

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
May 20, 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, May 20, 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), Samantha Wilson (for Commissioner of Finance & Administration Stuart McWhorter), and Comptroller Justin Wilson (*Secretary*). Kim Grant Brown (*Chair*) participated by conference call. Treasurer David Lillard did not attend the meeting.

At the request of Chair Brown, Comptroller Wilson chaired the meeting. He noted a physical quorum was present and called the meeting to order. Comptroller Wilson asked for a motion to approve the minutes of the March 25, 2019, meeting. Upon motion by Mr. Rummel, second by Ms. Wilson, and with the following roll call vote, the motion carried to approve the March 25, 2019, minutes:

Chairman Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

Comptroller Wilson recognized Lynn Miller, THDA Chief Legal Counsel, who presented the Schedule of Financing for Fiscal Year 2019-2020 (the "Schedule of Financing") included in the meeting material. She indicated that, based on projections provide by Single Family program staff, the Schedule of Financing provides for four bond issues in a total principal amount of \$475 million for Fiscal Year 2019-2020 plus approximately \$30 million in anticipated refundings. Upon motion by Comptroller Wilson, second by Mr. Rummel, and with the following roll call vote, the motion carried to recommend the Schedule of Financing to the Board for approval:

Chairman Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

Comptroller Wilson next recognized Ms. Miller to present information regarding conventional lending. She referenced a memo dated May 14, 2019, from her and Lindsay Hall, Chief Operating Officer of Single Family Programs, and noted that, in March 2015, the Board authorized an insured conventional loan product using a master servicer who would pool THDA conventional loans and sell them to the government sponsored entities (GSEs). THDA would hold the resulting mortgage-backed securities as investments. She explained that THDA now services its loan portfolio and would retain servicing rights to these conventional loans and earn servicing revenue monthly. The 2015 authorization does not accommodate this model, so additional authorization is needed. She indicated that THDA staff recommends the following authorizations as specified in the referenced memo:

1. Authorize an insured conventional loan product through a secondary market execution;
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSEs on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required;
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function;

4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director; and
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Upon motion by Comptroller Wilson, second by Chair Brown, and with the following roll call vote, the motion carried to recommend the five authorizations listed above and in the referenced memo to the Lending Committee and the Board of Directors for approval:


Chairman Brown:	Yes
Mr. Rummel for Secretary Hargett:	Yes
Ms. Wilson for Commissioner McWhorter:	Yes
Comptroller Wilson:	Yes

Comptroller Wilson asked for the report on the THDA Debt Management Policy review. Ms. Miller indicated THDA staff and staff of the Office of State and Local Finance reviewed the current THDA Debt Management Policy. She indicated that Sandi Thompson noted some additional disclosure items that the Comptroller’s office would be requiring of other bond issuing entities, but Ms. Thompson felt the current THDA Debt Management Policy covered those items. Ms. Miller further indicated that staff has no changes to recommend. No changes were recommended by the Committee.

Comptroller Wilson indicated the next item for consideration was the review of the State Form CT-0253, Report on Debt Obligation (the “Report”) for Issue 2019-1. He recognized Ms. Miller who explained that the Report is statutorily required for every bond sale and must be submitted to the Board of Directors for review. She indicated the Report was filed with the Comptroller’s Office on April 8, 2019, within the 45-day filing period. Ms. Miller noted that her memo dated May 15, 2019, provided a cost comparison of the four most recent bond issues. No action by the Committee was needed.

There being no further business, Comptroller Wilson adjourned the meeting.

Respectfully submitted,


 Assistant Secretary

Approved the 22nd day of July, 2019.