

**BOARD MEETING  
TEXAS STATE AFFORDABLE HOUSING CORPORATION  
Held at the offices of  
Texas State Affordable Housing Corporation  
2200 E. Martin Luther King Jr. Blvd.  
Austin, TX 78702  
August 16, 2018 at 10:30 a.m.**

**Summary of Minutes**

**Call to Order, Roll Call  
Certification of Quorum**

**The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Chair, at 10:30 a.m., on August 16, 2018, at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd, Austin, TX 78702. Roll Call certified that a quorum was present**

**Members Present**

Bill Dietz, Chair  
Jerry Romero, Vice Chair  
Valerie Cardenas, Member  
Lori Cobos, Member

**Staff Present**

Betsy Aldrich, Senior Accounting Manager  
Cynthia Gonzales, Senior Office, & Loan Servicing Manager  
Dave Danenfelzer, Senior Director, Development Finance  
David Long, President  
Frank Duplechain, Homeownership Programs Specialist  
James Matias, Senior Manager, Asset Oversight and Compliance  
Janie Taylor, Executive Vice President  
Jo Keene, Manager, Development Finance  
Joniel Crim, Director, Homeownership Programs  
Katie Claflin, Director, Communications & Development  
Lacy Brown, Corporate Secretary  
Laura Ross, Manager, Communications & Development  
Melinda Smith, Chief Financial Officer  
Michael Wilt, Manager of External Relations  
Nick Lawrence, Controller  
Sarah Ellinor, Manager, Homeownership Programs

**Guests**

Aaron Greg, Greenberg Traurig, LLP  
Tim Nelson, Hilltop Securities  
Seth Crone, BNY Mellon

### **Public Comment**

No Public Comment was given.

### **Audit Committee Report**

Mr. Romero informed the board that the Audit Committee had met that morning to discuss the 2019 Operating Budget. The budget would be discussed further under Tab 2.

### **President's Report**

Mr. Long informed the board that program and financial reports could be found under Tabs A through D in the board packet, and included the quarterly Compliance and Resident Services report.

Mr. Long stated that the Loan Committee had met the previous day to review the loan portfolio and activity reports. No loan approvals were considered at the meeting. Both Mr. Romero and Ms. Cardenas attended the meeting, with Ms. Cardenas attending via phone. Mr. Romero noted that loan approval processes had also been reviewed at the meeting and recommendations had been made for improvements to the reports. Ms. Cardenas stated that while she was new to the process, she was impressed with the information and detail presented by staff.

Mr. Long provided an update on the Single Family Rental Program. He refreshed the board's memory that one of the homes owned under the program had caught fire several months ago. Thankfully no one had been injured, but the house had sustained significant damage that required a full rehab. Mr. Long informed the board that the rehab work was now complete and a new tenant had moved into the home. Mr. Long expressed how pleased he was with staff for their hard work in getting the home repaired and ready to lease out again.

Mr. Long announced to the board that over the last month the Homeownership staff had trained 160 Realtors through the Overcoming Down Payment Hurdle classes they conducted in conjunction with the Texas Association of Realtors (TAR) and the San Antonio Board of Realtors. He added that in September, staff would attend and have a booth at the TAR Expo in San Antonio.

Mr. Long informed the board that the Corporation would be submitting an application to the Capital Magnet Fund for additional funding for the Texas Housing Impact Fund and Multifamily Private Activity Bond (PAB) Program. Mr. Long explained that the Capital Magnet Fund was a federal grant program administered by the Community Development Financial Institutions (CDFI) Fund. Applications were due September 17<sup>th</sup> and staff was working with a consultant to structure the application.

Mr. Long provided an update on the Housing and Economic Assistance to Rebuild Texas (HEART) Program, a disaster recovery grant program administered by the Corporation in conjunction with Enterprise Community Partners. Six awards had been made under the program for a total of \$250,000. Grantees were required to use 100% of their grant funds to provide critical home repairs on homes damaged by Hurricane Harvey. Mr. Long thanked staff for their hard work on the program.

Mr. Long informed the board that he and Mr. Wilt had attended the National Alliance to End Homelessness Conference, held in Washington D.C. the previous month. Mr. Long thanked Mr. Wilt for his efforts on behalf of Mr. Long when he was unable to participate, as well as on behalf of the Corporation.

Mr. Long briefly introduced the professionals in attendance at the meeting which included Mr. Nelson with Hilltop Securities and Mr. Gregg with Greenberg Traurig.

Lastly, Mr. Long recognized Ms. Keene, Manager of Development Finance, and noted that she would be leaving the Corporation after seven years to become the Executive Director of Accessible Housing Austin (AHA!). Staff was sad to see her go but thankful for the work she had done for the Corporation and proud of her for the opportunity she had given to become Executive Director at AHA!.

**Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on July 19, 2018.**

Mr. Romero made a motion to approve the minutes of the Board Meeting held on July 19, 2018. Ms. Cobos seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken and the motion passed unanimously

**Tab 2            Presentation, Discussion and Possible Approval of the Fiscal Year 2019 Operating Budget.**

Ms. Smith provided the board with an overview of the Fiscal Year 2019 Operating Budget. Mr. Romero noted that he and Ms. Cobos, as members of the Audit Committee, had spoken with staff prior to the meeting to go over the budget and ask questions. Ms. Cobos noted that the Audit Committee had evaluated the proposed 2019 Operating Budget and she had asked for more information on some of the line items and inquired about the variances between budget and actual for 2018 and 2019, in order to better understand what was being presented to the Board of approval. She noted that staff had answered her questions satisfactorily. Ms. Cardenas asked specifically about the decrease in net revenue from 2018 actual to 2019 budget. Mr. Long responded that while Single Family Program revenue was quite high in 2018, staff was not projecting it to be as high in 2019. He added that the 2019 budget also included funds to purchase a new office building which could be found under the Program Expenditures line item. Mr. Dietz asked about increase to salary and payroll expenditures and Mr. Long explained that funds were included in the line item to cover 3 new positions and a few internships.

Ms. Smith noted that at the Audit Committee's request, staff would be adding some additional footnotes in the future to further explain the line items and variances. Discussion followed about the reasons staff wanted to be conservative in their revenue projections for 2019.

Mr. Dietz noted that because the FY2019 Operating Budget came to the board as a motion from the Audit Committee, it did not require a second. Mr. Dietz asked for public comment and none was given. A vote was taken and the motion passed unanimously.

**Tab 3            Presentation, Discussion and Possible Approval of the Request for Proposals for General Counsel of the Corporation.**

Mr. Long informed the board that the Corporation periodically issued Requests for Proposals (RFPs) for professional services to ensure that the service we received was the best fit for the Corporation and the associated fees were the most reasonable. Mr. Long noted that an RFP for general counsel had not been issued for 12 years. Because we tried to RFP every five to seven years, staff had determined there was a need to issue an RFP for these services. The length of our relationship with Greenberg Traurig had created a wealth of institutional knowledge, however by going through the RFP process we would ensure that other providers along with Greenberg Traurig would have a chance to show how they could best serve the Corporation along with the fees associated with those services. Mr. Long asked the board's approval to release the RFP which included the requirements for scope of services, September 14<sup>th</sup> submission timeline and selection criteria. Mr. Dietz asked if it was a best practice to RFP every 5 to 7 years and Mr. Long confirmed that it was the best approach going forward.

Ms. Cardenas mad a motion to approve the Request for Proposals for General Counsel of the Corporation. Ms. Cobos seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken and the motion passed unanimously.

**Tab 4            Presentation, Discussion and Possible Appointment of a Board Member to the Single Family and Multifamily Loan Committee.**

Mr. Danenfelzer provided the board with an overview of the Single Family and Multifamily Loan Committee and its oversight of the Texas Housing Impact Fund. Mr. Danenfelzer explained that the Committee was created to provide initial reviews of proposed loans and to help staff determine which ones should be recommended to the board. The Loan Committee was comprised of four members including: Board member, President, Executive Vice President, and Chief Financial Officer (CFO). These members represented the board during the committee meetings and made recommendations on loans that are greater than \$500,000. Mr. Romero, who serves on the Loan Committee, added that it is of great importance that a board member be a part of the Loan Committee to provide direct input into the Committee's actions and to report to the full board about those decisions.

Mr. Romero made a motion to appoint Ms. Cardenas to the Single Family and Multifamily Loan Committee. Ms. Cobos seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Following the vote, Mr. Dietz thanked Mr. Romero for his years of service on the Loan Committee.

**Tab 5            Staff Presentation and Overview of Multifamily Tax-Exempt Bond Program.**

Mr. Danenfelzer gave an overview of the Corporation's multifamily bond programs. Mr. Danenfelzer explained that the Corporation had the authority to issue 501(c)(3) bonds and multifamily private activity bonds (PAB). He noted that 501(c)(3) bonds could only be issued to borrowers who were nonprofit corporations. PABs could be issued to both for-profit and nonprofit entities and were also eligible for 4 percent tax credits through the Department of Housing Community Affairs (TDHCA). Tax credits provided additional equity to the project that the developer didn't have to repay. Mr. Danenfelzer noted that 501(c)(3) bonds had not been issued by the Corporation since 2003. The PAB program portfolio totaled \$249 million in bonds and 5,400 units of affordable housing. He added that the Asset Oversight and Compliance staff visited the properties annually to do physical inspections. The typical length of time properties remained in the portfolio was 15 years and sometimes longer depending on the ownership and structure of the bonds. Mr. Danenfelzer noted that the Corporation's authority to issue bonds was included in statute along with the objective to meet housing needs not being met by other housing finance corporations in Texas. He noted that the PAB program had four targeted housing needs: preservation and rehabilitation of existing affordable housing, properties in smaller urban and rural markets, properties serving seniors and those with special needs, and properties in areas impacted by recent natural disasters.

Mr. Danenfelzer then spoke in detail about the different steps in the approval process for bond transactions under the PAB program, including board approval of both an inducement resolution and resolution approving the final bond transaction.

Ms. Cardenas asked if staff had looked at other potential areas of the state to issue bonds, and Mr. Danenfelzer explained that the process typically involved developers coming to the Corporation with their requests for funding. Mr. Danenfelzer went into further detail about the funding sources for the PAB program and how they differed from the loan program.

Mr. Dietz asked if all multifamily transactions issued by the Corporation fell under the loan and bond programs. Mr. Danenfelzer explained that they fell under one of those programs, or the Affordable Communities of Texas (ACT) Program.

Ms. Cardenas asked how the development community heard about the programs we have available and Mr. Danenfelzer explained that through participation at conferences as well as general outreach, developers learn about the Corporation's programs. Ms. Cardenas then asked about outreach to developers in rural areas and Mr. Danenfelzer noted that certain developers focused on rural areas. He added that most transactions in rural areas were smaller and funded under the USDA 515 Program. Mr. Danenfelzer spoke further about outreach efforts being conducted for developers in rural areas. Ms. Cobos inquired about the outreach efforts and developer interests in rural communities in West Texas.

Mr. Dietz thanked Mr. Danenfelzer for his presentation and noted there was no action to be

taken on this tab item.

**Tab 6            Closed Executive Session: Discussion and Update Regarding the Purchase of Property to be Used as the Headquarters of the Corporation. (Real Estate Matters – Section 551.072 Texas Government Code)**

Mr. Dietz called the Board into closed meeting in accordance with Government Code 551.072, Real Estate Matters. The time was 11:31am.

The closed meeting ended and the Board came back into open meeting at 12:13pm. Mr. Dietz noted that no action had been taken during closed meeting.

**Adjournment**

Mr. Dietz adjourned the meeting at 12:13PM.

Respectfully submitted by \_\_\_\_\_  
Lacy Brown, Corporate Secretary