TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

VIA RINGCENTRAL

Wednesday,
August 12, 2020
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Vice Chair
COURTNEY JOHNSON ROSE, Member
LALI SHIPLEY, Member
ANDY WILLIAMS, Member
**INDEX**

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALL TO ORDER</td>
<td>5</td>
</tr>
<tr>
<td>ROLL CALL</td>
<td></td>
</tr>
<tr>
<td>CERTIFICATION OF QUORUM</td>
<td></td>
</tr>
<tr>
<td>PUBLIC COMMENT</td>
<td>None</td>
</tr>
<tr>
<td>AUDIT COMMITTEE REPORT</td>
<td>6</td>
</tr>
<tr>
<td>PRESIDENT’S REPORT</td>
<td>7</td>
</tr>
<tr>
<td>Tab A: Homeownership Finance Report</td>
<td></td>
</tr>
<tr>
<td>Tab B: Development Finance Report</td>
<td></td>
</tr>
<tr>
<td>Tab C: Quarterly Compliance and Resident Services Reports</td>
<td></td>
</tr>
<tr>
<td>Tab D: Quarterly Fundraising Report</td>
<td></td>
</tr>
<tr>
<td>Tab E: Monthly Financial Reports</td>
<td></td>
</tr>
</tbody>
</table>

**ACTION ITEMS IN OPEN MEETING:**

| Tab 1                                           | 11   |
| Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on July 8, 2020. |

| Tab 2                                           | 12   |
| Presentation, Discussion and Possible Approval of the Audit Committee Guidelines. |

| Tab 3                                           | 14   |
| Presentation, Discussion and Possible Approval of the Fiscal Year 2021 Operating Budget. |

| Tab 4                                           | 16   |
| Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance of Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds (Shady Oaks Manor Apartments) Series 2020, an Indenture of Trust, a Loan Agreement, a Bond Purchase Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Bonds; and other provisions in connection therewith. |

| Tab 5                                           | 20   |
| 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 the Trinity Oaks Apartments.

Tab 6 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 the Pine Terrace Apartments.

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 the Fawn Ridge Apartments.

Tab 8 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 the Marshall Apartments.

Tab 9 Presentation, Discussion and Ratification of Changes to the presentation provided to the Board in relation to Resolution 20-12 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 the W. Leo Daniels Towers.

Tab 10 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 the Las Palmas Villa Apartments.

Tab 11  Presentation, Discussion and Ratification of Changes to the presentation provided to the Board in relation to Resolution 20-15 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 the Sandpiper Cove Apartments.

Tab 12  Presentation, Discussion and Possible Approval of Amended Policies for the Texas Housing Impact Fund.

CLOSED MEETING  None

ACTION ITEMS IN OPEN MEETING  --

ANNOUNCEMENTS AND CLOSING COMMENTS  51

ADJOURN  52
MR. DIETZ: Everybody, welcome to the August 12, 2020 meeting of the Texas State Affordable Housing Corporation Board of Directors. We are once again meeting virtually due to the March 13th disaster declaration by the Office of the Governor, and as we move forward, I'll just remind everybody to please unmute and state your name before making any comments.

So, we will do the roll call first.

Bill Dietz, I am here.

Valerie Cardenas?

MS. CARDENAS: Present.

MR. DIETZ: Courtney Johnson Rose?

MS. JOHNSON ROSE: Present.

MR. DIETZ: Lali Shipley?

MS. SHIPLEY: Present.

MR. DIETZ: And Andy Williams?

MR. WILLIAMS: Present.

MR. DIETZ: Okay. We are all present, so we do indeed have a quorum.

So, if you can please join me, as we normally begin our meetings, with the Pledge of Allegiance. And as I tell my Boy Scouts, if you don't have a flag available, that's perfectly okay, you're allowed to do the Pledge of Allegiance without a flag. So please join me in the
Pledge of Allegiance.

(The Pledge of Allegiance and the Texas Allegiance were recited.)

MR. DIETZ: Thank you.

Do we have any public comment before we move forward?

(No response.)

MR. DIETZ: Okay. I hear no public comment.

The first item on our agenda, I believe, is the Audit Committee report. I understand the Audit Committee met this morning; everything went well.

Ms. Cardenas, do you have anything to report to us?

MS. CARDENAS: No, other than to commend Melinda and the team for doing an excellent job with the very detailed reports. They were very resourceful and met with several of us committee members to make sure that we fully understand any possible variances, so you know, the Audit Committee was pleased with what was presented and we have no other questions at this time.

MR. DIETZ: Fantastic, good. Any questions for Ms. Cardenas from other Board members before we move forward?

(No response.)

MR. DIETZ: Okay. Hearing none, I will move
into the president's report. Mr. Long.

MR. LONG: Thank you, Mr. Chairman, members.

I'm going to keep this brief this morning. We have a rather busy agenda today so I wanted to just make sure that you each had a copy of the information that I was presenting, and I'll review it real quickly, but basically, business as usual continues at the Corporation, staff continue to work from home.

We are currently working from home through September 8th under the guidance from the Governor's Office and the disaster declaration. As Mr. Dietz noted earlier, we continue to meet remotely, including our Board meetings and Audit Committee meetings.

I'd like to thank Ms. Johnson Rose and Ms. Cardenas for their time this morning on the Audit Committee. I thought we had a really good Audit Committee meeting this morning, and I know we'll be discussing a couple of the items that were recommended for approval up to the Board for consideration today.

Regarding the Single-Family program, there continues to be extremely busy activity in that program. We are seeing excessive over last year's volume to the extent that we actually have a position that are out posting right now to bring on additional staff.

I'd like to thank Tim Almquist, Delia Davila
and their staff for all the work they're doing. I know that we've even recruited some of the Homeownership team to come in and help. Sarah has been helping out on that. But we have really high expectations of how we handle our files in terms of time limits back to lenders and making sure that we are keeping those self-imposed guidelines of getting files turned around in a timely manner, and I just think they're doing a phenomenal job.

And to the extent that we actually have brought in additional staff, the current staff, and they have a job posting that I know they're interviewing for now just continues to show the success of that program. So, we're very thankful for all that Tim and his team are doing, and I want to thank them for that personally.

As you can see from the information that was provided, we continue to stay very busy in our lender trainings and our Down Payment Hurdle Classes, and we also hosted a Facebook live Q&A session.

Fundraising, we continue to do well in that. We received a $75,000 grant from JPMorgan Chase in support of our permanent supportive housing institute, and that will be kicking off.

A couple of other highlights in that, the Corporation did receive an award for $2.4 million from the Texas Health and Human Services Commission as part of the
Money Follows the Person Demonstration Program. The Board has been made aware of that over the last several months, but we finally got that contract executed and funding is to be received by the end of the month, so we'll keep you posted as that program moves along.

Again, government relations, we had a Zoom meeting with Senator Lucio and city officials from Elsa-Edcouch last week, had an opportunity at Senator Lucio's request to join him and provide some expertise regarding ways that the city of Edcouch and Elsa can enhance their affordable housing needs, and we'll work with them to see if we can't come up with some ideas to help them move forward with that.

The Institute on Supportive Housing, all those applications have been received, we received a total of six applications, and we'll be looking forward to getting developers and everything selected to move forward later this month.

Rental program quick update. We had a tenant at 1910, the office building we own down the street from us, that's requested to move out. They are dealing with COVID in a different way than some. They are looking to go permanently working from home and not have office space.

We were able to secure a tenant to replace
them, and so we coordinated with both the existing tenant and a new tenant, and we'll be bringing in a new tenant into that building on a three-year lease starting September 1. The new tenant would be Youth Rise Texas.

I always like to mention our professionals that are attending, at least as far as I'm aware of. I know Routt Thornhill is on the call, general counsel with Coats Rose. I'm not sure if Scott Marx, also with Coats Rose joined or not, but he was someone, I think, who was potentially going to join.

And I know Chris Spelbring with Raymond James, our underwriting team and financial advisors on single family programs, he was joining, I know he registered. So, I don't know if anybody else is; if you did, I apologize for not bringing your name up.

And then lastly, Mr. Chairman, I would mention that the next tentatively scheduled meeting is September 9th at 10:30 for the Board in September. We typically skip a meeting sometime during the summer. Depending on whether or not we have agenda items for September, we may look to skip the September meeting if at all possible, unless the Board sees otherwise, but we'll keep you posted on that.

And with that, Mr. Chairman, I'll conclude my remarks and turn it over to you.
MR. DIETZ: Great. Thank you very much. Are there any questions or comments from the Board for Mr. Long?
(No response.)
MR. DIETZ: Okay. I did not hear any, so we will move into our action items for our open meeting today.
The first is tab item 1, the presentation, discussion and possible approval of minutes of the Board meeting that was held on July 8, 2020. Are there any questions or comments or corrections to the minutes?
(No response.)
MR. DIETZ: If not, I would entertain a motion.
MS. JOHNSON ROSE: Mr. Chairman, this is Courtney. Motion to approve.
MR. DIETZ: Great. Is there a second?
MS. CARDENAS: This is Valerie. Second.
MR. DIETZ: It's been moved and seconded that we approve the minutes as submitted.
Is there any public comment?
(No response.)
MR. DIETZ: Okay. Any further discussion?
(No response.)
MR. DIETZ: Then all in favor please unmute and
say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. Sounds like that passes, so the minutes are approved.

Tab item 2 is the presentation, discussion and possible approval of the Audit Committee guidelines.

MS. SMITH: Mr. Chair, my name is Melinda Smith, I am the CFO, and we're presenting the Audit Committee Guidelines to the Board for approval. We presented them this morning to the Audit Committee, and they approved them for recommendation to the full Board for approval, I should say.

I would like to mention to the full Board, because we didn't include this change in the guidelines that you received in your email, our auditors did request that we consider making one change to the guidelines on page 3 under item 3 under Independent Auditors.

They wanted us to add Uniform Guidelines to the list of the various auditing standards and resources that the auditors use, and the Uniform Guidelines just simply represent a collection of the rules that we use for administering federal grants and for auditing federal grants. So, in the second sentence of item 3 on page 3,
after Comptroller General of the United States, we added a comma and "Uniform Guidance."

If you'd like I can read the whole paragraph if that would be better for purposes of recording this change. Should I do that?

MR. DIETZ: Sure. That might be beneficial for the recording.

MS. SMITH: Okay. Item number 3 on page 3.

"Prior to releasing the audit report, discuss the results with the independent auditors, discuss certain matters required to be communicated to the Audit Committee in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, Uniform Guidance and any other standards required by applicable federal or state law or regulation."

So, we are asking the Board to approve the Audit Committee guidelines with that one change.

MR. DIETZ: Great. Thank you, Melinda.

Are there any questions from the Board or comments?

MS. JOHNSON ROSE: No questions, Mr. Chairman.

As Valerie mentioned, the Audit Committee approved with no concerns for the Board, so with that in mind, I make
the motion for approval.

MR. DIETZ: Okay, great. Is there a second?

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: Fantastic.

Any public comment?

(No response.)

MR. DIETZ: Okay. It's been moved and seconded that we approve the Audit Committee guidelines as submitted, with the change noted. Are there any comments or questions from the Board?

(No response.)

MR. DIETZ: Okay. All in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The Audit Committee guidelines are approved.

Thank you very much, Ms. Smith.

MS. SMITH: Thank you.

MR. DIETZ: Tab item 3 is the presentation, discussion and possible approval of the fiscal year 2021 operating budget.

MS. SMITH: This is Melinda Smith again. We presented the operating budget for fiscal year 2021 to the Audit Committee this morning, and they
approved it for recommendation to the full Board for
approval.

We have a $15 million budget. We budgeted a
very small profit of $123,000. And if the Board would
like for me to go through line by line and explain
everything, I would be happy to.

Or Valerie, do you have any comments regarding
the operating budget?

MS. CARDENAS: Just as I stated earlier, you
know, Melinda and her team did an excellent job putting
this together. They took the time to reach out to
Courtney and myself separately to address any questions or
concerns that we had. Any variances were very much
explainable.

There was really nothing, you know, that would
cause to raise an eyebrow, everything was in order and in
line. And so, with that being said, the Audit Committee
was, you know, very comfortable and pleased with the
operating budget that was presented.

MS. SMITH: Thank you.

So, we're asking the full Board to approve the
budget.

MR. DIETZ: Great. Thank you.

Board members, do you have any questions for
Melinda or Valerie?
MS. CARDENAS: I don't have any additional questions, and if there are none, then I make a motion to approve the operating budget as presented.

MR. DIETZ: Great. Is there a second?

MS. SHIPLEY: This is Lali. I second.

MR. DIETZ: Great. It's been moved and seconded that we approve the fiscal year 2021 operating budget as submitted.

Is there any public comment, or any further comments from directors?

(No response.)

MR. DIETZ: All in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The fiscal year 2021 operating budget is approved as submitted.

Thank you very much again, Ms. Smith.

MS. SMITH: Thank you so much. Off for another year.

(General laughter.)

MR. DIETZ: Yes, we have one more year.

Tab item 4 is the presentation, discussion and possible approval of a resolution authorizing the issuance of Texas State Affordable Housing Corporation multifamily

ON THE RECORD REPORTING
(512) 450-0342
housing revenue bonds, the Shady Oaks Manor Apartments, Series 2020, an indenture of trust, a loan agreement, a bond purchase agreement, an asset oversight, compliance and security agreement, and a regulatory agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the bonds; and other provisions in connection therewith.

Mr. Danenfelzer.

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

So first of all, good morning, everyone, and we are looking at the Shady Oaks Manor for a final bond approval. We've had a number of busy meetings the last couple of months but most of the meetings, much like today, those have been inducement resolutions or updates to previous transactions, but today for Shady Oaks Manor we are looking actually to approve the transaction, and your approval today would allow the Corporation's president and executive vice president to move forward to execute all of the bond documents that are necessary for the project to move forward to closing.

We've been working with Envolve Community Management and their partners and financing team for the last several months. Bond documents are in great shape at this period of time and so we're ready to get signatures
on them and move forward.

But as a small summary I'll give, this is a property located in Fort Worth, it's 138 units, it's an acquisition and rehabilitation project of an existing affordable rental community. You know, we've continued to look at underwriting standards and everything for this project and will continue to do so until we get to closing.

One thing that's important to note there is that the interest rates that we anticipate from the lenders, from the tax credit purchasers and everything, you know, there are commitments for those but they are generally based on fluctuating rates, oftentimes they're tied to the ten-year treasury or some other standard. And so, we'll continue to track that to make sure that this project at closing is at or below the interest rates we anticipated in our underwriting.

If approved today, the next step for this transaction will be for the Corporation to submit an application requesting final approval of the bonds from the Texas Bond Review Board.

This is what's called an exempt tract application because there are no tax exemptions involved, and so that is basically a six-day review process, and we do need to have also the approval from the Texas
Department of Housing on the 4 percent tax credits in order to get the BRB to sign off, so there are a couple more steps and approvals that will happen after today, but at this point in time staff is ready to ask for your authority to move forward and close on this transaction.

MR. DIETZ: Great. Thank you.

Are there any questions for Mr. Danenfelzer from the Board?

(No response.)

MR. DIETZ: Okay. In the absence of any questions, is there a motion?

MS. JOHNSON ROSE: This is Courtney, Mr. Chairman. I will make the motion for approval.

MR. DIETZ: Okay. Is there a second?

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution authorizing the issuance of the Shady Oaks Manor Apartments bonds as described previously.

Is there any public comment?

(No response.)

MR. DIETZ: Okay. Any further discussion or questions from the Board?

(No response.)

MR. DIETZ: Okay. All in favor please say aye.
(A chorus of ayes.)

MR. DIETZ: Thank you. Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution is approved.

Thank you, Mr. Danenfelzer.

Tab item 5, the 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 the Trinity Oaks Apartments.

MR. DANENFELZER: Good morning again. David Danenfelzer, senior director of Development Finance.

So, this is one of two projects that we're going to be discussing today here at tab 5 and tab 6. We previously looked at this project with the Board a few months ago and induced this transaction, actually last year we induced it, and we've been moving forward on a process, but there was a unique aspect to the transaction in the differences between ownerships, and if you'll give me a moment to kind of explain.

The project originally included four properties, a phase one and phase two of the Trinity Oaks
Apartments, and then also it included phase one and phase two of the Pine Terrace Apartments, which we're going to be talking about next.

In one of the properties the ownership entity also included the role of the local housing authority, and because of that, the difference between the two different projects between Sulphur Springs and Mount Pleasant, we just kind of kept trying to work through the hurdles of having those two different style ownership entities and were not able to really reconcile that with the original inducement that the Board approved.

So, working with bond counsel and the developer and their finance team, what we've decided to do is split the transactions into two separate bond issuances, so for agenda item 5 what we're dealing with is simply Trinity Oaks Apartments.

And as noted in my writeup, the project does stand alone, it will be 48 total units between the phase one and phase two of Trinity Oaks. You know, we've re-underwritten the project as a stand-alone transaction, and I'll note that we generally do with all portfolio transactions underwrite each individual property and make sure that they independently are feasible before we pool them together and also looked at the pooled impact of that.
So staff still feels very confident that the project is feasible, they have a great financing team that has been very willing to be flexible and to reduce the size, also to help trim some of the fees and ensure that the project is [inaudible] the whole bond amount.

But you know, at this point in time what we're doing is again we're inducing the transaction, which gives us authority on this particular transaction to move forward to develop bond documents and to move towards and application for reservation of our bonding authority.

And I'll also note that our bonding authority for 2020 was approximately $80 million at the beginning of the year. Under the state's process we will lose access to that bonding authority basically Friday night at midnight; we lose it on August 15th of every year. And so, you know, we do need to approve these inducements today in order to submit the application and get these under our 2020 bond allocation amounts.

But again, the project itself stands alone, we're happy with the changes that have been made and working through the sort of the ownership issues is something that we've been working on and we're very comfortable moving forward again with this project with your approval.

MR. DIETZ: Okay. Any questions for Mr.
Danenfelzer or comments?

   (No response.)

MR. DIETZ: All right. Is there a motion?

MS. CARDENAS: This is Valerie. Motion to approve tab 5 as presented.

MS. JOHNSON ROSE: This is Courtney. Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution with regard to the Trinity Oaks Apartments.

Is there any public comment?

(No response.)

MR. DIETZ: Okay. Any further comments or questions?

(No response.)

MR. DIETZ: All in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution is approved as submitted.

Tab item 6 is the 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 the Pine Terrace Apartments.

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

As I noted in the previous presentation, this is one of sort of two properties or projects that were separated from a previous inducement.

Pine Terrace Apartments, again, is located in Mount Pleasant, and I've kind of given you all the background with the previous agenda item, but again, we have reviewed this project as a stand-alone project and it does meet all threshold and scoring and underwriting criteria for the Corporation.

And we have, you know, good faith that this project as a 76-unit housing project in Mount Pleasant will be feasible moving forward, and we do need your authority today to apply for a new volume cap reservation for this specific project, which we'll do in the next 24 hours with your approval.

MR. DIETZ: Great. Thank you, Mr. Danenfelzer.

Any questions or comments from the Board?

MS. CARDENAS: I'm sorry. So, in the summary it says 124 units, and you were saying that Pine Terrace will preserve 76 units out of the 124?

MR. DANENFELZER: No. I apologize. What that
was is the original transaction included 76 units in Mount Pleasant and then 48 units in Sulphur Springs, so the total of the two properties was 124, but the previous one we dealt with is the 48 units and then this one, Pine Terrace, is just 76 units.

MS. CARDENAS: Okay.

MR. DANENFELZER: So that initial summary is really verbatim from what we had previously provided, and in the update, I probably could have been a little more clear about the numbers for each of the properties.

MS. CARDENAS: Okay.

MR. DIETZ: Great. Any other questions or comments for Mr. Danenfelzer?

(No response.)

MR. DIETZ: If not, I'd entertain a motion.

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

MR. DIETZ: and is there a second?

MS. JOHNSON ROSE: This is Courtney. I'll second.

MR. DIETZ: It's been moved and seconded to approve the resolution as described with regard to the Pine Terrace Apartments.

Is there any public comment?

(No response.)
MR. DIETZ: If not, is there any further comment or question from the Board?

(No response.)

MR. DIETZ: All in favor please say aye.

(A chorus of ayes.)

MR. DIETZ: Any opposed?

(No response.)

MR. DIETZ: Okay. The resolution for the Pine Terrace Apartments is approved as submitted.

On to tab item 7, the 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 the Fawn Ridge Apartments.

MR. DANENFELZER: Good morning again. David Danenfelzer, senior director of Development Finance.

So, this is a project we previously approved with the Board for inducement, but what we are asking for today is a new inducement to increase the maximum amount of the bonds. When we originally did this, the development team and finance team had kind of put in what they knew was the sort of maximum amount of bonds that
they needed at that time for the project, what they anticipated issuing.

Most often we typically add a little bit to that amount, but in looking at interest rates and credit amounts and other things, we've re-underwritten the transaction, and while the total amount of bonds that we plan to use didn't increase too much, it did increase beyond the $13 million we originally requested.

So, what we're doing is amending that previous inducement, or re-inducing the transaction for a maximum par amount of the bonds for $15.5 million. We will need to reserve that allocation here in the next 24 hours in order to lock it in and use our 2020 volume cap allocation.

But the underlying financials of this transaction are still very strong, there's no real changes to that side. Staff has re-underwritten, and the project still meets all of our threshold and underwriting criteria.

This is not something we like to do, but I will say we have done it in the past, and we've had to re-induce transactions to increase that maximum par amount of the bonds from time to time. It's not a huge deal, but it is important that we do it now and quickly so that we can reserve the bonds for this project and get it into the
pipeline.

    I'll be happy to answer any questions.

MR. DIETZ: Great. Are there any questions for Mr. Danenfelzer or comments?

    (No response.)

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

MS. JOHNSON ROSE: This is Courtney. I motion to approve.

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: Okay. It's been moved and seconded that we approve the resolution with regard to the Fawn Ridge Apartments as submitted.

    Is there any public comment?

    (No response.)

MR. DIETZ: Okay. Is there any further questions or comments from the Board?

    (No response.)

MR. DIETZ: All in favor please say aye.

    (A chorus of ayes.)

MR. DIETZ: Any opposed?

    (No response.)

MR. DIETZ: Okay. The resolution with regard to the Fawn Ridge Apartments is approved as presented.

Tab item 8 is the 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 the Marshall Apartments.

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

As I noted in the previous tab item, this is
for Marshall Apartments. Much like Fawn Ridge, again, the
original inducement resolution which was passed by the
Board earlier this year did not have enough or sufficient
volume cap allocation in order to complete this project.

The developer has worked with us, we are
increasing that amount from $11 million up to $15.5
million. We've continued to look at the numbers and the
amount that they anticipate issuing for this transaction,
and we do feel strongly that it will be a feasible project
and it continues to meet all of our threshold,
underwriting criteria and scoring.

So again, this is sort of a correction in order
to make sure we have enough volume cap. We are probably
unlikely to use -- we are definitely unlikely to use all
of the $15.5 million but we do need to get approval today
on increasing it in order to reserve our bond volume cap
on this project.
That's my presentation, and I am open for questions.

MR. DIETZ: All right. Are there any questions for Mr. Danenfelzer or comments from the Board?

(No response.)

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

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

MR. DIETZ: And is there a second?

MS. SHIPLEY: This is Lali. Second.

MR. DIETZ: Great. So, it's been moved and seconded that we approve the resolution with regard to the Marshall Apartments.

Is there any public comment?

(No response.)

MR. DIETZ: Okay. I don't know if I've been able to hear all the Board members 100 percent as we've been saying aye all in unison, so I think what I'd like to do is poll the Board instead, and so I'll just call your last name, and if you could just say yes if you are in favor of approval and no if you are not in favor of approval.

So, I'll start with myself. Dietz, yes.

Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Rose?
MS. JOHNSON ROSE: Yes.

MR. DIETZ: Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Williams?

(No response.)

MR. DIETZ: Have we lost Andy? Is he still with us?

MR. WILLIAMS: Yes.

MR. DIETZ: Oh, there he is. Okay, great. Good, fantastic. So, the resolution with regard to the Marshall Apartments is approved as submitted.

On to tab item 9, the presentation, discussion and ratification of changes to the presentation provided to the Board in relation to Resolution 20-12 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 the W. Leo Daniels Towers.

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

This agenda item is quite unique. In this sense we're not asking you to approve a resolution but rather just ratify certain changes that have occurred to
the transaction since we previously induced and approved this transaction.

The underlying facts are that when staff originally got this application, reviewed it, underwrote it, did everything, the developer of record for this transaction was ITEX Group, which was previously provided all the information on ITEX, its principals and its partners, and staff really heavily relied on ITEX as the sort of main component of the transaction.

For a number of reasons, and in particular because of some issues with the Texas Department of Housing and Community Affairs, ITEX is stepping aside on this transaction, and I do mean aside.

They are going to continue to be in the transaction, provide consulting services and other activities and help with this transaction, but two of the partners that were originally in the transaction, which staff was aware they were in the transaction but did not rely on sort of their compliance history and their experience to kind of underwrite the transaction, will now be kind of filling in the roles of developer and owner entity or general partner for the transaction.

Those two entities are Jeshurun Development, which is also an affiliated entity of J. Allen Management which will be the property manager for the property.
These are two excellent organizations.

Staff went through all of the normal due diligence we do for any new developer that we work with and we do have experience, actually, with J. Allen and other properties they have managed in the past that have been issued bonds from TSAHC.

We also did, you know, make sure we updated and if there were any changes to the underwriting or marketing conditions, we did update those, and that information to make sure that it was as accurate as possible in the presentation.

But what I do think is important at this point in time is really down in the developer summary is that we have looked at Jeshurun Development, we have faith that based on their experience having been doing projects for more than 20 years in the State of Texas and having an excellent compliance record with the Texas Department of Housing and Community Affairs, that we feel comfortable with sort of the organizational changes to the project.

But we certainly wanted to make sure that we brought this back to the Board to ratify those changes to the presentation simply because, you know -- and this lies on me -- I really did depend on and just focused in on the primary group, ITEX, in my presentation to you previously, and I just wanted to make sure that you're also informed.
and know that the primary entity of ownership will be held with Jeshurun and then management will be with J. Allen Management Company.

So that's my presentation and I am open for questions.

MR. DIETZ: Okay. Thank you, Mr. Danenfelzer. Are there any questions or comments with regard to this tab item from the Board?

MS. CARDENAS: So, you mentioned that ITEX -- this is Valerie -- you mentioned that ITEX was stepping aside but you mentioned that there would still be some light involvement?

MR. DANENFELZER: Yeah. So, the developer summary notes that ITEX Group is going to continue in a consulting role. They will continue to help manage sort of the process of moving from, you know, the inducement through the 4 percent tax credit application, they'll continue to have a very active role in that sense, but they are not going to be part of the actual ownership entities.

And that's a pretty big change from what we presented or implied in our previous presentation to the Board. We really did kind of say that ITEX was, you know, the owner entity and property manager, but that was kind of incorrect, and so we're correcting that based on the
changes to the ownership.

MS. CARDENAS: So, were they never going to have the ownership?

MR. DANENFELZER: No. They did actually have a role in the ownership entity before, and what I noted previously is that -- and this gets really -- I'm trying to explain what a plate of spaghetti looks like, unfortunately; that's the way I kind of feel.

MS. CARDENAS: No. I guess I meant like did they have any intention of, you know, ownership.

MR. DANENFELZER: Yeah. They did intend to own and be the owner entity of this property, but like I noted, during the 9 percent housing tax credit round -- which they are a very active developer -- there was an issue in part of their compliance record at TDHCA, which we have no control over.

We know that they are working to resolve that compliance issue, but TDHCA effectively has made them ineligible to receive either 9 percent or 4 percent credits in the organizational structure that they had previous proposed for this project.

And so Jeshurun was actually sort of the junior owner entity, for lack of a better term, and they're just being promoted to the senior owner entity in this case, but we do trust that Jeshurun has the ability to be the
senior owner entity, they have been on other properties, and they have worked with ITEX in the past on a number of projects, so the team is very solid and experienced together.

MS. CARDENAS: Okay. Thank you.

MR. DIETZ: Okay, great. Any other questions for Mr. Danenfelzer or any comments or clarification needed?

(No response.)

MR. DIETZ: If there aren't any questions or comments or clarifications needed from Mr. Danenfelzer, then I'd entertain a motion.

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

MR. DIETZ: Is there a second?

MS. SHIPLEY: Lali seconds.

MR. DIETZ: It's been moved and seconded that we ratify the changes to the presentation provided to the Board previously with regard to the W. Leo Daniels Towers. Is there any public comment?

(No response.)

MR. DIETZ: Is there any further discussion?

(No response.)

MR. DIETZ: Okay. And once again I'm going to poll the Board for your responses. Please say yes if you are in favor of ratification or no if you're not.
Dietz, yes.

Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Rose?

MS. JOHNSON ROSE: Yes.

MR. DIETZ: Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. The ratification is approved.

So on to tab item 10, the 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 the Las Palmas Villa Apartments.

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

This is a brand-new project. We received this application back in June and we've been working with the developer to get the application and everything ready for this Board meeting. Unfortunately, when they applied in
June it was just a little bit too late for us to try to get it into the July Board meeting.

But with this, again this is an inducement resolution which gives staff the authority to move forward to submit the reservation application at a future date and to begin working on bond documents and to move forward with this.

I will note that we are not intending to submit this immediately, we don't have enough volume cap this year to get it into our 2020 allocation, and at this time we're not intending to submit for the collapse period which happens after the 15th of this month.

We do intend -- and this developer is working with us and they know that we would intend to submit this for reservation in January of 2021 with our new allocation of bonds at that time.

We do this and we have done this in the past where we look at deals quite early in the year, knowing that there's a number of other steps they need to follow through on due diligence.

In particular with this one we know that they are going to have to go through a very thorough process with FHA and with HUD, because this is an acquisition rehab project with Section 8 project-based rental units, and so that process can take long and it has been taking a
little bit longer this year due to our current situation and the work situation with both HUD and FHA because of COVID-19. And so, we're getting ourselves on track early for this transaction is where I'm kind of going with that.

But that being said, I'll also note this is a 64-unit acquisition rehab project in Eagle Pass, Texas. It does meet our requirements for at-risk preservation. The total anticipated bond amount they'll use is $7 million but the inducement actually notes $9 million in there.

Again, this is our attempt to make sure we have a little bit of a cushion in case those expenditures or costs go up a little bit between now and next spring when the transaction is scheduled to close.

There will be, you know, ongoing rehab while tenants are in place, and we've talked about this before, you know, I just kind of want to make clear that the Board understands that most of the rehab will occur while tenants are living in place.

If there is a need because of safety precautions, the type of work they're doing on a particular unit, or any other reason to move a tenant, they will receive assistance for temporarily displaced tenants, tenants that have to move to another unit within the property or to an offsite unit for a temporary amount
of time. All the tenants will be able to come back and be placed into their own original units if they choose.

But again, this is a very kind of structured process that HUD monitors and requires a relocation plan and funding is set aside in order to make sure that none of the tenants come out of pocket for any moving expenses or temporary rents or anything like that, that everything is taken care of through the budget for the project in the bond issuance.

You know, the developer in this deal is Vitus Development based out of Seattle. They have actually offices in Seattle and New York. This is an organization we have not worked with before here in Texas and they are just moving into the Texas market.

They have three projects currently that they're working on in Texas totaling 292 units. This is one of the first ones that would probably be done in the first quarter of 2021, and I do not know the status or the timing of the other two projects that they're looking to do.

They have brought in a nonprofit partner to the transaction. While Vitus is going to be definitely the main developer of record and in a strong ownership role, Commonwealth Multifamily Housing Corporation, or a subsidiary thereof, will be the nonprofit general partner.
listed in the ownership structure.

We do have a history with Commonwealth. Back in the period of around 2001 to 2003 we closed on two transactions utilizing 501(c)(3) bonds. That was the South Texas Six portfolio and the White Rock Apartments in San Antonio, Texas. The South Texas Six portfolio included six apartment complexes in Corpus Christi and San Antonio.

I think what's important to note is that those properties did have a very good compliance record, supportive services and tenant services were well managed and well operated. The South Texas Six portfolio did get refinanced prior to the end of its bond term and was purchased out and the bonds were fully redeemed and repaid.

And the White Rock Apartment complex did meet its full bond term of 15 years. That project was refinanced in 2018 utilizing some other funding, it wasn't refinanced with bonds or tax credits. They did use a product through, I believe, Fannie Mae, and that project continues to have its affordability requirements in place, and TSAHC actually signed a sort of ongoing compliance agreement with that property, and so we do continue to look at that property and have some kind of oversight of that property even though it is not in our portfolio of
bond financed or other financing sources.

So you know, at this point I'll just kind of wrap with staff does believe this project is both feasible, it does meet all of our threshold and scoring criteria, and again, we are simply asking at this time for an inducement resolution so that we can move forward with developing bond documents, applying for a reservation in January, and we would anticipate this closing sometime March or April of 2021 once the HUD and FHA procedures are done at that time.

MR. DIETZ: Thank you, Mr. Danenfelzer.

So, this is Bill Dietz speaking. So, we would probably expect to see this come back to the Board. If we approve it today, then we'll expect to see it come back for final approval like in January or somewhere around there?

MR. DANENFELZER: Yeah. I would say February, but yeah, you're right, we would definitely bring this back next year February for final bond approval, like what we did with the Shady Oaks project earlier today.

MR. DIETZ: Great.

Any other questions or comments for Mr. Danenfelzer?

MS. SHIPLEY: This is Lali.

It looks like in the board packet the total
bond amount is noted as $7 million, but I believe you said
we'd be reserving $9 million. Is that correct?

MR. DANENFELZER: Yeah. So, the resolution --
and I will double-check the resolution since it's right in
front of me -- the resolution actually does allow for a
maximum principal amount of $9 million.

What we anticipate actually utilizing is
$7 million, we've underwritten it with $7 million in debt.
Obviously as interest rates change and other things
happen once, we price the bonds, that number can go up or
down a little bit. You know, if interest rates are
better, there's a likelihood that we could issue a little
over $7 million, but we've currently underwritten it at $7
million.

MS. SHIPLEY: Okay.

MR. DIETZ: Great. Any other questions or
comments from the Board?
(No response.)

MR. DIETZ: Is there a motion?

MS. JOHNSON ROSE: This is Courtney. I'll make
the motion. So, moved.

MR. DIETZ: Thanks, Courtney.

Is there a second?

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

MR. DIETZ: Okay. It has been moved and
seconded that we approve the resolution with regard to the Las Palmas Villa Apartments.

Is there any public comment?

(No response.)

MR. DIETZ: Is there any further discussion, comments, questions from the Board?

(No response.)

MR. DIETZ: Okay. Once again, I'll poll the Board. Please say yes to approve the resolution, no if you disapprove.

Dietz, yes.

Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Rose?

MS. JOHNSON ROSE: Yes.

MR. DIETZ: Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: And Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. Then the resolution with regard to the Las Palmas Villa Apartments is approved as submitted.

Thank you, Mr. Danenfelzer.

On to tab item 11, the presentation, discussion and ratification of changes to the presentation provided
to the Board in relation to Resolution 20-15 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 the Sandpiper Cove Apartments.

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

Much like tab item 9, this transaction here was previously reviewed by the Board and approved, and this is involving ITEX Group as developer.

Like I explained in the previous, in tab 9, basically the ownership entity that was party to ITEX Group is changing, and so they are changing and sort of promoting junior members of that organization or junior members of the ownership entity that were not clearly defined or described and discussed in the previous presentation to the Board, which is why we're asking for a ratification of this presentation itself.

I'll also note that the inducement itself and the owner entity, the legal name of the owner entity is not changing at all, it's simply the entities which are listed as the general partner or managing member of the owner entity which are changing. So you know, the
The inducement that you previously approved is still good but the presentation was not accurate in that sense in that we did not fully develop the writeup regarding the involvement of Jeshurun Development, and in this case, as well another entity, Nautical Development, Inc., which is a nonprofit housing developer based out of Orange, Texas.

Again, both these entities, Jeshurun and Nautical, have worked with ITEX over the years, they both have good experience with development of multifamily rental properties, and even some development and construction of single family in the case of Nautical Affordable Housing.

So we have kind of re-underwritten everything, double checked our numbers, double checked the background of all these entities and really just wanted to update the summary to make sure that the Board understands that these entities, Jeshurun and Nautical, are part of the ownership entity and that staff has fully kind of vetted those entities as well.

I was notified of one other error in the writeup this morning, and I have to apologize, it's just my mistake, but in this presentation previously I noted in the very beginning in the summary that this was 192 units reserved for seniors.

This is, in fact, a family development. The
project still meets our at-risk preservation targeted housing need but the references to seniors is incorrect. The property is properly identified as having apartments with one to five bedroom units and all the numbers, everything else is correct, it's just that I erroneously put in the term "senior" and then utilized a couple of other times in the writeup, and I want to correct this is actually a family development, not a senior development.

MR. DIETZ: Okay, great. Thank you, Mr. Danenfelzer.

Are there any questions or comments from the Board?

MS. JOHNSON ROSE: Mr. Chairman, this is Courtney. I will make the motion for approval.

MS. CARDENAS: This is Valerie. Second.

MR. DIETZ: It's been moved and seconded that we ratify the changes to the presentation provided to the Board in relation to Resolution 20-15.

Is there any public comment?

(No response.)

MR. DIETZ: All right. Any other further questions or comments for Mr. Danenfelzer?

(No response.)

MR. DIETZ: I'll poll the Board once again. Please say yes if you are in favor of ratifying, if you
are not please say no.

Dietz, yes.

Cardenas?

MS. CARDENAS: Yes.

MR. DIETZ: Rose?

MS. JOHNSON ROSE: Yes.

MR. DIETZ: Shipley?

MS. SHIPLEY: Yes.

MR. DIETZ: Williams?

MR. WILLIAMS: Yes.

MR. DIETZ: Okay. So, the changes as detailed by Mr. Danenfelzer are ratified.

MR. DANENFELZER: Thank you so much.

MR. DIETZ: Thank you. Are we finally finished with you, Mr. Danenfelzer?

MR. DANENFELZER: Yes. I'm happy to say I got to say good morning rather than good afternoon on my last presentation.

MR. DIETZ: Good job.

All right. Tab item 12 which is the presentation, discussion and possible approval of amended policies for the Texas Housing Impact Fund.

MS. RAMIREZ: Good morning, all. I'm Cassandra Ramirez, Development Finance Specialist. Can you guys hear me?
MR. DIETZ: Yes.

MS. RAMIREZ: Great. Agenda item 12 is the related to the approval of an amendment to the THIF policies to include a deferred forgivable loan product to service the Money Follows the Person demonstration program that David Long referenced in his president's report.

To give you a little bit of information about this program, this is a pilot program developed in partnership with the Health and Human Services Commission to increase the number of housing units for persons with disabilities and specifically those that receive assistance through Medicare/Medicaid Long Term Service and Support program, typically called LTSS.

The loan is a ten-year deferred forgivable loan to qualified housing providers that will reserve housing units for a minimum of ten years for LTSS residents. We're anticipating deferred forgivable loan amounts of $75,000 per unit and we're anticipating project to have two to five LTSS units per project, so we're looking at loans between $150- and $375,000.

Health and Human Services Commission is targeting these funds to Dallas and Travis Counties initially due to high need in these areas, and we're working on program guidelines and we'll start working on an amendment to the THIF application for this launch, and
we anticipate deploying approximately $2.4 million of these funds for this program.

Do you guys have any questions?

MR. DIETZ: Any questions or comments for Ms. Ramirez?

(No response.)

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

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

MS. JOHNSON ROSE: This is Courtney. Second.

MR. DIETZ: It's been moved and seconded that we approve the amended policies for the Texas Housing Impact Fund as submitted.

Is there any public comment?

(No response.)

MR. DIETZ: Is there any further conversation or discussion, questions, comments from the Board?

(No response.)

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

MS. CARDENAS: I think we made a motion and a second.

MR. DIETZ: Oh, I'm sorry. I apologize. Thank you for pointing that out.

I will once again poll the Board, so please say yes to approve the amended policies for the Texas Housing Impact Fund or no if you're not in favor of approval.
Dietz, yes.
Cardenas?
MS. CARDENAS: Yes.
MR. DIETZ: Rose?
MS. JOHNSON ROSE: Yes.
MR. DIETZ: Shipley?
MS. SHIPLEY: Yes.
MR. DIETZ: Williams?
MR. WILLIAMS: Yes.
MR. DIETZ: Okay. So, the amended policies for the Texas Housing Impact Fund are approved.
Thank you very much, Ms. Ramirez.
MS. RAMIREZ: Thank you. Thank you all.
MR. DIETZ: Is there any reason for us to go into closed meeting today?
MR. LONG: No, sir, there is not.
MR. DIETZ: Okay. Any other announcements or closing comments? Anything else we needed to make everybody aware of?
MR. LONG: Again, I just would remind the Board that tentatively September is our next Board meeting. Again, we would be looking at Wednesday, September 9th, but again, I will keep the Board posted. We may end up skipping that month, next month, but we'll keep you posted.
I'd like to thank the Board members for continuing to participate and join us via the virtual meetings. I think it has allowed us to get a lot done and hopefully it's been beneficial to you by not having to travel and take additional time out of your day, but we greatly appreciate you joining us and being a part of this, and we look forward to the next time we get a chance to talk.

MR. DIETZ: Great. Thank you very much. And thank you to Mr. Long and the staff for all their continued work despite not being able to be in person in the office.

So, with that, we will adjourn at 11:40 a.m. Thank you all very much.

(Whereupon, at 11:40 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TSAHC Board
LOCATION: RingCentral
DATE: August 12, 2020

I do hereby certify that the foregoing pages, numbers 1 through 53, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas State Affordable Housing Corporation.

DATE: August 19, 2020

(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752