlimited.

But I didn't know if we allowed up to, say, go up to a billion.

MS. LeVECQUE: Yes. It is limited, based on the amount available.

MR. LEWIS: Okay.

MS. LeVECQUE: It is limited based on the amount available and limited based on who submit their applications before us. But we don't have any limits on the amount that you can reserve or take down.

MR. LONG: We have always tried to be prudent and frugal about the amounts we take. There have been opportunities for us to kind of discuss that in the past with other applicants.

Obviously, it is a very precious resource. And what we want to do is make sure that we are taking down the amount that we can not only utilize, but carry forward into next year and use, so we don't have a gap. But beyond that, there is no limit to what we can take down.

MR. LEWIS: Thank you.

MR. WILLIAMS: Any other questions?

(No response.)

MR. WILLIAMS: Okay. If nothing else, is there a motion for Tab Item 2 as presented in the Board book?

MS. CARDENAS: Motion to approve Tab Item 2 as presented.

MR. WILLIAMS: Motion has been made by Vice Chair Cardenas. Is there a second?

MR. RICHARDS: Yes. I would like to second the motion.

MR. WILLIAMS: Second by Mr. Richards.

Any further comments? Any questions?

(No response.)

MR. WILLIAMS: Any public comments?

(No response.)

MR. WILLIAMS: Okay. Moving on to a vote. All in favor, say aye.

(A chorus of ayes.)

MR. WILLIAMS: All opposed.

(No response.)

MR. WILLIAMS: Any abstentions.

(No response.)

MR. WILLIAMS: The ayes have it for approval of Tab Item 2, as presented in the Board book. Thank you.

Okay. Moving on to Tab Item 3, presentation, discussion, and possible approval of a resolution authorizing a request for unencumbered State ceiling, and containing other matters incident, and related thereto.

MS. LeVECQUE: Good morning again. Joniel

LeVecque, Senior Director of Single Family Programs.

In this resolution before you today, under Tab Item 3, similar to the resolution we just approved, this is the final application period where we can apply for additional volume cap. So, we are asking your authorization to submit a request to the Texas Bond Review Board to assign any unencumbered State ceiling to the Corporation, in an aggregate amount not to exceed $800 million as a carryforward.

The Allocation Act provides that on the last business day of the year; the Texas Bond Review Board may assign as carryforward any remaining State ceiling that has not otherwise been reserved or designated as carryforward. And as I mentioned a moment ago, this is the last opportunity to apply for a 2026 volume cap.

This resolution also asks your approval to authorize an election to be made by the Corporation to convert all or any portion of the unencumbered State ceiling to either mortgage credit certificates or qualified mortgage bonds. I will ask that you consider this resolution for approval. And I will answer any questions that you may have at this time.

MR. WILLIAMS: Board members, any questions or comments?

(No response.)

MR. WILLIAMS: Okay. Nothing else. Moving on to a vote. Can I get a motion?

MS. CARDENAS: Motion to approve Tab item 3 as presented.

MR. WILLIAMS: A motion has been made by Vice Chair Cardenas. Is there a second?

MR. LEWIS: I will second it.

MR. WILLIAMS: Second by David Lewis. Any questions, comments?

(No response.)

MR. WILLIAMS: Any public comments?

(No response.)

MR. WILLIAMS: Okay. Moving on to a vote for Tab Item 3, as presented in today's Board book. All in favor, say aye.

(A chorus of ayes.)

MR. WILLIAMS: All opposed.

(No response.)

MR. WILLIAMS: Any abstentions.

(No response.)

MR. WILLIAMS: Okay. Thank you. The ayes have it. Tab Item 3, as presented in today's Board agenda.

MS. LeVECQUE: Thank you.

MR. WILLIAMS: Thank you. Moving on to Tab Item 4, presentation, discussion, and possible approval of a resolution authorizing 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 Whitetail Ridge.

MR. DANENFELZER: Good morning. Dave Danenfelzer, Senior Director of Development Finance.

We have before us a new application for our Multifamily Private Activity Bond Program. This would be pulling from our annual allocation, which is approximately $112 million for the Multifamily Program. We received this application from Volunteers of America National Services, or VOA, on June 16th, for a 60-unit apartment complex in Cotulla, Texas, called Whitetail Ridge.

This is a pretty standard application, a straightforward development. Cotulla is along I-35 on your way down to Laredo from San Antonio. It is a highly rural area, but it is also sort of a central hub for the Eagle Ford Shale exploration and oil production.

So, the community has seen a significant amount of growth over the last ten years, but they have not really seen any growth in affordable housing units. So, we are actually pretty excited to see that they are looking to add some new affordable housing to this area.

I will note that TSAHC did help with a large portfolio project around four or five years ago that refinanced, some USDA affordable housing in Cotulla. But again, those units were about 30 years old. They were rehabbed, and they are doing well. But the City has seen really no new affordable housing in quite some time.

We do have a representative from the developer, Volunteers of America, today. If you would like for them to come up and answer any questions, they are here to answer.

But this is -- VOA is someone who has been around Texas for many, many years. And nationally, they are a very large non-profit organization that has literally tens of thousands of affordable housing apartments across the United States, including here in Texas.

While we have never worked with them directly on our bond programs, we have worked with VOA on other programs. And so, we are well familiar with their abilities, and what they do here in Texas and low-income families.

I will note that what you are approving today is actually an inducement resolution that allows staff to go ahead and begin the process of reserving bonds for the project for beginning a full underwriting and working with financial partners to create the bond structure, and engage our professionals, our bond counsel and financial advisors to review those structures and draft all the necessary paperwork.

We don't know the exact timeline. But what we do intend to do is reserve or submit our reservation application to the Bond Review Board for the bond amount before August 15th of this year to pull down from our annual allocation. And it typically is a 180-day reservation period, and we'll do our best to go ahead and get that closed by January of 2027.

But we have the ability to do a carry-forward election at some point and then potentially withdraw and resubmit a new reservation in 2027 so that this project can get some additional time, in case it runs into any hurdles.

MR. WILLIAMS: David, I have a question. I think you may have answered it. So, with this, is this going to require a new bond reservation? Or will this be part of, I guess, the previous two bond reservations that we just approved?

MR. DANENFELZER: So, this is a completely separate program.

MR. WILLIAMS: Okay.

MR. DANENFELZER: The two you have previously discussed and voted on were for the Single Family Programs.

MR. WILLIAMS: Okay.

MR. DANENFELZER: This is part of our multifamily bond allocation. We, TSAHC, as an agency, receives 10 percent of the State's set-aside for multifamily bonds each year. There are similar set-asides for certain programs on the single family side, but that has a separate allocation.

And it has nothing to do with -- they are completely separate under both the State statute and within our statute. So, we won't be reducing the amount available for our Single Family Programs before August 15th at all. They have their allocation, and they will be pulling that down themselves.

MR. WILLIAMS: Okay.

MR. RICHARDS: So, Volunteers of America, what other projects have they done that you can give us some examples?

MR. DANENFELZER: I will ask Deb to come up. Deb Welchel from Volunteers of America.

MS. WELCHEL: How do you do. My name is Deborah Welchel, and I have been at TAAHP for 24 hours and I have no voice. So, if you will forgive me, please. I talked to everybody in the free world, particularly about this transaction.

So, Volunteers of America has actually been around for 130 years, since 1896. In 1997, Volunteers of America National Services, which is who we actually work for, became the Housing and Health Care Division.

We have -- let me introduce myself. I am the Vice President of Real Estate Development for Volunteers of America National Services and was hired seven years ago to increase the portfolio size in Texas.

So, Volunteers of America National Services has 238 properties nationwide, 14,000 units. In the state of Texas, when I arrived here, we had five tax credit deals. But we have done two partnerships with the Dallas housing authority, and one of those is 260 units. And the second one is under construction right now, and it is 364 units.

We have also done three 9 percent tax rehab transactions. We have a large portfolio of 202 projects that were developed early in the '80s. And so, they needed -- '80s and '90s, and they needed renovation.

And then, we partnered, I don't know if any of you know them -- Wheeler Avenue Baptist Church in Houston. They wanted to do some housing on some land that was adjacent to the church. So, we are working with the William A. Lawson Institute for Peace and Prosperity and have a 9 percent transaction with them.

We typically do a lot of the guarantees. I have a balance sheet of $1.3 billion in assets and liabilities, and that allows us to get some preferential pricing with equity, as well as we do the guarantees. And we do the developer fee splits.

This particular transaction is a partnership with the City of Cotulla. They formed a public facilities corp. And they will own the land, which will give us a tax exemption on the property itself, and we will be the property manager.

It is a family property with one, two, and three bedroom units, on a piece of vacant land where we are purchasing a portion of it. Is about 3.26 acres.

MR. LEWIS: I have got a couple of questions, if you don't mind.

MS. WELCHEL: Absolutely.

MR. LEWIS: Just looking at Google Maps. There is another fairly new multifamily operation --

MS. WELCHEL: That is a relative term about new, in Cotulla.

MR. LEWIS: Well, it looks newer than other places.

MS. WELCHEL: Yes. Yes.

MR. LEWIS: It is called Madison Point. Right next to it.

MS. WELCHEL: Yes.

MR. LEWIS: Is that --

MS. WELCHEL: That is elderly.

MR. LEWIS: Is that your property as well?

MS. WELCHEL: No, sir. No, sir. That is owned by Dominium.

So, the housing authority has some property in the City of Cotulla. And I am not sure they are the strongest management company. And the City really wants something that could be newer and well-managed, and stable. And that is why they reached out to us.

MR. LEWIS: It doesn't bother you to be right next to them?

MR. DANENFELZER: No. We do look at the market studies on these projects. And I believe this one was under 5 percent for the capture rate.

So, that means that they only need to capture 5 percent of the total available units in the city to be 100 percent occupied. So, it is an excellent cap rate.

And the other property that you mentioned, we did look at that. And I believe it was built around 2001. So, it is over 25 years old already.

MR. LEWIS: Okay.

MR. DANENFELZER: It did receive some 9 percent tax credits as a new financing about seven or eight years ago. But that is still pretty old property. It does look in good condition on Google Maps, but --

MS. WELCHEL: It's not.

MR. LEWIS: It helps. So, there is also a hospital close by. Is that part of your strategy as well, is to be close to a hospital network? Or is that just happenstance?

MS. WELCHEL: No. That was just fortuitous. The piece of land we had was brought to us as an opportunity.

It is a larger piece, a larger tract of land, and we are going to put the multifamily on one side. And then they are going to do some single family development on the other side.

So, we also have, I was going to tell you that

60 percent of the units in this property will be at 50 percent set-aside. And that is a little bit higher than what your requirement is, because we are applying for Federal Home Loan Bank funds and we seem to be in the running for that. They've had questions. And so, that is $1,680,000 that we would also --

MR. LEWIS: And how long would it be before you actually had -- you know, we could open the doors --

MS. WELCHEL: So, if we -- do you want me to answer?

MR. DANENFELZER: Yes. Go ahead.

MS. WELCHEL: So, if we closed in January, it probably will take 14 months to build. And we'll probably need -- so if you assume ten units a month to lease it up, so I have got six months there. So, now I am 20 months in.

Then, I have three months of stabilization, where we will be -- you have to be 90 percent occupied for 90 days, and with a 1:15 debt coverage ratio. So, paying your bills. And then I can convert.

So, people will start being in units, probably about month 12. So, that is what you asked. I gave you more information than you asked for.

MR. LEWIS: Yes. No. That is perfect. Thank you.

MS. WELCHEL: Okay.

MR. LEWIS: It helps me understand better. Thank you.

MR. RICHARDS: It looks like it is a very exciting project.

MS. WELCHEL: We are excited.

MR. RICHARDS: In terms of the capital stack.

MS. WELCHEL: Yes, sir.

MR. RICHARDS: How relevant is the funding again from there for the overall capital stack.

MS. WELCHEL: So, the capital stack is interesting in this. Because the City has wanted this housing for 24 years. And as a result of that, they have been significantly incentivized to add money to it.

So, we are now at $5.2 million that the City is willing to put into the transaction -- that the City and county are putting into the deal, as well as the $1.68 million. And then, I believe there is $750,000 of -- it is like a TIRZ, but it is called a City 360, I believe.

Yes. I think I have --

MR. DANENFELZER: I don't have it listed in here, but the City is able to cobble together a number of different resources.

MS. WELCHEL: Yes.

MR. DANENFELZER: Probably most importantly is that $5.2 million loan that they are providing on the perm side.

MS. WELCHEL: Yes.

MR. DANENFELZER: But there is some additional cash on the construction side that'll help with the collateralization of the bonds.

MS. WELCHEL: Yes. Legacy is buying the bonds. And then, we'll do an interim to perm, where we just pay down the construction loan with the equity that we receive. And then, we will just carry that perm down.

MR. LEWIS: This is a bit of an odd question. I don't know if we get involved with this sort of thinking. But it seems to me a bit of a food desert out there. Do you all think about the proximity of grocery stores?

MS. WELCHEL: There is a grocery store in the area. Particularly, right up the road, is an HEB that was recently built. So, yes.

And Dilley is a larger -- it is not a larger community, but it has got a prison. And it has got some --

MR. LEWIS: Okay.

MS. WELCHEL: -- so, yes. And there is 32 hotels in this area, because they bring a lot of --

MR. LEWIS: In Cotulla?

MS. WELCHEL: Yes. They bring -- and they can get a million dollars a year in bed tax because frackers need places to stay. And a lot of the fracking that is going on in that area is --

MR. DANENFELZER: Yes. And part of the funding -- the 360 funding is the hotel/motel tax situation.

MS. WELCHEL: Yes.

MR. DANENFELZER: And what we found from some of the reports is that there is actually a number of families who live and work full time in lower income jobs that are living in hotels, because there is no affordable housing. So, that is another reason why we think this is a strong project. Because there's people that aren't being counted as renters in the area that need homes.

MS. CARDENAS: David, now remind me. Will we be responsible for property management services, just for the compliance aspect of it, in making sure that -- whether they are new applicants or recurring applicants, that they always maintain the 50 percent to 60 percent AMI qualification?

MR. DANENFELZER: Well, VOA will be the property manager, or their company will be the property manager. Our staff, though, will do annual compliance reviews, asset oversight and compliance review for the full period of the bonds.

So, I can't give you an exact date, but it will start as soon as they begin -- about 50 percent occupancy is when Celina, who is the Director of Asset Oversight and Compliance -- she will start having her staff go out and do annual reviews. And they will continue for at least 15 years, but it could be longer after that, depending on how long the bonds are outstanding.

MS. WELCHEL: And then, on my side, VOA Texas, which is actually a different organization than mine, is going to be the property management company. And as a result, we are guaranteeing the credits. And they have a Director of Compliance, who actually is onsite when people come in for certification.

So, they have been in place in the last six deals I have done and have never had any issues with file audits with the investors.

MR. DANENFELZER: And I don't specifically remember, but I know that we did do a review of the compliance history for VOA and VOA Texas.

MS. WELCHEL: Yes.

MR. DANENFELZER: And we found no findings or issues of compliance within the last few years.

(Pause.)

MR. RICHARDS: I don't have any more questions. It is just that this is the first time I am dealing with VOA, so I am not sure that they're doing due diligence, no lawsuits, no federal, state, community violations --

MR. DANENFELZER: Yes. That is actually part of our application process is we do have their legal counsel issue, I don't want to call it an opinion letter. Attorneys generally don't like to write letters like that.

MS. WELCHEL: No.

MR. DANENFELZER: But to the best of their knowledge, we have certification from their attorneys that there are no outstanding lawsuits or issues legally with the organization, or any of its subsidiary entities involved in this transaction.

MR. RICHARDS: Okay. I have no more questions. No, we don't want the lawsuits.

MR. DANENFELZER: No.

MS. WELCHEL: No, I don't need a lawsuit.

MR. DANENFELZER: We do our best to avoid those.

MR. WILLIAMS: Board members, any -- thank you. Thank you again.

MS. WELCHEL: Okay.

MR. RICHARDS: Thank you very much.

MR. WILLIAMS: Board members, any other questions? Comments?

(No response.)

MR. WILLIAMS: Okay. If nothing else, I'd like to entertain a motion for Tab Item 4 as presented in the Board book.

MR. LEWIS: I'll make a motion to accept this Item 4 as presented.

MR. WILLIAMS: Okay. Motion has been made by Board member David Lewis. Is there a second?

MR. RICHARDS: It is my pleasure to second it.

MR. WILLIAMS: A second by Mr. Richards. Any comments, questions?

(No response.)

MR. WILLIAMS: Any public comments, questions?

(No response.)

MR. WILLIAMS: Okay. Nothing else. Moving on to a vote. All in favor, say aye.

(A chorus of ayes.)

MR. WILLIAMS: All opposed.

(No response.)

MR. WILLIAMS: Any abstentions.

(No response.)

MR. WILLIAMS: Okay. Thank you. The ayes have it for approval of Tab Item 4 as presented in the Board book. Thank you.

MR. DANENFELZER: Thank you very much.

MR. WILLIAMS: Okay. Let's see here. Okay. Moving on to Tab Item 5. We are going to move into closed Executive Session discussion pursuant to Texas Government Code 551.074.

(Whereupon, at 11:15 a.m., the meeting was recessed, to reconvene this same day, Tuesday, July 21, 2026, following conclusion of the executive session.)

MR. WILLIAMS: Okay. All right. Just taking notes here. Okay.

We are reconvening on Tab Item 6 from our closed Executive Session on Tab Item 5, discussion pursuant to Texas Government Code 551.074. Tab Item 6 is, review, discussion, and possible action regarding matters in Executive Session and related actions.

The time is 12:42 p.m. and all Board members are present. Currently, right now, any public comment? Any discussions?

(No response.)

MR. WILLIAMS: Okay. No action was taken on Tab Item 5. And for Tab Item 6, same thing. No action was taken on that.

And with that, we don't have any other tab items. If there is no discussion, no comment, may I get a motion for adjournment?

MR. RASSIN: So moved.

MR. WILLIAMS: Motion has been made by David Rassin. So moved. The time is 12:42. Thank you.

(Whereupon, at 12:42 p.m., the meeting was concluded.)

C E R T I F I C A T E

MEETING OF: Texas State Affordable Housing Corporation Board of Directors

LOCATION: Austin, Texas

DATE: July 21, 2026

I do hereby certify that the foregoing pages, numbers 1 through 42, 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 Board of Directors.

DATE: July 27, 2026

/s/ Carol Bourgeois
(Transcriber)

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