

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
March 25, 2019

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Monday, March 25, 2019, at 2:00 P.M. in Conference Room G-11, State Capitol, Nashville, Tennessee. The following members were present: Jonathan Rummel (for Secretary of State Tre Hargett), Treasurer David Lillard and Comptroller Justin Wilson. Kim Grant Brown (*Chair*) and Samantha Wilson (for Commissioner of Finance & Administration Stuart McWhorter) participated by conference call.

At the request of Chair Brown, Comptroller Wilson chaired the meeting. Comptroller Wilson noted a physical quorum was present and called the meeting to order. He indicated the first item of business was approval of the February 12, 2019, minutes. Upon motion by Comptroller Wilson, second by Treasurer Lillard, and with the following roll call vote, the motion carried to approve the February 12, 2019, minutes:

Chair Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Treasurer Lillard:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

Comptroller Wilson next recognized Ms. Miller to present the next agenda item, authorization of Issue 2019-2 and the Issue 2019-2 Reimbursement Resolution. Ms. Miller noted Issue 2019-1 closed on March 21 with approximately \$69 million reimbursed to THDA. She indicated that, with strong mortgage loan production, staff expects to begin committing against Issue 2019-2 by late April or early May. She referenced the following documents in the Board materials:

- a memorandum regarding Issue 2019-2 from Ms. Miller, dated March 19, 2019, that described the documents to be considered, explained how the authorization for Issue 2019-2 complied with THDA’s Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided by CSG Advisors Incorporated (“CSG”), financial advisor for THDA;
- a memorandum from CSG dated March 14, 2019, that recommended authorization of Issue 2019-2 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$200 million, which includes a new money component as well as a small refunding component, and for Citigroup Global Markets, Inc. to serve as bookrunning senior manager and Wiley Brothers-Aintree Capital to serve as the rotating co-manager;
- the Plan of Financing for Issue 2019-2 in an aggregate principal amount not to exceed \$200 million to be approved by the Committee (“Plan of Financing”);
- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2019-2 under the 2013 General Resolution, and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2019-2 bonds (the “Authorizing Resolution”);
- the form of Series Resolution for Issue 2019-2; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2019-2 in an amount not to exceed \$60 million (the “Reimbursement Resolution”).

Ms. Miller indicated that approximately \$7.85 million of Issue 2010-A, issued under the 2009 General Bond Resolution, would be refunded for savings. It was noted that this refunding would not reduce the amount of the moral obligation of the State since the 2009 General Bond Resolution does not carry the moral obligation pledge. Upon motion by Comptroller Wilson, second by Mr. Rummel, and with the following roll call vote, the Committee unanimously approved the Plan of Finance and recommended Board approval of the Authorizing Resolution and the Reimburse Resolution:

Chair Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Treasurer Lillard:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

There being no further business to come before the Committee, Comptroller Wilson adjourned the meeting.

Respectfully submitted,



Assistant Secretary

Approved the 20th day of May, 2019.

TENNESSEE HOUSING DEVELOPMENT AGENCY
PLAN OF FINANCING
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2019-2
March 25, 2019

Pursuant to TCA Section 13-23-120(e)(4):

AMOUNT:

The bonds may be sold in one or more series to be known as Residential Finance Program Bonds, Issue 2019-2 (the “Bonds”), to be issued under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the “General Resolution”).

The aggregate principal amount of the Bonds shall not exceed \$200,000,000. The actual aggregate principal amount shall be determined by the Bond Finance Committee of the THDA Board of Directors (the “Bond Finance Committee”) upon the recommendation of the Financial Advisor, Executive Director, Assistant Secretary of the Bond Finance Committee and approved by THDA’s Bond Counsel and may take into account the following limitations and other factors:

- (1) the amount of Bonds which may be issued pursuant to the Act and the total amount of bonds outstanding under the General Resolution; and
- (2) the amount of Bonds which may be issued to refund bonds or notes outstanding under the General Resolution, the General Homeownership Program Bond Resolution (the “1985 Resolution”); or under the General Housing Finance Resolution (the “2009 Resolution”) to provide economic savings, additional opportunities for interest rate subsidies with respect to THDA Program Loans or as a result of prepayments, proceeds on hand, excess revenues, or maturing principal; and
- (3) the amount of Bonds that may be issued, the proceeds of which are necessary to reimburse THDA for Program Loans financed from available THDA funds prior to the availability of proceeds from the Bonds; and
- (4) the amount of Bonds which may be issued, the proceeds of which are necessary to meet demand for Program Loans; and
- (5) the availability of THDA’s funds, subject to the review of the Bond Finance Committee, for the purpose of providing for the payment of the costs of issuance of the Bonds, paying capitalized interest with respect to the Bonds, funding the Bond Reserve Fund, providing additional security for the Bonds, and achieving a lower rate of interest on the Program Loans; and
- (6) the amount of resources (loans and cash) available under the 1985 General Resolution to overcollateralize the Bonds, if needed, to improve yield, reduce the amount of other subsidies and to increase the program asset debt ratio under the General Resolution.

**APPLICATION
OF PROCEEDS:**

Proceeds of the Bonds will be applied to (i) redemption and payment at maturity of certain of THDA's bonds or notes outstanding under the 1985 Resolution, and/or the 2009 Resolution; (ii) finance Program Loans by the direct purchase thereof; and (iii) other uses as specified below in approximately the following amounts:

- 90% for single-family first lien mortgage loans, refinancing outstanding bonds;
- 8% for bond reserve;
- 1% for capitalized interest; and
- 1% for cost of issuance and underwriter's discount/fee.

**DATE, METHOD AND
TERMS OF SALE:**

The sale of the Bonds will take place by competitive or negotiated sale, including private placement, and will occur no later than July 31, 2019. THDA will prepare for the sale with the aid of its financial advisor, CSG Advisors Incorporated, and its bond counsel, Kutak Rock.

MATURITIES:

The Bonds may be any combination of tax-exempt and/or taxable long and/or short term serial, term, and/or discounted or premium bonds as may be determined by the Bond Finance Committee. The Bonds shall have a maturity not to exceed 34 years from the date of original issuance.

BOND INTEREST RATES:

The interest rates on the Bonds shall be fixed long term rates and shall not result in a net interest cost in excess of 9% per annum.

REDEMPTION TERMS:

The Bonds may be subject to redemption prior to maturity on such terms as are to be determined by the Bond Finance Committee.

**LOAN INTEREST RATES AND
COST OF ADMINISTRATION:**

Unless otherwise permitted under the Internal Revenue Code, the blended effective interest rate on Program Loans financed with proceeds of tax-exempt Bonds (including any transferred loans upon the refunding of any outstanding bonds) will not exceed 112.5 basis points over the yield on such tax-exempt bonds, as calculated in accordance with the Internal Revenue Code, from which all of THDA's costs of administration for the Bonds may be paid.