



**Tennessee Housing Development
Agency - Board of Directors
Meeting Materials
January 29, 2019**



Tab 1 – Agenda

**Tab 2 – Memo from Ralph M.
Perrey, Staff Awards,
Quarterly Board Report**

**Tab 3 – Minutes from
November 13, 2018**

**Tab 4 – Materials for the Executive
Directors Report**

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Meeting Materials**

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Meeting Materials**

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Meeting Materials**

Tab 8 –

Tab # 1

Items:

Agenda



THDA Board of Directors Meeting
January 29, 2019—1:00 p.m. Central Time
William R. Snodgrass -Tennessee Tower
312 Rosa L Parks Avenue, Third Floor
Nashville, Tennessee 37243

All meetings will be held in The Nashville Room

AGENDA (Tab #1)

Public Comment to the Board	Brown, Perrey, Board Members
A. Opening Comments and Introductions.....	Brown
B. Staff Recognition (Directors) (Tab #2)	Perrey
C. Approval of Minutes from November 13, 2018 Meeting (Tab #3)	Brown
D. Executive Director’s Report	Perrey
E. Committee Reports and Committee Matters	
1. Grants Committee (Tuesday, January 29 – 10:00 a.m.) (Tab #4)	van Vuuren
* a. Non Profit Capacity Building Grant Program Proposal	Shearon
* b. Extension Request by Sevier County – 2017 Rebuild and Recover Grant	Watt
* c. 2019 Fall Round of the THTF Competitive Grants Program Funding Awards Update	Watt
d. 2018 HOME/CHDO Mini Round 2 Funding Awards Update	Watt
2. Lending Committee (Tuesday, January 29 – 10:15 a.m.) (Tab #5)	Cleaves
* a. 2019 Housing Cost Index	Arik
* b. Hardest Hit Fund Program Modifications	Peraza
3. Tax Credit Committee (Tuesday, January 29 – 10:30 a.m.) (Tab #6)	Tully
* a. Proposed Amendment to 2019 Low Income Housing Tax Credit Qualified Allocation Plan	Yandell
(i) 2018 Low Income Housing Credit Exchange	
(ii) New Construction Tie Breaker	
(iii) Rehabilitation Tie Breaker	
* b. Proposed Amendment to 2018 Low-Income Housing Tax Credit Qualified Allocation Plan	Yandell
(i) Income Averaging	
* c. 2017 Allocation Exchange Requests	Yandell

Tab # 2

Items:

Memo from Ralph M. Perrey, Executive Director
Service Award Recipients
Quarterly Board Report



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Ralph M. Perrey, Executive Director
DATE: January 22, 2019
SUBJ: THDA Board of Directors Meeting

THDA Board Members –

Happy New Year! We look forward to seeing you on January 29 for our first board meeting of 2019.

This is easily the shortest agenda I can recall in my association with THDA, but several action items await your attention, notably in the Tax Credit program.

- In order to address the significant cost increases experienced by developers of 2018 tax credit properties, we are proposing to make an additional \$2.5 million of 2019 credit available to assist those deals. Because investors will prefer that all tax credits associated with a particular development be for the same year, we propose to allow all 2018 awardees to exchange their 2018 credits for 2019 credits. These developments must, however, still meet the December 31, 2020 Placed in Service deadline. Full details may be found behind the Tax Credit Committee tab.
- The Tax Credit Committee will also take up six requests for tax credit exchanges involving developments awarded credits in 2017. Circumstances vary among these applicants. Details and staff recommendations are included behind the Tax Credit Committee tab, as well.
- Lending Committee is asked to approve our transfer of roughly \$4 million from under-utilized Hardest Hit Fund programs to our successful HHF down payment program, pending the expected sign-off from the US Department of the Treasury.
- Lending Committee will also take up the annual Housing Cost Index adjustments. It appears the adjustments will be minimal.
- Grants Committee will take up our proposed Capacity Building Grant program for non-profits. Details may be found behind the Grants Committee tab.

Please feel free to contact me if you have questions or concerns about any of these. Cindy Ripley can assist with travel and lodging logistics. See you on the 29th.

Celebrating *Years of Service*

5 Years

Cynthia Buntin

Financial Accountant
Accounting

THDA Hire Date: October 14, 2018

State Hire: February 11, 2014

5 Years

Patricia Randolph

Receptionist
Operations

THDA Hire Date: February 9, 2014

THDA QUARTERLY BOARD REPORT

July 1, 2018 – September 30, 2018

Summary of Quarterly Activities

Finances and Resources

Available Volume Cap (September 30, 2018)		\$1,092,375,438
Bonds Outstanding (September 30, 2018)		\$2,182,465,000
	<i>Current Year</i>	<i>Prior Year</i>
Operating Income (12 Months ended June 30, 2018)	\$14,005,000	\$13,771,000
Net Assets (12 Months ended June 30, 2018)	\$515,957,000	\$514,357,000

Homeownership Activities

	<i>Number</i>	<i>Value</i>
Loans Committed During Quarter	3,387	\$464,128,503
Loans Funded During Quarter	3,249	\$432,913,263
	<i>Q3, 2018</i>	<i>Q3, 2017</i>
Loans Active	24,894	23,342
Value of Loans (in millions)	\$2,226	\$1,956
Loans Paid Off during Quarter	982	609
Loans 60-days Delinquent	3.33%	2.19%
Loans 90-days Delinquent	4.93%	6.20%
Loans in Foreclosure	0.35%	0.68%
	<i>Q3, 2018</i>	<i>Total Served</i>
Foreclosure Counseling (AG)	93	17,963

Section 8 Housing Choice Voucher Program

Rental Vouchers	5,825
Homeownership Vouchers	44
Total HAP Payments	\$9,021,256.81

Project Based Section 8

Properties	374
Units	28,232
Total HAP Payments	\$45,286,847.66

Multifamily Tax Exempt Bond Authority

2018 Applications		
Bond Authority:	\$346,000,000	
	<i>Applications</i>	<i>Bond Authority</i>
Firm Bond Authority Requested	29	\$345,820,814
Conditional Authority Requested	8	152,089,814
Committed	0	\$0
Closed	16	\$252,000,000

Low Income Housing Tax Credit Program

2018 Applications		
<i>Noncompetitive (4%)</i>		
	<i>Applications</i>	<i>Credits (\$)</i>
Received/Requested	37	\$22,804,769
Allocated	16	\$16,195,743
<i>Competitive (9%)</i>		
	<i>Applications</i>	<i>Credits (\$)</i>
Received/Requested	49	\$44,122,603
Allocated	0	\$0
<i>Developments Under Construction</i>		
	<i>Properties</i>	<i>Units</i>
Noncompetitive LIHTC	32	5,836
Competitive LIHTC	40	4,124




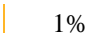







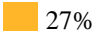

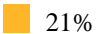

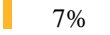
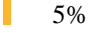

Placed in Service/Compliance

As of 12/31/17	
Properties	593
Units	50,573

THDA QUARTERLY BOARD REPORT

July 1, 2018 – September 30, 2018

Summary of Grant Programs

<u>Program</u>	<u>Funds Awarded /</u> <u>Allocated</u>	<u>Paid this Quarter</u>	<u>Paid to Date</u>	<u>Awarded Funds</u> <u>Remaining</u>	<u>Unallocated</u> <u>Program \$</u>	<u>Percent Expended</u>
<i>Tennessee Housing Trust Fund (active grants)</i>						
Home Modification and Ramps	\$300,000	\$53,426	\$120,023	\$179,977		 40%
Emergency Repair	\$7,830,000	\$854,092	\$4,530,138	\$3,299,862		 58%
Competitive Grants	\$10,250,066	\$605,537	\$3,512,504	\$6,737,562		 34%
Habitat for Humanity	\$1,000,000	\$0	\$0	\$1,000,000		0%
Challenge Grant	\$500,000	\$0	\$0	\$0		0%
<i>National Housing Trust Fund</i>						
2017	\$2,844,252	\$0	\$0	\$2,844,252		0%
2016	\$2,700,000	\$0	\$0	\$2,700,000		0%
<i>HOME</i>						
2018	\$12,000,000	\$108,239	\$108,239	\$11,891,761		 1%
2017	\$10,890,000	\$156,915	\$405,704	\$10,484,296		 4%
2016	\$7,328,292	\$474,258	\$2,115,640	\$5,212,652		 29%
2015	\$8,671,000	\$273,591	\$2,296,109	\$6,374,891		 26%
2014	\$9,874,036	\$356,586	\$4,830,361	\$5,043,675		 49%
2012 & 2013	\$16,506,409	\$261,635	\$13,028,726	\$3,477,683		 79%
<i>Emergency Solutions Grant</i>	\$6,575,633	\$794,781	\$3,130,291	\$3,445,342		 48%
<i>Weatherization</i>	\$7,833,074	\$910,339	\$2,100,483	\$5,732,591		 27%
LIHEAP Set-Aside	\$6,451,937	\$822,256	\$1,716,784	\$4,735,153		 27%
<i>LIHEAP (excluding Weatherization Set-Aside)</i>	\$114,095,253	\$12,770,811	\$53,605,329	\$60,489,924		 47%
<i>Treasury/Recovery Programs</i>						
Appalachian Renovation Loan Program	\$307,529	\$80,350	\$307,529		\$1,192,471	 21%
Blight Elimination Program	\$416,875	\$0	\$416,875		\$9,583,125	 4%
Principal Reduction Program	\$317,412	\$114,079	\$317,412		\$4,682,588	 7%
Reinstatement Only Program	\$295,893	\$87,414	\$295,893		\$5,404,107	 5%
Downpayment Assistance	\$54,480,000	\$10,875,000	\$50,340,000		\$5,801,963	 84%

Notes:

Finances and Resources

Available Volume Cap: This is the total tax-exempt bond volume THDA currently has available to use for housing purposes.

Bonds Outstanding: This is the current value of bond volume outstanding. Pursuant to TCA 12-23-121(a), THDA has a maximum bonding authority of \$2,930,000,000.

Operating Income: This number reflects THDA's operating income for the most recent time period as provided by Accounting (not including changes in the fair value of investments).

Net Assets: This number reflects THDA's net assets from the end of the previous quarter.

Multifamily Programs

LIHTC projects are stated in terms of the annualized amount of credit a project applies for and receives. Over the life of a LIHTC award, the dollar totals shown are granted each year for ten years.

Homeownership Activities

Loans Delinquent/In Foreclosure: The numbers used here reflect those loans funded with bonds outstanding, matching up with THDA's quarterly bond disclosure reports posted on THDA.org.

Summary of Grant Programs

Housing Trust Fund: This includes all active grants (those with funds available to be drawn) since the start of the Housing Trust Fund.

Downpayment Assistance: During Q3 of 2018, THDA committed \$10,800,000 in downpayment assistance, but as of September 30, had funded \$10,875,000 of loans.

Keep My Tennessee Home (HHF) has concluded, and had zero expenditures during Q3. It has been removed from this report.

Tab # 3

Items:

Minutes from November 13, 2018 Meeting

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS
November 13, 2018

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, November 13, 2018, at 1:00 p.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Board members were present: Kim Brown (Chair); Secretary of State Tre Hargett; Regina Hubbard; Treasurer David Lillard; Greg Turner for Commissioner of Finance & Administration Larry Martin; John Krenson; Todd Skelton; John Snodderly; Lynn Tully; and Ann Butterworth for Comptroller Justin Wilson. Dorothy Cleaves; Daisy Fields; Austin McMullen; Pieter van Vuuren, and Mary Mac Wilson were absent.

Chair Brown called the meeting to order and offered a time of public comment as it relates to the agenda. Mr. Stephen C. Knapp addressed the Board of Directors. No other comments from members of the public were offered.

Chair Brown recognized Ralph Perrey, Executive Director, who introduced and recognized the newest THDA Board Member, Mr. John Krenson with Operation Stand Down.

Mr. Perrey then recognized the following THDA staff members for their years of service:

Sandra Poarch	Section 8 Rental Assistance	5 years
Jayna Johnson	Single Family	10 years
Mary Crutcher	Section 8 Rental Assistance	10 years
Lisa Webb	Section 8 Rental Assistance	10 years
Charmaine McNeilly	Communications	10 years
Melissa Staley	Accounting	20 years
Edgar Yandell	Multifamily	25 years

Ralph Perrey recognized and made a special presentation of a US Flag that was flown over the Capitol for each of the Armed Services Veterans that work for THDA as follows:

Stephanie Bounds: Colonel, United States Army

Melva Boyd: Specialist, United States Army

Mike Costa: Major, United States Air Force

Bill Lord: Petty Officer 3rd Class, United States Navy

Kavin Williams: Corporal, United States Marine Corps

Seeing a quorum present, Chair Brown called the meeting to order and noted this is the annual THDA Board meeting.

Chair Brown called for consideration of minutes from September 25, 2018. Upon motion by Ms. Hubbard, second by Mr. Skelton, the referenced minutes were approved.

Chair Brown called for the annual election of a Vice Chair. Upon motion by Ms. Hubbard, second by Ms. Tully, Ms. Cleaves was elected Vice Chair:

Chair Brown reviewed the following Committee assignments:

Tax Credit Committee: Lynn Tully (chair), Treasurer David Lillard, Commissioner Larry Martin, Todd Skelton and Pieter van Vuuren.

Grants Committee: Pieter van Vuuren (chair), Secretary of State Tre Hargett, Austin McMullen, Lynn Tully, and Comptroller Justin Wilson.

Lending Committee: Dorothy Cleaves (chair), Regina Hubbard, Todd Skelton, Commissioner Larry Martin and Mary Mac Wilson.

Rental Assistance Committee: John Snodderly (chair), Regina Hubbard, Todd Skelton and Daisy Fields.

Audit & Budget Committee: Secretary of State Tre Hargett (chair for 2019), Treasurer David Lillard (chair for 2018), Kim Brown, Austin McMullen, Dorothy Cleaves, and Pieter van Vuuren.

Chair Brown recognized Lynn Miller, Chief Legal Counsel, who reviewed the most recent THDA Official Statement and noted the obligation of Board members to review the information contained in the THDA official statements. Chair Brown announced the 2019 THDA Board of Directors meeting schedule and called attention to certain information Board members need to provide.

Chair Brown recognized Mr. Perrey who provided the following report:

- Loan production remains strong. THDA requires higher credit scores and lower debt to income ratios than the GSEs require. THDA also requires all borrowers to have

homebuyer education by a THDA certified provider. Loan servicing by THDA gives THDA a better opportunity to intervene early and keep borrowers on track or help them get back on track if they get behind on their loan.

- Steve Fisher provided an overview of secondary market efforts to date.
- Ten ZIP Codes are expected to be moved out of the Hardest Hit Fund down payment assistance program.
- Staff is expecting guidance from HUD in the next couple of weeks to clarify issues related to downpayment assistance provided by HFAs.
- Staff has been in contact with a lot of developers and are hearing that cost of labor and materials is going up causing problems for deals that received housing credits earlier in 2018. Staff expects to present a proposal in January to address this issue.
- The fourth Class of Tennessee Housing Development Agency's Leadership Academy will graduate December 6, 2018 in the State Capitol Building with Commissioner Larry Martin as the keynote speaker. Board members are invited to attend.

Chair Brown moved on to the Committee Reports starting with the Bond Finance Committee. Chair Brown recognized Lynn Miller, Chief Legal Counsel to report on financial advisor selection. Ms. Miller referenced a memo from Steve Osborne, with the Office of State & Local Finance, and her dated November 7, 2018, included in the meeting material. She reported that the Bond Finance Committee, as authorized by the Board in September, selected CSG Advisors to continue to serve as the financial advisor.

Chair Brown next recognized Ms. Miller for the authorization of Issue 2019-1 and the Issue 2019-1 Reimbursement Resolution. Ms. Miller indicated that the Bond Finance Committee approved the Plan of Financing for a maximum principal amount of \$175,000,000 and recommended approval of the Authorizing Resolution and the Reimbursement Resolution to the Board. She referenced the following documents in the Board materials:

- a memorandum regarding Issue 2019-1 from Ms. Miller, dated November 5, 2018, that described the documents to be considered, explained how the authorization for Issue 2019-1 complies with THDA's Debt Management Policy, and included recommendations from CSG Advisors Incorporated ("CSG"), financial advisor for THDA, for RBC Capital Markets to serve as bookrunning senior manager and Wiley Brothers-Aintree Capital to serve as the rotating co-manager;
- a memorandum from CSG dated November 2, 2018, that recommended authorization of Issue 2019-1 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$175 million;
- the Plan of Financing for Issue 2019-1 in an aggregate principal amount not to exceed \$175 million as approved by the Committee ("Plan of Financing");

- the Resolution of the Board of Directors authorizing the issuance and sale of Issue 2019-1 under the 2013 General Resolution, and delegating authority to the Bond Finance Committee to determine all final terms and conditions of the Issue 2019-1 bonds (the “Authorizing Resolution”);
- the form of Series Resolution for Issue 2019-1; and
- the Resolution of the Board of Directors authorizing reimbursement of THDA from proceeds of Issue 2019-1 in an amount not to exceed \$100 million (the “Reimbursement Resolution”).

Upon motion by Ms. Butterworth, second by Mr. Skelton motion carried to approve the Authorizing Resolution and the Reimbursement Resolution.

Chair Brown asked Ms. Miller to present the next item, the THDA Debt Issuance and Underwriter Performance Analysis. Ms. Miller noted that under the Debt Issuance Policy, the financial advisor provides an annual report regarding the results of debt issuance and the performance of the underwriters. Ms. Miller referred to a memo dated November 1, 2018, from CSG that provides the annual report that indicates the team of underwriters is performing well and CSG did not recommend any change. She noted that the Bond Finance Committee was in agreement, so no further action is needed.

Chair Brown called on Ms. Miller to present the THDA debt limit analysis. Ms. Miller who referenced her memo dated November 8, 2018, and noted that the analysis shows that with careful monitoring THDA will be under that debt limit of \$2,930,000,000 over the course of the next two years. Trent Ridley, THDA Chief Financial Officer, noted that as THDA issues new debt other debt is being called with repayments and prepayments. He added that, as part of the preparation of the Five-Year Financial Plan, CSG models THDA debt and currently shows approximately \$2.3 billion outstanding in 2020 with \$2.5 billion outstanding by 2023.

Chair Brown recognized Mr. Ridley for the Five-Year Financial Plan (“Plan”). He referenced a memo from Wayne Beard dated November 5, 2018, that includes the Plan summary and describes information used in preparing the Plan. He noted that staff worked with CSG on the assumptions used to produce the Plan. He indicated that the Plan is a liquidity analysis tool used by management to make decisions and should not be used externally for financial reporting. Mr. Ridley indicated that in FY 2018, \$24.5 million of bonds were refunded; the debt that carries the State’s moral obligation continued to be reduced; over \$448 million in mortgage loans were purchased; and the overall program asset-to-debt ratio across all THDA Bond Resolutions at June 30, 2018, was 1.23. He noted that there is \$841 million in tax-exempt bond authority available for single family bonds; annual average mortgage loan production is estimated at approximately \$367 million per year; approximately \$101 million of bond proceeds are available to be used at 0% interest; and less than \$25 million of THDA bonds with the moral obligation pledge of the State are expected to be outstanding at June 30, 2023. He also indicated that the Plan shows THDA programs can continue with net withdrawals of \$54.6 million for downpayment assistance, \$39 million for the Tennessee Housing Trust Fund, and \$22.5 million for New Start mortgage loans over the next five years.

Chair Brown called on Ms. Miller to present State Form CT-0253, Report on Debt Obligation (the “Report”) for Issue 2018-3. Ms. Miller 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 October 9, 2018, within the 45-day filing period. No action was required.

Chair Brown recognized Ms. Hubbard for the Lending Committee report. Ms. Hubbard asked Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the Gap Pilot Program update. Ms. Hall referred to her memo dated November 2, 2018. She explained that following further staff review, the Lending Committee recommend the following program changes: replace approved zip codes with focus areas covering Memphis, Chattanooga, and Oak Ridge and remove the requirement for the Great Choice Mortgage Loan product to be used with the program. She noted that a revised term sheet with these proposed changes is included with her memo. Upon motion by Mr. Skelton, second by Ms. Tully, the referenced program changes were approved.

Ms. Hubbard next asked Ms. Hall to present the Mortgage Credit Certificate Program update. Ms. Hall explained that the program will remain operational in 2019 with current volume cap of approximately \$168,782,195, however, no 2015 volume cap will be added. No action required.

Ms. Hubbard next called on Cynthia Peraza, Director of Special Programs, to present program changes for the HHF Down Payment Assistance Program. Ms. Peraza referenced her memo dated November 5, 2018, and noted that the 10 ZIP Codes (37037, 37073, 37086, 37172, 37207, 37208, 37218, 37877, 38018, 38133) that no longer meet US Treasury requirements, will no longer be eligible for the program as of January 1, 2019, those ZIP Codes will no longer be eligible for the program.

Chair Brown recognized Ms. Tully for the Tax Credit Committee report. Ms. Tully presented the 2019 Multifamily Tax-Exempt Bond Authority (“MTBA”) Program Description and noted the proposed changes were detailed in the memo and attachment dated October 26, 2018 from Donna Duarte, Director of Multifamily Programs. Ms. Tully noted the changes aligned the Program Description to be consistent with the 2019-2020 Qualified Allocation Plan (“QAP”). Upon a motion by Ms. Tully, second by Mr. Hargett, motion carried to approve the 2019 MTBA Program Description with authorization for staff to make housekeeping changes as may be needed for effective program implementation. Mr. Krenson recused himself from voting on this matter.

Ms. Tully then described amendments to the 2019-2020 Low Income Housing Credit Qualified Allocation Plan (“2019-2020 QAP”) recommended by the Lending Committee. She referenced a memo dated October 25, 2018, from Ms. Duarte that described the recommended amendments. Upon a motion by Ms. Tully, second by Ms. Butterworth, motion carried to approve the amended 2019-2020 QAP as described in the referenced memo and to authorize staff to make conforming and housekeeping changes as needed to implement the amended 2019-2020 QAP. Mr. Krenson recused himself from voting on this matter.

Ms. Tully referenced a memo dated October 26, 2018 from Ms. Duarte that described amendments to the 2016, 2017 and 2018 Qualified Allocation Plans with respect to Enterprise Green Community certifications as recommended by the Lending Committee. Upon motion by Ms. Tully, second by Ms. Butterworth, motion carried to approve the referenced amendment to the 2016, 2017 and 2018 Qualified Allocation Plans. Mr. Krenson recused himself from voting on this matter.

Ms. Tully then referenced a memo from Ms. Duarte dated October 26, 2018, that describes an allocation consolidation request for Watson Glades Place (TN17-044). She noted that the Lending Committee recommendation is to allow consolidation of a partial allocation of housing credit in 2017 (TN17-044) and an incremental allocation of housing credits in 2018 (TN18-053) into 2018 housing credits so that the development would be subject to only one set of housing credit requirements. Upon motion by Ms. Tully, second by Mr. Skelton, the consolidation was approved, subject to the conditions contained in the referenced memo. Mr. Krenson recused himself from voting on this matter.

Ms. Tully referenced a memo from Ms. Duarte dated November 1, 2018, that describes the request to waive the per development cap and to increase the amount of non-competitive housing credit to \$2,494,331 for the Preserve at Highland Ridge (TN18-231). She explained that increased development costs were cited as the reason for the request. Upon motion by Ms. Tully, second by Mr. Snodderly, staff was authorized to allocate up to, but not more than, \$2,500,000 per year of noncompetitive housing credit to the Preserve at Highland Ridge. Mr. Krenson recused himself from voting on this matter.

Chair Brown recognized Secretary of State Hargett for the Audit and Budget Committee report. Secretary of State Hargett noted that the Disclosure Analysis Reports for Board Members and for THDA Staff are to be included in the minutes.

Secretary of State Hargett asked Mr. Bruce Balcom, Assistant Chief Legal Counsel, to present proposed public records rules. Mr. Balcom noted that the Committee received information about the proposed rules at the September meeting, and, subsequently, a public hearing was held regarding the proposed rules. He noted that the public hearing minutes and staff's responses to the public comments were included in the Board packet. Upon motion by Secretary of State Hargett, second by Ms. Butterworth, the proposed public records rules were adopted and staff was granted authority to make other changes as may be required by the Attorney General and the Secretary of State with the following roll call vote:

Brown	Yes
Hargett	Yes
Hubbard	Yes
Lillard	Yes
Martin	Yes
McMullen	Yes
Skelton	Yes
Snodderly	Yes
Tully	Yes
Comptroller (Wilson)	Yes
Krenson	Yes

Secretary of State Hargett noted the Enterprise Risk Management (ERM) analysis, the Fiscal Year 2018 Internal Audit Summary, Fiscal Year 2018 Financial Summary, were for Board information only and required no action.

Secretary of State Hargett next referenced the performance evaluation for the Executive Director, Ralph M. Perrey, as recommended by the Audit & Budget Committee. Upon motion by Secretary of State Hargett, second by Mr. Bradley, motion carried to approve and accept an advanced performance rating for Mr. Perrey, with a recurring salary adjustment and a one-time bonus, all to be the same as provided to THDA staff who received the same rating, effective January 1, 2019.

Chair Brown recognized Secretary of State Hargett for the Grants Committee report. Secretary Hargett presented the Grants Committee recommended 2019 Emergency Solutions Grant (“ESG”) Program Description as outlined in a memorandum from Mr. Don Watt, Director of Community Programs dated November 5, 2018, and as shown on the attached 2019 ESG Program Description. Upon motion by Secretary of State Hargett, second by Ms. Butterworth, the 2019 ESG Program Description was approved and the Executive Director was authorized to make final funding determinations and report to the Board at the meeting following the awards.

Secretary of State Hargett called upon Mr. Watt to present the Grants Committee recommended revisions to the 2019-2020 Emergency Repair Program (“ERP”) Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached 2019-2020 ERP Program Description containing proposed revisions. Mr. Watt noted that the ERP Program provides funding to implement emergency home repairs for the elderly or disabled. He indicated that, for the 2019-2020 ERP Program Description, the Grants Committee recommended elimination of the match requirement entirely because other THDA programs providing homeowner rehabilitation assistance serve households at a higher income level but do not require any match contribution by the homeowner. Mr. Watt indicated that this change would bring consistency to THDA programs, facilitate implementation of the program both by THDA and the administering agencies, streamline the process, and eliminate some costs involved with administration. Upon motion by Secretary Hargett, second by Ms. Butterworth, the revisions to the 2019-2020 ERP Program Description were approved.

Secretary of State Hargett called upon Mr. Watt to present the Grants Committee recommended 2019 HOME Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached 2019 HOME Program Description. Upon motion by Secretary Hargett, second by Ms. Tully, the 2019 HOME Program Description was approved and the Executive Director was authorized to make final funding determinations and report back to the Board at the meeting following the awards.

Secretary of State Hargett called upon Mr. Watt to present the Grants Committee recommended 2018 National Housing Trust Fund (“NHTF”) Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached proposed 2018 NHTF Program Description. Upon motion by Secretary Hargett, second by Ms. Tully, the 2018 NHTF Program Description was approved and the Executive Director was authorized to make final funding determinations and report back to the Board at the meeting following the awards.

Secretary of State Hargett called upon Mr. Watt to present the Grants Committee recommended 2019 Spring Round of the Tennessee Housing Trust Fund (“THTF”) Competitive Grants Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached proposed 2018 Spring Round of the THTF Competitive Grants Program Description. Upon motion by Secretary Hargett, second by Ms. Tully, the 2019 Spring Round of the THTF Competitive Grants Program Description was approved and the Executive Director was authorized to make final funding determinations and report back to the Board at the meeting following the awards.

Secretary of State Hargett called upon Mr. Watt to present a grant extension request from Men of Valor. Mr. Watt referenced his memorandum dated November 5, 2018, that explains the rationale for the staff and Grants Committee recommendation for approval. Upon motion by Secretary Hargett, second by Ms. Butterworth, the grant was extended to December 31, 2020.

Secretary of State Hargett called upon Ms. Lorrie Shearon, THDA’s Chief Strategy Officer, to present information about a proposed Nonprofit Capacity-Building Program. Ms. Shearon referenced her memorandum dated October 26, 2018. She stated that THDA staff sees, on a regular basis, the need for nonprofit organizations to increase their capacity. She indicated that staff looked at a Virginia program with a 2-phase framework for technical assistance: Phase 1 provides grants to help nonprofit organizations develop a strategic/succession plan and Phase 2 provides grants for consultants in organizational development (such as board development, fiscal planning, and grant management). Ms. Shearon indicated staff would continue to explore this idea and develop a specific proposal for January.

Chair Brown then called on Mr. Snodderly to report on the Rental Assistance Committee Meeting. Mr. Snodderly noted the Committee met but had no items for Board action. He recognized Trent Ridley, Chief Financial Officer and Jeboria Scott, Section 8 Rental Assistance Director along with staff for their work on the program updates.

Ms. Butterworth noted this was her last meeting to serve as Representative for Comptroller Justin Wilson and that Katie Armstrong would serve in this position going forward.

With no further business, and upon motion from Ms. Butterworth, second by Mr. Skelton, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 29th day of January, 2019.

Tab # 4

Items:

Materials for the Executive Directors Report



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: January 22, 2019
TO: Board of Directors
FROM: Lynn E. Miller, Chief Legal Counsel *LEM*
SUBJECT: Issue 2018-4 State Form CT-0253 (the "State Form")

Attached please find the State Form for Issue 2018-4 that priced on October 3, 2018, and closed November 15, 2018. The State Form was filed with the Office of the Comptroller within the required time period on December 4, 2018.

The form, with attachments, provides basic information including maturity dates, amounts and interest rates for the bonds. It also shows the costs associated with the transaction in Item 11 of the form. These costs are consistent with costs of prior transactions and, in general, are on the lower end of costs for the industry.

This chart compares fee and expense information for the current bond issue and the three prior bond issues.

	2013 Resolution			
	\$225,000,000 Issue 2018-4	\$149,900,000 Issue 2018-3	\$160,000,000 Issue 2018-2	\$99,900,000 Issue 2018-1
Fees/Expenses ¹ Paid To:				
Financial Advisor	\$ 37,500	\$ 47,500	\$ 60,000	\$ 70,000
Bond Counsel	35,000	35,000	35,000	35,000
Trustee	11,250	7,495	8,000	4,995
Bookrunning Underwriter	1,327,395	913,269	970,197	617,164
Moody's	105,000	70,000	90,000	50,000
Standard & Poor's	110,000	67,000	84,000	49,000
i-Deal	1,500	1,500	1,500	1,500
General Services Print Shop	1,249	1,290	1,265	1,168
Total Fees/Expenses Per Bond Issue	\$ 1,628,894	\$ 1,143,054	\$ 1,249,962	\$ 828,827

1. rounded to the nearest \$.

If you have questions, please call me at 615-815-2025 or by email at LMiller@thda.org

LEM/ds

Attachment

Deborah Sanders

From: Ralph M. Perrey
Sent: Monday, December 10, 2018 8:10 AM
To: Lynn Miller; Deborah Sanders
Subject: FW: Tennessee Housing Developing Agency - 2018-4 \$225,000,000 Refunding Bonds CT -12-04-2018
Attachments: Tennessee Housing Developing Agency - 2018-4 \$225,000,000 Refunding Bonds CT -12-04-2018.pdf

Ralph
X 2010

From: Kathy Palmer <Kathy.Palmer@cot.tn.gov>
Sent: Friday, December 7, 2018 7:42 AM
To: Ralph M. Perrey <RPerrey@thda.org>
Cc: lynnville@lynnville.org
Subject: Tennessee Housing Developing Agency - 2018-4 \$225,000,000 Refunding Bonds CT -12-04-2018

EXTERNAL EMAIL

Please acknowledge receipt of the attached letter by responding to this email.

Our office hereby acknowledges receipt of a copy of a Report on Debt Obligation from your government. Attached is the date-stamped copy for your records. Please note that this is the official copy from our office, therefore, a hard copy will not be mailed to you. The attached date-stamped Report on Debt Obligation, Form CT-0253, should be printed or electronically stored as part of your government's records.

Should you have any questions, please contact the financial analyst assigned to you based on the first letter of the name of your local government (i.e. Knoxville, "K", Analyst – Steve Osborne). For your convenience, the alphabet range for each financial analyst is included below.

Analysts:

Lori Barnard, Financial Analyst – (A–F)
Email: lori.barnard@cot.tn.gov
Phone: 615-747-5347

Steve Osborne, Financial Analyst – (G–N)
Email: steve.osborne@cot.tn.gov
Phone: 615-747-5343

Ron Queen, Financial Analyst – (O–Z)
Email: ron.queen@cot.tn.gov
Phone: 615-401-7862

If I may be of further assistance, please do not hesitate to call.

Thank you.

Kathy Palmer | Finance Support Specialist

Comptroller of the Treasury | Office of State and Local Finance

Cordell Hull Building, 4th Floor

425 Fifth Avenue North

Nashville, TN 37243-3400

Phone: 615-747-5376 | Fax: 615-741-5986

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**Tennessee Comptroller of the Treasury
Office of State and Local Finance**

Received Date: December 4, 2018

Page 1 of 3

State Form No. CT-0253
Revised Effective 1/1/14

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:

Name: Tennessee Housing Development Agency
Address: Andrew Jackson Building, 3rd Floor, 502 Deaderick Street
Nashville, TN 37243-0200
Debt Issue Name: Issue 2018-4

If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount:

\$ 225,000,000.00

Premium/Discount: \$ See Attachment 1

3. Interest Cost:

3.8626 %

☒ Tax-exempt

☐ Taxable

☒ TIC* ☐ NIC *Excluding Underwriter's Discount

☐ Variable: Index _____ plus _____ basis points; or

☐ Variable: Remarketing Agent _____

☐ Other: _____

4. Debt Obligation:

☐ TRAN ☐ RAN ☐ CON

☐ BAN ☐ CRAN ☐ GAN

☒ Bond ☐ Loan Agreement ☐ Capital Lease

If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").

5. Ratings:

☐ Unrated

Moody's Aa1

Standard & Poor's AA+

Fitch _____

6. Purpose:

☐ General Government _____ %

☐ Education _____ %

☐ Utilities _____ %

☒ Other 93.00 %

☒ Refunding/Renewal 7.00 %

BRIEF DESCRIPTION

Single Family Housing

Refunding of Single Family Housing Bonds

7. Security:

☐ General Obligation

☐ General Obligation + Revenue/Tax

☐ Revenue

☐ Tax Increment Financing (TIF)

☐ Annual Appropriation (Capital Lease Only)

☒ Other (Describe): special limited obligation

8. Type of Sale:

☐ Competitive Public Sale

☐ Interfund Loan

☒ Negotiated Sale

☐ Loan Program

☐ Informal Bid

9. Date:

Dated Date: 11/15/2018

Issue/Closing Date: 11/15/2018

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
	\$ See Attachment 2	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 37,500	CSG Advisors Incorporated
Legal Fees	\$ 0	
Bond Counsel	\$ 35,000	Kutak Rock
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 11,250	US Bank, NA
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 215,000	Moody's and S & P
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 1,249,413	Raymond James & Associates, Inc. (Raymond James)
Management Fee	\$ 30,000	Raymond James
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 25,000	Hawkins Delafield & Wood
Other expenses	\$ 22,982	Raymond James
Printing and Advertising Fees	\$ 2,749	iDeal and TN General Services Printing Division
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 0	
TOTAL COSTS	\$ 1,628,894	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:☒ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other _____		

13. Disclosure Document / Official Statement:☐ None Prepared☐ EMMA link☒ Copy attachedSee Attachment 3: Issue 2018-4 Supplemental Resolution
and Attachment 4: Issue 2018-4 Official Statement _____ or**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☒ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt?

☒ Yes ☐ NoIf yes to either question, date that disclosure is due 210 days after end of each Fiscal YearName and title of person responsible for compliance Trent Ridley, Chief Financial Officer/Lynn Miller, Chief Legal Counsel**15. Written Debt Management Policy:**Governing Body's approval date of the current version of the written debt management policy 11/28/2011, as amended

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes ☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes ☐ No**17. Submission of Report:**

To the Governing Body:

on 01/24/2019and presented at public meeting held on 01/29/2019

Copy to Director to OSLF:

on 12/04/2018

either by:

☐ Mail to:

OR

☒ Email to:505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:****AUTHORIZED REPRESENTATIVE****PREPARER**

Name

Executive Director

Lynn E. Miller

Title

Tennessee Housing Development Agency

Chief Legal Counsel

Firm

RPerrey@thda.org

Tennessee Housing Development Agency

Email

11/15/2018

LMiller@thda.org

Date

11/15/2018

2. PREMIUM/DISCOUNT:

Includes the original issue premium of \$6,443,450 on the Issue 2018-4 Bonds maturing July 1, 2049.

10. MATURITY DATES, AMOUNTS AND INTEREST RATES

\$225,000,000 Issue 2018-4 (Non-AMT)

\$43,265,000 Serial Bonds						
Year	Principal Amount Due January 1	Interest Rate	CUSIP Number⁽¹⁾	Principal Amount Due July 1	Interest Rate	CUSIP Number⁽¹⁾
2019				\$ 195,000	1.875 %	880461WA2
2020	\$ 1,520,000	2.000 %	880461WB0	1,540,000	2.100	880461WC8
2021	1,555,000	2.200	880461WD6	1,575,000	2.250	880461WE4
2022	1,595,000	2.350	880461WF1	1,615,000	2.400	880461WG9
2023	1,635,000	2.450	880461WH7	1,660,000	2.500	880461WJ3
2024	1,685,000	2.600	880461WK0	1,705,000	2.650	880461WL8
2025	1,725,000	2.750	880461WM6	1,755,000	2.800	880461WN4
2026	1,785,000	2.900	880461WP9	1,810,000	2.950	880461WQ7
2027	1,840,000	3.050	880461WR5	1,870,000	3.100	880461WS3
2028	1,900,000	3.150	880461WT1	1,935,000	3.200	880461WU8
2029	1,970,000	3.250	880461WV6	2,005,000	3.300	880461WW4
2030	2,040,000	3.350	880461WX2	2,080,000	3.400	880461WY0
2031	2,115,000	3.500	880461WZ7	2,155,000	3.500	880461XA1

\$181,735,000 Term Bonds			
Maturity Date	Principal Amount Due	Interest Rate	CUSIP Number⁽¹⁾
July 1, 2033	\$ 9,050,000	3.650 %	880461XB9
July 1, 2038	26,220,000	3.900	880461XC7
July 1, 2043	26,615,000	4.000	880461XD5
January 1, 2049	33,650,000	4.050	880461XE3
July 1, 2049 (PAC)	86,200,000	4.500	880461XF0

PRICE OF ISSUE 2018-4 BONDS DUE JULY 1, 2049 (PAC): 107.475%

PRICE OF ALL REMAINING ISSUE 2018-4 BONDS: 100.000%

⁽¹⁾ The CUSIP Numbers have been assigned to this issue by an organization not affiliated with THDA and are included solely for the convenience of the bondholders. Neither THDA nor the Underwriters shall be responsible for the selection or use of these CUSIP Numbers nor is any representation made as to their correctness on the bonds or as indicated herein.

13. DISCLOSURE DOCUMENT:

TENNESSEE HOUSING DEVELOPMENT AGENCY

**A Supplemental Resolution
Authorizing the Sale of
Residential Finance Program Bonds
\$225,000,000 Issue 2018-4 (Non-AMT)**

Adopted September 25, 2018
as amended and supplemented
by the Bond Finance Committee
of THDA on October 3, 2018

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EXHIBIT A	BOND PURCHASE AGREEMENT
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EXHIBIT C	FORM OF BOND

**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS
\$225,000,000 ISSUE 2018-4 (Non-AMT)**

BE IT RESOLVED by the Board of Directors of the **TENNESSEE HOUSING DEVELOPMENT AGENCY** (“THDA”) as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution may hereafter be cited by THDA as the Issue 2018-4 Supplemental Residential Finance Program Bond Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.2 of the resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (the “General Resolution”) have the same meanings in this Resolution as such terms are given in Section 1.2 of the General Resolution.

(b) In addition, as used in this Resolution, unless the context otherwise requires, the following terms have the following respective meanings:

“*400% PSA Prepayment Amount*” means the cumulative amount of principal prepayments on the Program Loans allocable to the Issue 2018-4 Bonds (including the Transferred Program Loans) at a rate equal to 400% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreement*” means the contract for the purchase of the Issue 2018-4 Bonds between THDA and the Underwriters, in substantially the form attached hereto as Exhibit A.

“*Business Day*” shall mean any day except for a Saturday, Sunday or any day on which banks in Tennessee or New York are required or authorized to be closed.

“*Co-Managers*” means J.P. Morgan Securities LLC, Wells Fargo Bank, National Association and J.J.B. Hilliard, W.L. Lyons, LLC.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended.

“*DTC*” means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Excess 2018-4 Principal Payments” means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on Program Loans, or portions thereof, allocable to the Issue 2018-4 Bonds (including the Transferred Program Loans) to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2018-4 Bonds.

“Issue 2018-4 Bonds” means the Issue 2018-4 Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“Issue Date” means the date on which the Issue 2018-4 Bonds are issued by THDA and delivered to the Underwriters, expected to occur on November 15, 2018.

“MSRB” means the Municipal Securities Rulemaking Board by operation of its Electronic Municipal Market Access System.

“Official Statement” means the Official Statement dated October 3, 2018 used in connection with the sale of the Issue 2018-4 Bonds.

“PAC Bonds” means the Issue 2018-4 Bonds in the aggregate principal amount of \$86,200,000 maturing July 1, 2049.

“PAC Bonds Planned Amortization Amount” means the cumulative amount of PAC Bonds expected to be redeemed upon the receipt of Excess 2018-4 Principal Payments at a rate equal to 100% PSA, as set forth in Exhibit B hereto.

“Preliminary Official Statement” means the Preliminary Official Statement dated July 30, 2018 used in connection with the offering of the Issue 2018-4 Bonds.

“Rating Agency” shall mean Moody’s Investors Service, Inc. (or any successor thereto), and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLP business (or any successor thereto).

“Refunded Bonds” means THDA’s Homeownership Program Bonds, Issue 2009-2.

“Resolution” means this Supplemental Resolution adopted by THDA on September 25, 2018, as amended and supplemented by the Bond Finance Committee on October 3, 2018.

“Serial Bonds” means the Issue 2018-4 Bonds which are not Term Bonds.

“Term Bonds” means, collectively, the Issue 2018-4 Bonds maturing July 1, 2033, July 1, 2038, July 1, 2043, January 1, 2049 and July 1, 2049.

“Transferred Investments” means amounts on deposit in certain funds and accounts of THDA allocated to the Refunded Bonds which are allocated to the Issue 2018-4 Bonds upon the refunding of the Refunded Bonds.

“Transferred Program Loans” means the Program Loans allocable to the Refunded Bonds which are allocated to the Issue 2018-4 Bonds upon the refunding of the Refunded Bonds.

“Underwriters” means, collectively, Raymond James & Associates, Inc., Citigroup Global Markets Inc., and RBC Capital Markets, LLC, their respective successors and assigns, and the Co-Managers as purchasers of the Issue 2018-4 Bonds.

(c) Unless the context otherwise indicates, words of the masculine gender will be deemed and construed to include correlative words of feminine and neuter genders, words importing the singular number include the plural number and vice versa, and words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms as used in this Resolution refer to this Resolution and such terms used in the form of registered bond herein refer to such bonds.

(e) Unless the context otherwise indicates, the term “Program Loan” as used herein shall include Transferred Program Loans and Program Securities and the phrase “Program Loans allocable to the Issue 2018-4 Bonds” shall include the Transferred Program Loans as well as any new Program Loans and Program Securities acquired with proceeds of the Issue 2018-4 Bonds.

Section 1.03. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS AND ISSUANCE

Section 2.01. Issue Amount and Designation. In order to provide funds necessary for the Residential Finance Program in accordance with and subject to the terms, conditions and limitations established herein and in the General Resolution, Residential Finance Program Bonds, Issue 2018-4 are hereby authorized to be issued in the aggregate principal amount of \$225,000,000. In addition to the title “Residential Finance Program Bond,” the Issue 2018-4 Bonds will bear the additional designation “Issue 2018-4 (Non-AMT).” The Issue 2018-4 Bonds shall be issued only in fully registered form. The Issue 2018-4 Bonds will consist of \$43,265,000 principal amount of Serial Bonds and \$181,735,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2018-4 Bonds are being issued (a) to refund the Refunded Bonds, (b) to finance Program Loans, or participations therein, on single family residences located within the State, (c) if required, to pay capitalized interest on the Issue 2018-4 Bonds, (d) if required, to make a deposit in the Bond Reserve Fund, and (e) if required, to pay certain costs of issuance relating to the Issue 2018-4 Bonds. As a result of the refunding of the Refunded Bonds, the Transferred Program Loans and the Transferred Investments will become allocated to the Issue 2018-4 Bonds.

The proceeds of the Issue 2018-4 Bonds and the Transferred Investments shall be applied in accordance with Article IV hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2018-4 Bonds will mature on the dates, in the principal amounts and bear interest from their Issue Date, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each January 1 and July 1, commencing January 1, 2019, at the rate set opposite such date in the following tables:

Issue 2018-4 Bonds

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
July 1, 2019	\$ 195,000	1.875%	January 1, 2026	\$ 1,785,000	2.900%
January 1, 2020	1,520,000	2.000	July 1, 2026	1,810,000	2.950
July 1, 2020	1,540,000	2.100	January 1, 2027	1,840,000	3.050
January 1, 2021	1,555,000	2.200	July 1, 2027	1,870,000	3.100
July 1, 2021	1,575,000	2.250	January 1, 2028	1,900,000	3.150
January 1, 2022	1,595,000	2.350	July 1, 2028	1,935,000	3.200
July 1, 2022	1,615,000	2.400	January 1, 2029	1,970,000	3.250
January 1, 2023	1,635,000	2.450	July 1, 2029	2,005,000	3.300
July 1, 2023	1,660,000	2.500	January 1, 2030	2,040,000	3.350
January 1, 2024	1,685,000	2.600	July 1, 2030	2,080,000	3.400
July 1, 2024	1,705,000	2.650	January 1, 2031	2,115,000	3.500
January 1, 2025	1,725,000	2.750	July 1, 2031	2,155,000	3.500
July 1, 2025	1,755,000	2.800			

Term Bonds

Maturity Date	Principal Amount	Interest Rate
July 1, 2033	\$ 9,050,000	3.650%
July 1, 2038	26,220,000	3.900
July 1, 2043	26,615,000	4.000
January 1, 2049	33,650,000	4.050
July 1, 2049 (PAC)	86,200,000	4.500

(b) Whenever the due date for payment of interest on or principal of the Issue 2018-4 Bonds or the date fixed for redemption of any Issue 2018-4 Bond shall be a day which is not a Business Day, then payment of such interest, principal or Redemption Price need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date for payment of principal, interest or Redemption Price and no additional interest shall be payable on such Business Day which, merely by operation of this paragraph, may have accrued after the original due date.

Section 2.04. Denominations, Numbers and Letters.

(a) The Issue 2018-4 Bonds maturing in each year are to be issued in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2018-4 Bonds maturing in such year. The Issue 2018-4 Bonds are to be lettered “R” and numbered separately from 1 consecutively upwards.

(b) The Issue 2018-4 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2018-4 Bond will be outstanding for each maturity and interest rate of the Issue 2018-4 Bonds in the aggregate principal amount of such maturity and interest rate. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2018-4 Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2018-4 Bonds will not receive certificates representing their interest in the Issue 2018-4 Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2018-4 Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2018-4 Bonds and THDA will have no responsibility to any DTC participant or beneficial owner thereof.

Section 2.05. Paying Agent. The Trustee is hereby appointed as paying agent for the Issue 2018-4 Bonds pursuant to Section 11.2 of the General Resolution. The Trustee may appoint an agent for presentation of transfers in New York, New York and DTC may act as such agent.

Section 2.06. Execution of Bonds. The Issue 2018-4 Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2018-4

Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2018-4 Bonds shall be delivered to the Trustee for proper authentication and delivered to DTC pursuant to the DTC FAST delivery program, as the registered owner of the Issue 2018-4 Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2018-4 Bonds are registered in book-entry only form in the name of Cede & Co. as nominee of DTC, payments of principal, Redemption Price and interest on the Issue 2018-4 Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2018-4 Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2018-4 Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2018-4 Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2018-4 Bonds in a principal amount equal to or exceeding \$1,000,000 may receive payments of interest by wire transfer if written notice is given to the Trustee at least ten Business Days before an applicable Interest Payment Date. The Record Date for payment of interest on the Issue 2018-4 Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

Section 2.08. Sinking Fund Redemption Provisions.

(a) The Issue 2018-4 Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2018-4 Bonds at a Redemption Price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amounts for each of the dates set forth below:

Issue 2018-4 Term Bonds due July 1, 2033

Date	Amount Due	Date	Amount Due
January 1, 2032	\$2,195,000	January 1, 2033	\$2,285,000
July 1, 2032	2,240,000	July 1, 2033*	2,330,000

*Maturity

Issue 2018-4 Term Bonds due July 1, 2038

Date	Amount Due	Date	Amount Due
January 1, 2034	\$2,380,000	July 1, 2036	\$2,645,000
July 1, 2034	2,430,000	January 1, 2037	2,700,000
January 1, 2035	2,480,000	July 1, 2037	2,760,000
July 1, 2035	2,535,000	January 1, 2038	2,820,000
January 1, 2036	2,590,000	July 1, 2038*	2,880,000

*Maturity

Issue 2018-4 Term Bonds due July 1, 2043

Date	Amount Due	Date	Amount Due
January 1, 2039	\$2,940,000	July 1, 2041	\$2,490,000
July 1, 2039	3,005,000	January 1, 2042	2,545,000
January 1, 2040	2,835,000	July 1, 2042	2,605,000
July 1, 2040	2,385,000	January 1, 2043	2,660,000
January 1, 2041	2,435,000	July 1, 2043*	2,715,000

*Maturity

Issue 2018-4 Term Bonds due January 1, 2049

Date	Amount Due	Date	Amount Due
January 1, 2044	\$2,775,000	January 1, 2047	\$3,175,000
July 1, 2044	2,840,000	July 1, 2047	3,240,000
January 1, 2045	2,905,000	January 1, 2048	3,315,000
July 1, 2045	2,965,000	July 1, 2048	3,290,000
January 1, 2046	3,035,000	January 1, 2049*	3,005,000
July 1, 2046	3,105,000		

*Maturity

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Issue 2018-4 Term Bonds due July 1, 2049 (PAC)

Date	Amount Due	Date	Amount Due
July 1, 2019	\$ 230,000	January 1, 2035	\$ 1,325,000
January 1, 2020	700,000	July 1, 2035	1,350,000
July 1, 2020	715,000	January 1, 2036	1,370,000
January 1, 2021	730,000	July 1, 2036	1,400,000
July 1, 2021	745,000	January 1, 2037	1,430,000
January 1, 2022	760,000	July 1, 2037	1,460,000
July 1, 2022	775,000	January 1, 2038	1,490,000
January 1, 2023	795,000	July 1, 2038	1,520,000
July 1, 2023	810,000	January 1, 2039	1,555,000
January 1, 2024	825,000	July 1, 2039	1,590,000
July 1, 2024	845,000	January 1, 2040	1,745,000
January 1, 2025	865,000	July 1, 2040	1,780,000
July 1, 2025	880,000	January 1, 2041	1,815,000
January 1, 2026	900,000	July 1, 2041	1,850,000
July 1, 2026	920,000	January 1, 2042	1,890,000
January 1, 2027	940,000	July 1, 2042	1,925,000
July 1, 2027	960,000	January 1, 2043	1,965,000
January 1, 2028	980,000	July 1, 2043	2,005,000
July 1, 2028	1,000,000	January 1, 2044	2,045,000
January 1, 2029	1,020,000	July 1, 2044	2,085,000
July 1, 2029	1,045,000	January 1, 2045	2,125,000
January 1, 2030	1,065,000	July 1, 2045	2,170,000
July 1, 2030	1,085,000	January 1, 2046	2,210,000
January 1, 2031	1,110,000	July 1, 2046	2,255,000
July 1, 2031	1,135,000	January 1, 2047	2,300,000
January 1, 2032	1,160,000	July 1, 2047	2,350,000
July 1, 2032	1,195,000	January 1, 2048	2,395,000
January 1, 2033	1,220,000	July 1, 2048	2,445,000
July 1, 2033	1,245,000	January 1, 2049	2,490,000
January 1, 2034	1,270,000	July 1, 2049*	2,645,000
July 1, 2034	1,295,000		

*Maturity

(b) Upon the purchase or redemption of Issue 2018-4 Bonds of any maturity for which Sinking Fund Payments have been established other than by application of Sinking Fund Payments, each future Sinking Fund Payment for such Issue 2018-4 Bonds and maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Issue 2018-4 Bonds of such maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such maturity of Issue 2018-4 Bonds, unless otherwise directed by THDA in accordance with the General Resolution.

Section 2.09. Optional Redemption. The Issue 2018-4 Bonds maturing on and after July 1, 2028, are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after January 1, 2028 (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article VI of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Section 2.10. Special Optional Redemption. The Issue 2018-4 Bonds are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to amounts available for such purpose from (i) proceeds of the Issue 2018-4 Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Issue 2018-4 Bonds not otherwise required to be applied to the special mandatory redemption of the Issue 2018-4 Bonds as described in Sections 2.11(b) or 2.11(c) hereof or to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2018-4 Bonds, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Requirement; provided however, that the PAC Bonds (A) are only subject to redemption as described in clause (ii) above as described in Section 2.11(b) hereof and (B) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of a PAC Bond to exceed the PAC Bonds Planned Amortization Amount.

The date of redemption pursuant to this Section 2.10 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Issue 2018-4 Bonds to be so redeemed shall be redeemed at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the Redemption Price for the PAC Bonds in the event of a redemption described in clause (i) of the paragraph above shall be the issue price thereof (par plus premium), plus accrued interest to the redemption date.

The Issue 2018-4 Bonds to be redeemed pursuant to this Section 2.10 shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2018-4 Bonds then Outstanding in the event of any redemption pursuant to clause (i) of the first paragraph of this Section 2.10.

Section 2.11. Special Mandatory Redemptions.

(a) ***Unexpended Proceeds.*** The Issue 2018-4 Bonds are subject to mandatory redemption on July 1, 2019 in the event and to the extent that there are unexpended proceeds of the Issue 2018-4 Bonds on deposit in the Issue 2018-4 Subaccount of the Loan Fund on June 1, 2019; provided that such redemption date may be extended, at the

option of THDA, and subject to the satisfaction of the conditions set forth in Section 4.01 hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2018-4 Bonds are subject to mandatory redemption on May 1, 2022, to the extent any amounts remain on deposit in the Issue 2018-4 Subaccount of the Loan Fund on April 1, 2022.

The redemption price of the Issue 2018-4 Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price for the PAC Bonds shall be the issue price thereof (par plus premium) plus accrued interest to the redemption date. The Issue 2018-4 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Issue 2018-4 Bonds then Outstanding.

(b) ***Excess 2018-4 Principal Payments (PAC Bonds).*** The PAC Bonds are subject to redemption prior to their maturity, in whole or in part at a Redemption Price of 100% of the principal amount of such PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2018-4 Principal Payments. Any Excess 2018-4 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing January 1, 2019; provided, however, that PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any PAC Bonds remain Outstanding, Excess 2018-4 Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2018-4 Bonds (including the Transferred Program Loans) are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2018-4 Principal Payments shall first be applied to redeem the PAC Bonds up to an amount correlating to the PAC Bonds Planned Amortization Amount and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than the PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to the Issue 2018-4 Bonds (including the Transferred Program Loans) are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2018-4 Principal Payments shall first be applied to redeem PAC Bonds up to an amount correlating to the PAC Bonds Planned Amortization Amount (as set forth in "FIRST" above) and, subject to Section 2.11(c) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including the PAC Bonds (any such remainder used to redeem PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that

(i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2018-4 Principal Payments which is in excess of 400% PSA and
(ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the PAC Bonds' proportionate amount of all Issue 2018-4 Bonds then Outstanding.

The PAC Bonds Planned Amortization Amount and the 400% PSA Prepayment Amount set forth in Exhibit B hereto are each subject to proportionate reduction to the extent PAC Bonds are redeemed from amounts on deposit in the Issue 2018-4 Subaccount of the Loan Fund which are not applied to finance Program Loans in accordance with Section 2.11(a) hereof.

(c) **Ten Year Rule.**

(i) To the extent not required to make regularly scheduled principal payments on the Issue 2018-4 Bonds (including Sinking Fund Payments) or otherwise required to be used to redeem the PAC Bonds as described in Section 2.11 (b) above, repayments and prepayments of principal on the Program Loans, or portions thereof, financed with proceeds of the Issue 2018-4 Bonds (directly or through a series of refundings) received more than ten years after the Issue Date of the Issue 2018-4 Bonds (or the date of original issuance of the bonds refunded by the Issue 2018-4 Bonds, directly or through a series of refundings) shall be applied to redeem the Issue 2018-4 Bonds on or before the next Interest Payment Date with respect to the Issue 2018-4 Bonds, which Interest Payment Date is at least six months from the date of receipt of such Program Loan principal payments, in such principal amounts as required to satisfy requirements of the Code. The Redemption Price of Issue 2018-4 Bonds so redeemed shall be 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable.

(ii) THDA shall advise the Trustee of the appropriate Redemption Date for any redemption pursuant to this Section 2.11(c). The Issue 2018-4 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided however, that the PAC Bonds may be redeemed in an amount that exceeds the PAC Bonds Planned Amortization Amount only if there are no other Issue 2018-4 Bonds Outstanding.

Section 2.12. Selection by Lot. If less than all of the Issue 2018-4 Bonds of like maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

Section 2.13. Purchase of Bonds by THDA or Trustee. Whenever moneys are available for redemption of Bonds under Sections 2.08, 2.09, 2.10 or 2.11 above, THDA or the Trustee is authorized to purchase Bonds at a price not to exceed the applicable Redemption Price.

ARTICLE III

SALE AND DELIVERY

Section 3.01. Sale.

(a) The Issue 2018-4 Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chair, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreement. The Board of Directors of THDA hereby authorizes the Committee to adopt a resolution approving the purchase price of the Issue 2018-4 Bonds.

(b) The Secretary of the Bond Finance Committee of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Issue 2018-4 Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chair, Vice Chair, Executive Director and Secretary of the Bond Finance Committee are hereby authorized to sign and deliver such Official Statement to the Underwriters. The distribution of the Preliminary Official Statement relating to the Issue 2018-4 Bonds to the public is hereby authorized and approved.

(c) The Issue 2018-4 Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this 2018-4 Supplemental Resolution.

ARTICLE IV

DISPOSITION OF PROCEEDS AND OTHER MONEYS

Section 4.01. Loan Fund; Bond Reserve Fund Requirement. Upon receipt of the proceeds of the sale of the Issue 2018-4 Bonds, THDA shall deposit such proceeds, together with any contribution from THDA of available THDA funds, in the Issue 2018-4 Bond Subaccount of the Loan Fund and in the Bond Reserve Fund, if applicable, as shall be set forth in a certificate of THDA delivered on or prior to the date of issuance of the Issue 2018-4 Bonds. Amounts on deposit in the Issue 2018-4 Bond Subaccount of the Loan Fund in excess of \$15,780,000 shall be applied to (i) the financing of Program Loans, or participations therein, in accordance with the provisions of the General Resolution and Section 4.03 hereof, (ii) deposits to the Bond Reserve Fund and the Debt Service and Expense Account of the Revenue Fund, (iii) payment of Costs of Issuance and (iv) payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer.

Amounts on deposit in the Issue 2018-4 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Issue 2018-4 Bonds as described in Section 2.11(a) hereof. The date of such redemption provided in Section 2.11(a) may be extended upon the delivery by THDA to the Trustee and the Rating Agency of a Projected Cash

Flow Statement which satisfies the requirements of Section 7.11 of the General Resolution; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 2.11(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Issue 2018-4 Bonds from the income of the owners thereof for federal income tax purposes. The amount of funds on deposit in the Issue 2018-4 Bond Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the Issue 2018-4 Bonds shall not exceed 2% of the proceeds of the Issue 2018-4 Bonds.

THDA hereby covenants that an amount equal to twenty percent (20%) of the funds deposited in the Issue 2018-4 Bond Subaccount of the Loan Fund which are to be used to finance Program Loans (or other available funds of THDA), shall be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) until November 15, 2019.

The Bond Reserve Fund Requirement with respect to the Issue 2018-4 Bonds shall be an amount equal to 3% of the then current balance of Program Loans (other than Program Loans underlying Program Securities) allocable to the Issue 2018-4 Bonds plus the amount on deposit in the Issue 2018-4 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund which, together with any excess amounts on deposit in the Bond Reserve Fund, shall satisfy the Bond Reserve Requirement.

Section 4.02. Proceeds of Issue 2018-4 Bonds. Proceeds of the Issue 2018-4 Bonds, together with any contribution from THDA of available THDA funds, initially shall be deposited in the Issue 2018-4 Bond Subaccount of the Loan Fund. On the Issue Date, \$15,780,000 of the amount on deposit in the Issue 2018-4 Bond Subaccount of the Loan Fund (representing a portion of the proceeds of the Issue 2018-4 Bonds) shall be allocated to the refunding of the principal of the Refunded Bonds; interest due on the Refunded Bonds on their redemption date will be paid from funds on deposit in the Redemption Account of the Refunded Bonds. On such date, the Transferred Program Loans shall be credited to the Issue 2018-4 Bond Subaccount of the Loan Fund and the Transferred Investments shall be deposited in such Funds or Accounts as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date.

Section 4.03. Program Loan Determinations. No Program Loan shall be financed with proceeds of the Issue 2018-4 Bonds unless (i) such Program Loan is made for the acquisition of residential housing for occupancy by not more than four families and (ii) the deed of trust securing such Program Loan shall constitute and create a first lien subject only to Permitted Encumbrances, on the fee simple or leasehold estate, of real property located in the State or on the interest in the real property constituting a part of the residential housing with respect to which the Program Loan secured thereby is made and on the fixtures acquired with the proceeds of the Program Loan attached to or used in connection with such residential housing.

In addition, the Program Loan must either:

- (a) have been pooled into a Program Security; or

(b) have been insured or guaranteed or have a commitment for insurance or guaranty by:

(i) the United States or any instrumentality thereof (inclusive of the Federal Housing Administration, the Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans), or

(ii) any agency or instrumentality of the State authorized by law to issue such insurance; or

(c) be made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value (as determined in an appraisal by or acceptable to THDA) or the sale price of the property securing the Program Loan; or

(d) be made in an amount not exceeding the value, as determined in an appraisal by or acceptable to THDA, or sale price of the property securing the Program Loan, whichever is less, but only if (i) THDA is issued a mortgage insurance policy by a private mortgage insurance company, qualified to issue such insurance or guarantee in the State and approved by THDA, and the claims paying ability of which private mortgage insurer is rated by each Rating Agency in a rating category at least as high as the then current rating assigned to the Bonds, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount by which the original principal amount of the Program Loan exceeds 78% of the value, as determined by an appraisal by or acceptable to THDA or sale price of the property securing the Program Loan, whichever is less.

ARTICLE V

FORM OF BONDS, AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Section 5.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2018-4 Bonds in fully registered form shall be in substantially the form attached hereto as Exhibit C, with such variations as shall be appropriate in order to conform to the terms and provisions of the General Resolution and this Resolution.

Section 5.02. Form of Trustee's and Authenticating Agent's Certificate of Authentication. The Issue 2018-4 Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2018-4 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

ARTICLE VI

MISCELLANEOUS

Section 6.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Issue 2018-4 Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Issue 2018-4 Bonds and neither the members of THDA nor any person executing the Issue 2018-4 Bonds may be liable personally on the Issue 2018-4 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 6.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Issue 2018-4 Bonds are not a debt, liability or the obligation of the State or any other political subdivision thereof. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Issue 2018-4 Bonds. The Issue 2018-4 Bonds are not a debt, liability or obligation of the United States of America or any agency thereof. Neither the full faith and credit nor the taxing power of the United States of America is pledged for payment of the principal of or interest on the Issue 2018-4 Bonds.

Section 6.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 6.04. Authorized Officers. The Chair, Vice Chair, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 6.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 6.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the Issue 2018-4 Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including the rebate requirement of Section 148(f) of the Code. THDA also covenants to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements. In accordance with the rebate requirement, THDA agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Issue 2018-4 Bonds from time to time.

Section 6.07. Continuing Disclosure Undertaking.

(a) THDA shall deliver to the MSRB, within 210 days after the end of each Fiscal Year:

(i) a copy of the annual financial statements of THDA prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and

(ii) an annual update of the type of information in the Official Statement (A) contained in Appendix E, (B) regarding annual required contributions for employee pension plan and other post-employment benefits to the extent not included in annual financial statements and (C) of the nature disclosed under the following headings (including, without limitation, information with respect to the outstanding balances of Program Loans, by mortgage type, delinquency information, acquisition costs and income limits):

(A) Residential Finance Program Bonds; and

(B) Residential Finance Program Loans.

The information described in this subsection (a) may be provided by specific reference to documents (including official statements, to the extent the official statements include the information described in this subsection (a)) previously provided to the MSRB or filed with the Securities and Exchange Commission.

If unaudited financial statements are provided as part of the information required to be delivered under this subsection (a) within the time period specified above, THDA shall provide, when and if available, a copy of THDA's audited financial statements to the MSRB.

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Issue 2018-4 Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on the Bond Reserve Fund (or other debt service reserves) reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) substitution of any credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issue 2018-4 Bonds, or other material events affecting the tax status of the Issue 2018-4 Bonds;
- (vii) modifications to rights of the holders of the Issue 2018-4 Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Issue 2018-4 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);
- (xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Issue 2018-4 Bonds or defeasance of any Issue 2018-4 Bonds need not be given pursuant to this Section 6.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Issue 2018-4 Bonds pursuant to the Resolution.

(c) THDA shall give notice to the Trustee and the MSRB in a timely manner of any failure by THDA to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) THDA agrees that the provisions of this Section 6.07 shall be for the benefit of the beneficial owners of the Issue 2018-4 Bonds whether or not the Rule (as defined below) applies to such Issue 2018-4 Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Issue 2018-4 Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of Rule 15c2-12 (the "Rule") as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Issue 2018-4 Bonds or (B) the holders of the Issue 2018-4 Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Bonds pursuant to the General Resolution as in effect on the date of this Resolution; and (v) THDA shall have delivered copies of such opinion(s) and the amendment to the MSRB.

(g) THDA's obligations with respect to the beneficial owners of the Issue 2018-4 Bonds under these agreements as set forth above terminate upon a legal

defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Issue 2018-4 Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 6.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 6.07 may be enforced by any beneficial owner of the Issue 2018-4 Bonds exclusively by an action for specific performance. The obligations of THDA in this Section 6.07 shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the obligations under this Section 6.07 shall be instituted in a court of competent jurisdiction in the State.

Section 6.08. Confirmation and Adjustment of Terms by Committee. The terms of the Issue 2018-4 Bonds are herein established subject to confirmation by the Committee upon the sale of the Issue 2018-4 Bonds by the Committee. The Committee is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Issue 2018-4 Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Committee determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 6.09. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENT

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR PAC BONDS

<u>Date</u>	<u>PAC Bonds</u> <u>Planned Amortization Amount</u>
July 1, 2019	\$ 2,275,000
January 1, 2020	4,870,000
July 1, 2020	8,640,000
January 1, 2021	13,530,000
July 1, 2021	19,455,000
January 1, 2022	25,890,000
July 1, 2022	32,125,000
January 1, 2023	38,090,000
July 1, 2023	43,785,000
January 1, 2024	49,215,000
July 1, 2024	54,395,000
January 1, 2025	59,330,000
July 1, 2025	64,020,000
January 1, 2026	68,470,000
July 1, 2026	72,690,000
January 1, 2027	76,685,000
July 1, 2027	80,460,000
January 1, 2028	84,020,000
July 1, 2028	86,200,000

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2018-4 BONDS**

Date	Cumulative Amount	Date	Cumulative Amount
January 1, 2019	\$ 509,762	July 1, 2034	\$ 205,735,986
July 1, 2019	5,513,604	January 1, 2035	206,102,200
January 1, 2020	14,961,112	July 1, 2035	206,412,782
July 1, 2020	28,702,681	January 1, 2036	206,675,797
January 1, 2021	46,069,056	July 1, 2036	206,898,180
July 1, 2021	66,056,276	January 1, 2037	207,085,882
January 1, 2022	85,665,265	July 1, 2037	207,244,015
July 1, 2022	102,737,402	January 1, 2038	207,376,960
January 1, 2023	117,470,709	July 1, 2038	207,488,478
July 1, 2023	130,181,217	January 1, 2039	207,581,785
January 1, 2024	141,142,693	July 1, 2039	207,659,638
July 1, 2024	150,592,250	January 1, 2040	207,724,423
January 1, 2025	158,735,214	July 1, 2040	207,778,377
July 1, 2025	165,749,346	January 1, 2041	207,823,214
January 1, 2026	171,788,513	July 1, 2041	207,860,343
July 1, 2026	176,985,869	January 1, 2042	207,890,961
January 1, 2027	181,456,620	July 1, 2042	207,916,093
July 1, 2027	185,300,412	January 1, 2043	207,936,611
January 1, 2028	188,603,421	July 1, 2043	207,953,256
July 1, 2028	191,440,148	January 1, 2044	207,966,660
January 1, 2029	193,874,984	July 1, 2044	207,977,356
July 1, 2029	195,963,570	January 1, 2045	207,985,800
January 1, 2030	197,753,969	July 1, 2045	207,992,374
July 1, 2030	199,287,696	January 1, 2046	207,997,404
January 1, 2031	200,600,584	July 1, 2046	208,001,163
July 1, 2031	201,723,554	January 1, 2047	208,003,881
January 1, 2032	202,683,280	July 1, 2047	208,005,753
July 1, 2032	203,502,765	January 1, 2048	208,006,941
January 1, 2033	204,201,842	July 1, 2048	208,007,580
July 1, 2033	204,797,598	January 1, 2049	208,007,787
January 1, 2034	205,304,754	July 1, 2049	208,007,799

EXHIBIT C

FORM OF BOND

REGISTERED

R[-1]

\$[_____]

**TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BOND
ISSUE 2018-4 (Non-AMT)**

Interest Rate	Dated Date	Maturity Date	Cusip
[____]%	November 15, 2018	[_____]	880461[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: [_____]

TENNESSEE HOUSING DEVELOPMENT AGENCY (hereinafter sometimes called “THDA”), a body politic and corporate and a political subdivision of the State of Tennessee (herein called the “State”), created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner (shown above), or registered assigns, the principal sum (shown above), on the maturity date specified above, and to pay interest on said principal sum to the Registered Owner of this Bond from the dated date hereof until THDA’s obligation with respect to the payment of said principal sum shall be discharged, at the rate per annum specified above payable on each January 1 and July 1 commencing January 1, 2019. The principal of and interest on this Bond are payable at the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee in any coin or currency of the United States of America, which, on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of THDA designated “Residential Finance Program Bonds” (herein called the “Bonds”) authorized to be issued in various series under and pursuant to the Tennessee Housing Development Agency Act, Sections 13-23-101 et seq., of the Tennessee Code Annotated, as amended (herein called the “Act”), a resolution of THDA adopted January 29, 2013, as amended and supplemented by the Bond Finance Committee on April 18, 2013, and entitled “General Residential Finance Program Bond Resolution” (herein called the “General Resolution”) and a supplemental resolution authorizing each issue. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series of various principal amounts, may bear interest at different rates and subject to the provisions thereof, may

otherwise vary. All Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This bond is one of a series of bonds additionally designated “Issue 2018-4” (herein called the “Bonds”) issued in the aggregate principal amount of \$225,000,000 under the General Resolution, a resolution of THDA adopted on September 25, 2018, as amended and supplemented by the Bond Finance Committee of THDA on October 3, 2018 (collectively with the General Resolution, the “Resolutions”). Copies of the Resolutions are on file at the office of THDA in Nashville, Tennessee and at the principal corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as trustee under the General Resolution (said trustee under the General Resolution being called herein the “Trustee”) and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by THDA with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. In addition, certain other modifications or amendments to the Resolutions can be made which are not contrary to or inconsistent with the Resolutions without the consent of the Bondholders.

The holder of this Bond shall have no right to enforce the provisions of the Resolutions, to institute actions to enforce the provisions of the Resolutions or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the General Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the General Resolution, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

This Bond is transferable, as provided in the Resolutions, only upon the books of THDA kept for that purpose at the office of the Trustee by the registered owner hereof in person or by such owner’s attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner’s attorney duly authorized in writing, and thereupon a new registered Bond or Bonds in the same aggregate principal amount and of the same series and maturity shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. THDA and the Trustee may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving

payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a special limited obligation of THDA payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

The Bonds are issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds are subject to optional, mandatory and sinking fund redemption as described in the Resolutions.

This Bond does not constitute a debt, liability or other obligation of the State or any political subdivision thereof other than THDA and neither the State nor any political subdivision thereof shall be obligated to pay the principal of the Bonds or the interest thereon. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

This Bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

The Act provides that neither the members of THDA nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State and the Resolutions to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of the Bonds, together with all other indebtedness, of THDA, is within every debt and other limit prescribed by law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, TENNESSEE HOUSING DEVELOPMENT AGENCY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Executive Director, all as of the dated date shown above.

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By _____
Kim Grant Brown
Chair
[SEAL]

Attest:

By _____
Ralph M. Perrey
Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Residential Finance Program Bonds, Issue 2018-4 (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Dated: November 15, 2018

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____
(Cust)

Custodian _____
(Minor)

under Uniform Gifts to Minors

Act _____
(State)

Additional Abbreviations may also be used though
not in the above list

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the bond register, with full power of substitution in the premises.

Dated: _____

Social Security Number or
Employer Identification
Number of Transferred: _____

Signature guaranteed: _____

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

13. OFFICIAL STATEMENT:

May Be Viewed on the Investors Webpage at THDA's Website at

<https://thda.org/investors/investors>



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: January 22, 2019
TO: THDA Board of Directors
FROM: Lynn E. Miller, Chief Legal Counsel *LEM*
Trent Ridley, Chief Financial Officer *TR*
SUBJECT: THDA Volume Cap Annual Update

Background

THDA receives allocations of volume cap every year from the Tennessee Department of Economic and Community Development ("ECD"). The amount of volume cap allocated to THDA is the total amount of volume cap made available for single family and multifamily housing funded with tax exempt bonds in the state. The amount of this resource allocated to THDA drives the amount of single family mortgage loans THDA may purchase each year and the amount of tax exempt bonds for multifamily housing that may be issued by local issuers under THDA's Multifamily Tax-Exempt Bond Authority Program.

Volume cap THDA receives in one year may be carried forward and subsequently used for single family bond issues over 3 additional years. In addition, volume cap may be carried forward for a mortgage credit certificate program ("MCC"). Volume cap THDA allocates to local issuers under the Multifamily Tax-Exempt Bond Authority Program must be used in the year of allocation and cannot be carried forward for multifamily purposes.

The amount of volume cap made available each year to Tennessee is based on population. Of the total amount Tennessee receives, THDA, pursuant to a plan developed by ECD, receives 35% of the total at the beginning of each year. Thereafter and prior to December 1, THDA may request an additional allocation that may be awarded at the discretion of the ECD Commissioner. Then, at year end, THDA is one of two entities that may receive an additional allocation based on the amount of volume cap not otherwise used for other eligible tax exempt bond issuances during the year.

2019 Volume Cap

- allocation: 01/08/2019: \$248,797,850
- amount available for multifamily bonds in 2019: \$200,000,000
- amount expected to be used for THDA single family bonds in 2019: \$0, due to the availability of volume cap from prior years that expires sooner
- the amount of the 01/08/2019 allocation, together with a year-end allocation, if any, less the amount used for multifamily will be carried forward and will be available for THDA single family bonds through 12/31/2022
- 2019 volume cap is expected to be used for THDA single family bond issues in 2022 and unused amounts could be made available through 12/31/2024 for an MCC program

2018 Volume Cap

- allocation: 01/17/2018: \$246,812,300
04/02/2018 100,000,000
12/10/2018 358,365,700
TOTAL \$705,178,000
- amount used for multifamily bonds in 2018: approximately \$335,725,000
- amount expected to be used for THDA single family bonds in 2018: \$0, due to the availability of volume cap from prior years that expires sooner
- amount to be carried forward and available for THDA single family bonds through 12/31/2021: \$369,453,000
- 2018 volume cap is expected to be used for THDA single family bond issues in 2021 and unused amounts could be made available through 12/31/2023 for an MCC program

2017 Volume Cap

- allocations: 01/09/2017: \$232,791,650
01/17/2018 432,327,350
TOTAL \$665,119,000
- amount used for multifamily bonds in 2017: approximately \$198,100,000
- amount used for THDA single family bonds in 2018: \$0, due to the availability of volume cap from prior years that expires sooner
- amount carried forward and available for THDA single family bonds through 12/31/2020: approximately \$467,019,000
- 2017 volume cap is expected to be used for THDA single family bond issues in 2020 and unused amounts could be made available through 12/31/2022 for an MCC program

2016 Volume Cap

- allocations: 01/06/2016: \$231,010,500
09/19/2016 100,000,000
12/05/2016 329,019,500
TOTAL \$660,030,000
- amount used for multifamily bonds in 2016: approximately \$165,873,000
- amount carried forward for THDA single family bonds through 12/31/2019: approximately \$494,157,000
- amount used for THDA single family bonds in 2018: \$84,464,012 (Issue 2018-4)
- amount available for THDA single family bonds through 12/31/19: \$409,692,988
- unused amounts, if any, could be made available through 12/31/2021 for an MCC program

2015 Volume Cap

- allocations: 01/07/2015: \$229,227,250
12/16/2015 425,707,750
TOTAL \$654,935,000
- amount used for multifamily bonds in 2015: approximately \$118,093,000
- amount used for THDA single family bonds in 2018: \$536,842,000

LEM/TR/ds

Tab # 5

Items:

Grants Committee Meeting Materials

**Tennessee Housing Development Agency
Grants Committee
January 29, 2019
10:00 a.m. Central Time**

AGENDA

1. Call to Order van Vuuren
2. Approval of Minutes for November 13, 2018 Meeting van Vuuren
3. Non Profit Capacity Building Grant Program Proposal Shearon
4. Extension Request by Sevier County – 2017 Rebuild and Recover Grant Watt
5. 2019 Fall Round of the THTF Competitive Grants Program Funding Awards Update . Watt
6. 2018 HOME/CHDO Mini Round 2 Funding Awards Update Watt
7. Adjournvan Vuuren

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue; Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Pieter van Vuuren, Chair
Tre Hargett
Austin McMullen
Lynn Tully
Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE
November 13, 2018

Pursuant to the call of the Chair, the Grants Committee of the Tennessee Housing Development Agency Board of Directors met in regular session on Tuesday, November 13, 2018, at 10:20 a.m. Central Time in the Nashville Room at the William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee.

The following Committee members were present: Secretary of State Tre Hargett, Lynn Tully, and Ann Butterworth (for Comptroller Justin Wilson). Other Board members present were Kim Grant Brown, John Snodderly, Regina Hubbard, Kevin Bradley (for Treasurer Lillard), and Greg Turner (for Commissioner Larry Martin). Todd Skelton joined the meeting at 10:28 a.m. Austin McMullen and Pieter van Vuuren were absent.

Secretary of State Hargett chaired the meeting and called the meeting to order. He called for consideration of the minutes from the September 25, 2018, meeting. Upon motion by Ms. Brown, second by Ms. Tully, the minutes were approved.

Secretary of State Hargett next called on Don Watt, Director of Community Programs, to present proposed revisions to the 2019 Emergency Solutions Grant (“ESG”) Program Description. Mr. Watt referenced his memorandum dated November 5, 2018, and the attached 2019 ESG Program Description containing proposed revisions. Mr. Watt indicated that the ESG Program provides funding to local governments and non-profit agencies to implement activities to benefit the homeless or those threatened with homelessness. He noted that pursuant to final approval of the 2019 federal budget, THDA expects to receive approximately \$3,000,000 in ESG funding for fiscal year 2019. He explained that staff is proposing limited changes to the 2019 ESG Program Description, as described in the referenced memo, most notably, providing applicants an opportunity to cure certain threshold issues, such as: failure to upload all required documents into the Participant Information Management System (“PIMS”), failure to submit a current Certificate of Existence, or failure of the appropriate official to sign the application, but with a 10-point scoring deduction. Upon motion by Ms. Butterworth, second by Secretary of State Hargett, the Committee recommended approval of the revised 2019 ESG Program Description to the Board, with authority for the Executive Director to make final funding determinations and report back to the Board at the next meeting following the awards.

Secretary of State Hargett again called upon Mr. Watt to present proposed revisions to the 2019-2020 Emergency Repair Program (“ERP”) Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached 2019-2020 ERP Program Description containing proposed revisions. Mr. Watt noted that the ERP Program provides funding to implement emergency home repairs for the elderly or disabled. He reminded the Committee that with their approval of the revised ERP Program Description in May, the Board authorized a decrease in the required match funds from 50% to 25%. He indicated that, for the 2019-2020 ERP Program Description, staff is requesting elimination of the match requirement entirely because other THDA programs providing homeowner rehabilitation assistance serve households at a higher income level but do not require any match contribution by the homeowner. Mr. Watt indicated that this change would bring consistency to THDA programs, facilitate implementation of the

program both by THDA and the administering agencies, streamline the process, and eliminate some costs involved with administration. He noted that, if approved, staff will contact all administering agencies to inform them of this change so that households who may have been denied assistance due to a lack of match contribution may resubmit an application. Upon motion by Ms. Butterworth, second by Secretary of State Hargett, the Committee recommended approval of the revised 2019-2020 ERP Program Description to the Board.

Next, Secretary of State Hargett called upon Mr. Watt to present proposed changes to the 2019 HOME Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached proposed 2019 HOME Program Description. He indicated that the HOME Program provides funds to local governments and nonprofits to implement homeowner rehabilitation and second mortgage assistance programs, and, through Community Housing Development Organizations (CHDO's), the development of housing for sale to low- and moderate-income homebuyers. He indicated that THDA anticipates receiving approximately \$14,400,000 in funds for 2019, which will be combined with any leftover funds from prior years' allocations. Mr. Watt noted that in addition to the other minor updates as provided in his memo, the 2019 HOME Program Description addresses THDA's move to an electronic application process. Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee recommended approval of the revised 2019 HOME Program Description to the Board, with authority for the Executive Director to make final funding determinations and report back to the Board at the next meeting following the awards.

Next, Secretary of State Hargett called upon Mr. Watt to present proposed changes to the 2018 National Housing Trust Fund ("NHTF") Program Description. Mr. Watt referenced his memorandum dated November 5, 2018 and the attached proposed 2018 NHTF Program Description. He stated that the purpose of the NHTF Program is to promote the development of affordable rental housing for households up to 30% of the area median income ("AMI") and that THDA has already received an allocation for this program in the amount of \$3,688,511. He emphasized one change to the applicant criteria for the 2019 NHTF Program Description that mirrors language from both the Qualified Allocation Plan for the Low Income Housing Tax Credit Program and the 2019 Fall and Spring Rounds of the Tennessee Housing Trust Fund Competitive Grants Program; namely, that the applicant must materially participate in the ownership structure of the development. He indicated there were no other changes to the 2018 NHTF Program Description or scoring criteria. Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee recommended approval of the revised 2018 NHTF Program Description to the Board, with authority for the Executive Director to make final funding determinations and report back to the Board at the next meeting following the awards.

Next, Secretary of State Hargett called upon Mr. Watt to present proposed changes to the 2019 Spring Round of the Tennessee Housing Trust Fund ("THTF") Competitive Grants Program Description. Mr. Watt stated that through this program, approximately \$2,000,000 is available to non-profit organizations, public housing authorities, and local governments for the construction and/or rehabilitation of affordable rental housing. He noted that there are no changes from the 2019 Fall Program Description other than updated spend down requirements and application due dates. Upon motion by Ms. Tully, second by Ms. Butterworth, the Committee recommended approval of the revised 2019 Spring Round of the THTF Competitive Grants Program Description

to the Board, with authority for the Executive Director to make final funding determinations and report back to the Board at the next meeting following the awards.

Secretary of State Hargett again called upon Mr. Watt to present a grant extension request from Men of Valor. Mr. Watt referenced his memorandum dated November 5, 2018. He explained that Men of Valor has requested a 1-year extension of their Fall 2017 THTF Competitive Grant, which is set to expire on December 31, 2019. He noted that Men of Valor received a \$500,000 grant to build an 8-unit apartment in Antioch to serve the housing needs of ex-offenders, but the project was impacted by the discovery of a previously unknown spring on the property that delayed paving of the only access road. Mr. Watt indicated staff support of the extension request and acknowledged the presence of Men of Valor's Development Director, Mr. Dave Miller, at the meeting. Upon motion by Ms. Butterworth, second by Ms. Tully, the Committee recommended approval to the Board of a grant extension to December 31, 2020.

Next, Secretary of State Hargett called on Ms. Lorrie Shearon, THDA's Chief Strategy Officer, to present information about a proposed Nonprofit Capacity-Building Program. Ms. Shearon referenced her memorandum dated October 26, 2018. She stated that THDA staff sees, on a regular basis, the need for nonprofit organizations to increase their capacity. She indicated that staff looked at a Virginia program with a 2-phase framework for technical assistance: Phase 1 provides grants to help nonprofit organizations develop a strategic / succession plan and Phase 2 provides grants for consultants in organizational development (such as board development, fiscal planning, and grant management). Ms. Shearon indicated staff would continue to explore this idea and develop a specific proposal for January, but wanted to give Board members an opportunity to ask questions or submit ideas and feedback. Ms. Butterworth asked if the Center for Nonprofit Management might be a resource, and Ms. Shearon replied affirmatively.

Next, Secretary of State Hargett called upon Mr. Watt to present an annual update on the status of previous grant extensions. Mr. Watt referenced his memorandum dated November 5, 2018, and stated that all projects are moving along well with the exception of one that has run into development, staffing, and funding issues on its final unit. Additionally, Mr. Watt reported that the Sumner County appeal has ended, so THDA is now working with Sumner County to close out the grant.

Finally, Secretary of State Hargett called upon Mr. Watt to report on the awards authorized under the 2019 Challenge Grant Program Description, as revised on September 25, 2018. Mr. Watt referenced his memorandum dated November 5, 2018 and noted that the Challenge Grant Program provides seed funding for nonprofit organizations to implement housing and related activities that represent unique milestones, are part of a broad community initiative, or are part of a significant expansion of work outside the normal scope of the applicant. He stated that THDA received six applications and two awards were made on a first-come, first-serve basis. He indicated that the first award was \$1,000,000 to Habitat for Humanity of Greater Nashville, to be used for the Jimmy and Rosalyn Carter Work Project scheduled for October 2019, which will create 20 new single family homes in 2019, 26 townhomes in 2020 and 12 single family homes in 2021. He reported a second award of \$500,000 to Appalachia Service Project to construct a facility in Johnson City that will provide dormitory space, a commercial kitchen to accommodate

200 volunteers working year-round, a separate living space for displaced families, and a multi-use space for construction training.

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

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the _____ day of _____, 20____.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Lorrie Shearon, Chief Strategy Officer
DATE: January 22, 2019
RE: 2020 Capacity Building Grant Program

At the November board meeting, I presented the concept of THDA instituting a competitive grant program to offer funds to non-profit organizations to hire a consultant who would work with them to complete a strategic plan or succession plan. After considerable discussion, we feel such a program could significantly increase the capacity of the non-profits on whom we depend to help us administer a number of our housing programs. We anticipate setting aside \$200,000 initially for this program, which should be enough to help us fund up to 20 organizations at a maximum assistance amount of \$10,000 each. A summary of the proposed program can be found on the attachment.

Following an announcement of the program at the Housing Conference in March and its promotion during the spring, THDA anticipates releasing the program on July 1. Applications will be due on August 28, 2019, with funding determinations announced by November 1, 2019. Contracts will begin on January 1, 2020.

Staff recommends adoption of the proposed 2020 Capacity Building Grant Program, as outlined on the attached. Staff further recommends that the Executive Director or a designee be authorized to award funds to applicants for applications scored by staff based on the scoring elements described in the program description, subject to all the requirements and provisions contained therein. Staff will provide information to the Committee and Board regarding awards made under this program at the meeting that immediately follows the date of the awards.

Capacity Building Grant Program – Summary Points

- This funding would be available to non-profit housing organizations that have a minimum of two years' affordable housing experience in Tennessee.
- Selected organizations will work with a consultant they select in order to develop a strategic plan or succession management plan. Although organizations choose their consultant, we are recommending that they choose a consultant who has been screened and recommended by one of four non-profit mentoring organizations located across Tennessee.
- The maximum grant award will be up to \$10,000 per organization and will require a match contribution, based on the size of the organization's total budget. THDA will require a 10% match contribution towards the total plan development budget for organizations with an annual budget of less than \$500,000; a 30% match contribution for organizations with a budget between \$500,000 and \$1,000,000; and a 50% match contribution for organizations with an annual budget in excess of \$1,000,000.
- THDA will make payment upon completion of various milestones toward plan completion: 25% will be disbursed upon THDA's approval of a timeline and plan for completion; 25% will be disbursed upon THDA's review and approval of a draft plan; 50% will be disbursed upon THDA's review and completion of the organization's final plan.
- Strategic plans and Succession plans must contain specific components, spelled out in detail in the program description. Also, funded organizations must submit an annual status report on their progress implementing the plan for three years following completion of the grant period.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: January 22, 2019
RE: Request for Approval of Grant Extension: 2017 Rebuild and Recover Program – Sevier County – RR-17-01

Recommendation

Staff recommends approval of the extension request for RR-17-01 to May 31, 2019 as further described below.

Background

THDA awarded Sevier County a grant of \$393,750 under the Rebuild and Recover Program. This grant provided grants to eligible low-income homeowners for the demolition and reconstruction of 25 owner-occupied units of housing in Sevier County, TN, damaged by fires in November 2016 under the federal disaster declaration. The original term of the grant was June 1, 2017 through February 28, 2019, in accordance with the original timeline for completion proposed by Sevier County in the application.

Sevier County has contracted program management with Appalachia Service Project (ASP), which has completed 15 homes to date, with five units under construction and pre-construction work underway for five additional units. ASP expects to conclude all construction activity by May 31, 2019, bringing all work to completion within a 24-month timeframe.

As a result, Sevier County is requesting consideration of a three-month extension on the current grant term to ensure sufficient time to complete the remaining ten units.

Telephone 865.453.6136
Fax 865.453.6830
E-mail: lwaters@seviercountyttn.org



125 Court Avenue
Suite 201E
Sevierville, TN 37862

Larry Waters *County Mayor*

January 11, 2019

On behalf of Appalachia Service Project (ASP), Sevier County formally requests an extension of the work agreement for disaster recovery work with THDA from February 28, 2019 to May 31, 2019.

We are happy to say that since construction began in April of 2017, ASP has completed a total of 15 new homes and has another 5 under construction. Additionally, pre-construction work is underway for the final 5 families in need of home replacements. This would complete ASP's goal of restoring homes for 25 families in need after the devastating fires of 2016.

We anticipate submitting a total of 14 homes for THDA funding, including two which have already been funded, and two that have been submitted. Outside of the commitment from THDA, ASP has secured the required supplemental funding to complete all projects, has a team on the ground coordinating construction activities and anticipates completion of the remaining 10 homes by May 31, 2019.

Therefore, we humbly request additional time to complete all construction activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Waters", is written over a horizontal line.

Larry Waters
Sevier County Mayor



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: January 22, 2019
RE: 2019 Fall THTF Competitive Grants Funding Awards

Attached is the funding award matrix under the 2019 Fall Competitive Grants Program of the Tennessee Housing Trust Fund. THDA had \$2,200,000 available for award. THDA received 20 applications eligible for scoring, requesting over \$7.3 million. The Executive Director awarded full funding for the six top scoring applicants, including:

- **Mending Hearts** – (Middle TN) – New construction of a single family home in Nashville to provide transitional housing for eight females who are ex-offenders and many of whom are homeless or at risk of homelessness and have disabilities and/or substance abuse issues.
- **Metropolitan Development and Housing Agency** – (Middle TN) – New construction of Victory Hall, a 39-unit mixed income housing development. The project will reserve 29 units for homeless veterans, with the remaining 10 units of market rate housing with a preference for case managers, counselors, and students in those fields. The project will be implemented in collaboration with Operation Stand Down Tennessee, which will provide the support services to homeless veterans, including employment and benefits assistance.
- **Ripley Housing Authority**: (West TN) – New construction of a 3-bedroom group home for intellectually or developmentally disabled adults. The Helen Tucker Center will collaborate to offer support services to unit residents.
- **Crossroads Campus** – (Middle TN) – New construction of 25 units of permanent housing for young adults facing homelessness, including those who have been in foster care and the juvenile justice system or have experienced other past traumas. The project will reserve 25% of the units for youth exiting the foster care system. The housing will be incorporated on-site with an expansion of Crossroads Campus' social enterprise businesses, with 10-15 employment opportunities for program participants created.

- **Shelbyville Housing Authority** – (Middle TN) –New construction of six one-bedroom units that will be public housing for individuals who are elderly and disabled, with a target to TennCare CHOICES program eligible clients.
- **Manchester Housing Authority** – (Middle TN) – New Construction of eight ADA accessible units of permanent housing for individuals who are elderly and disabled, with a target to TennCare CHOICES program eligible clients.

The recommended funding amount of \$2,151,940 will create 70 units of affordable housing, benefiting 79 households.

The following applicants submitted proposals that were determined to be ineligible for consideration:

- Aid to Distressed Families of Appalachian Counties (ADFAC) – The application was received at THDA after the submission deadline.
- Chattanooga Housing Authority – The application was not signed by the Executive Director or the Chairman of the Board.
- Dawn of Hope Foundation - Application did not receive minimum score necessary for funding consideration.
- Johnson City Housing Authority – Application did not receive minimum score necessary for funding consideration.
- Tennessee Prison Outreach Ministry - Application did not receive minimum score necessary for funding consideration.

**TENNESSEE HOUSING TRUST FUND COMPETITIVE GRANTS PROGRAM
2019 FALL ROUND - Corrected**

APPLICANTS	COUNTY	E M W	THTF CG Program Request	THTF CG Admn Request	TOTAL THTF CG Request	THTF CG Award	MATCHING FUNDS (Cash)	MATCHING SERVICES / PROPERTY / DONATIONS	# of HHS	# of THTF Units	# of Total Units	ACTIVITY	POPULATION	PROGRAM DESIGN 35 Pts	CAPACITY 35 Pts	NEED 20 Pts	INNOVATION 10 Pts	TOTAL SCORE	TOTAL BALANCE OF FUNDS AVAILABLE \$2,200,000
Applicants Passing Threshold:																			
1 Mending Hearts	Davidson	M	\$408,145	\$29,045	\$437,190	\$437,190	\$413,643	\$20,000	8	1	1	Demolition & New Construction	Female Ex-Offenders	30	35	13	9	87	\$1,762,810
2 Metropolitan Development and Housing Agency	Davidson	M	\$465,000	\$35,000	\$500,000	\$500,000	\$6,848,700	\$0	29	29	39	New Construction	Homeless Veterans	35	33	10	8	86	\$1,262,810
3 Ripley Housing Authority	Lauderdale	W	\$63,000	\$4,400	\$67,400	\$67,400	\$67,149	\$186,157	3	1	1	New Construction	Intellectually or Developmentally Disabled Adults	35	32	11	4	82	\$1,195,410
4 Crossroads Campus	Davidson	M	\$500,000	\$0	\$500,000	\$500,000	\$1,860,000	\$0	25	25	25	New Construction	Homeless Young Adults	31	32	8	10	81	\$695,410
5 Shelbyville Housing Authority	Bedford	M	\$200,000	\$14,000	\$214,000	\$214,000	\$375,994	\$0	6	6	6	New Construction	Elderly & Disabled Adults w/CHOICES target	34	35	6	6	81	\$481,410
6 Manchester Housing Authority	Coffee	M	\$405,000	\$28,350	\$433,350	\$433,350	\$329,678	\$0	8	8	8	New Construction	Elderly & Disabled Adults w/CHOICES target	30	33	11	6	80	\$48,060
7 Carey Counseling Center	Carroll	W	\$277,370	\$20,877	\$298,247	\$0	\$162,000	\$0	4	4	4	Acquisition & Rehabilitation	Very Low Income and Extremely Low Income Disabled	29	35	10	4	76	-\$250,187
8 Gallatin Housing Authority	Sumner	M	\$500,000	\$0	\$500,000	\$0	\$1,500,000	\$0	16	16	16	New Construction	Extremely Low Income Elderly	31	35	9	3	76	-\$750,187
9 Franklin Housing Authority	Williamson	M	\$500,000	\$0	\$500,000	\$0	\$1,837,656	\$0	48	48	48	New Construction	Seniors	30	35	4	6	75	-\$1,250,187
10 Be A Helping Hand Foundation	Davidson	M	\$102,926	\$7,204	\$110,130	\$0	\$824,047	\$0	4	4	4	New Construction	Very Low Income Large Families	30	32	5	7	74	-\$1,360,317
11 Volunteer Behavioral Health Care System	Hamilton	E	\$230,000	\$16,000	\$246,000	\$0	\$46,452	\$123,340	8	4	4	Rehabilitation	Ex-Offenders	18	34	13	8	73	-\$1,606,317
12 Memphis Housing Authority	Shelby	W	\$465,000	\$35,000	\$500,000	\$0	\$866,150	\$0	24	24	24	Rehabilitation	Very Low and Extremely Low Income HHs and Homeless Veterans	27	33	7	6	73	-\$2,106,317
13 Restoration House of East Tennessee	Knox	E	\$500,000	\$0	\$500,000	\$0	\$2,609,262	\$0	5	5	6	New Construction	Very Low Income and Extremely Low Income Single Parents	23	32	5	10	70	-\$2,606,317
14 Project Return	Davidson	M	\$500,000	\$0	\$500,000	\$0	\$500,000	\$140,000	8	8	8	New Construction	Ex-Offenders	21	29	8	6	64	-\$3,106,317

**TENNESSEE HOUSING TRUST FUND COMPETITIVE GRANTS PROGRAM
2019 FALL ROUND - Corrected**

APPLICANTS		COUNTY	E M W	THTF CG Program Request	THTF CG Admn Request	TOTAL THTF CG Request	THTF CG Award	MATCHING FUNDS (Cash)	MATCHING SERVICES / PROPERTY / DONATIONS	# of HHs	# of THTF Units	# of Total Units	ACTIVITY	POPULATION	PROGRAM DESIGN 35 Pts	CAPACITY 35 Pts	NEED 20 Pts	INNOVATION 10 Pts	TOTAL SCORE	TOTAL BALANCE OF FUNDS AVAILABLE
																				\$2,200,000
15	Appalachian Regional Coalition on Homelessness	Sullivan	E	\$261,075	\$18,275	\$279,350	\$0	\$0	\$200,560	12	1	1	Acquisition & Rehabilitation	Homeless Veterans	21	29	9	5	64	-\$3,385,667
16	Eastern Eight CDC	Washington	E	\$154,380	\$11,620	\$166,000	\$0	\$200,000	\$0	4	4	4	New Construction	Special Needs and Homeless	24	35	1	3	63	-\$3,551,667
17	Tennessee Children's Home	Montgomery	M	\$500,000	\$0	\$500,000	\$0	\$93,000	\$2,465,000	13	7	8	Acquisition	Youth Transitioning from Foster Care & Displaced Families with Children	18	27	12	5	62	-\$4,051,667
18	Helen Ross McNabb	Knox	E	\$500,000	\$0	\$500,000	\$0	\$5,199,324	\$0	50	50	50	Acquisition and Rehabilitation and New Construction	Seniors	17	33	5	5	60	-\$4,551,667
Applicants Not Passing Threshold Due to Insufficient Score:																				
19	Johnson City Housing Authority	Washington	E	\$465,000	\$35,000	\$500,000	\$0	\$0	\$3,600,000	76	76	76	Rehabilitation	Low Income Households	20	35	0	3	58	
20	Dawn of Hope Foundation	Washington	E	\$100,000	\$7,000	\$107,000	\$0	\$0	\$100,000	3	1	1	New Construction	Intellectually or Developmentally Disabled Adults	22	30	0	1	53	
21	Tennessee Prison Outreach Ministry	Davidson	M	\$500,000	\$0	\$500,000	\$0	\$1,418,300	\$100,000	16	8	8	New Construction	Female Ex-Offenders	9	21	11	5	46	

Total Funds Recommended for Award:	\$2,041,145	\$110,795	\$2,151,940	Total Recommended for Award:	79	70	80
Total Funds for which Scored Applications Received:	\$7,596,896	\$261,771	\$7,858,667	Total Eligible Applications:	370	330	342

OTHER APPLICANTS NOT PASSING THRESHOLD	County	Threshold Issue
1 Aid to Distressed Families of Appalachian Counties	Anderson	Application submitted after deadline
2 Chattanooga Housing Authority	Hamilton	Application not signed by Executive Director or Chairman of the Board

Approved:

Ralph M. Perry, Executive Director

Date:

12/10/18



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Grants Committee and Board of Directors
FROM: Don Watt, Director of Community Programs
DATE: January 22, 2019
RE: 2018 HOME CHDO Mini-Round 2 Funding Awards

Attached is the funding award matrix under the HOME CHDO Mini-Round 2 Program Description. THDA had \$1,435,877 in CHDO project funds and \$667,097 in CHDO Operating Assistance available for award under this program. THDA received five applications eligible for scoring, requesting over \$2.6 million in project funds and \$132,248 in operating assistance. The Executive Director awarded funding to the two top scoring applicants, including:

- **Community Housing Partnership of Williamson County (CHPWC)** – (Middle TN) – New construction of ten condominiums as part of a 230-unit condominium development in the Cool Springs area of Franklin. Five units will be 1-bedroom and five units will be two-bedroom. CHPWC will reinvest program income from the sale of these units to create an additional eight HOME-eligible units.
- **Eastern Eight Community Development Corporation** – (East TN) – New construction of three single family homes in Kingsport, four in Washington County, and one in Carter County. Eastern Eight has site control for the development of all units. All units will include three bedrooms and two baths and 1,150 square feet. Program income to the CHDO generated from these units will create approximately six additional HOME-eligible units.

The funding award of \$1,435,877 in project funds and \$45,000 in operating assistance will create 18 units of affordable housing for sale to low and moderate income households.

The following applicants did not receive the minimum score of 60 necessary for consideration:

- HomeSource
- Hope of Martin Community Development Corporation
- East Tennessee Housing Development Corporation

2018 HOME CHDO Mini-Round 2 Program Funding Matrix

Applicant	County	E M W	Program \$ Requested	CHDO Operating \$ Requested	Total Funds Requested	# of HH	Capability	Service Area Not in PJ	Disaster Area	Match	Leverage	Energy Conservation & Universal Design	Total Score	Program Funds Awarded	Operating Funds Awarded	Program Funds Available	Operating Funds Available	
																\$1,435,877	\$667,097	
Applications Passing Threshold																		
1	Community Housing Partnership of Williamson County	Williamson	M	\$705,000	\$45,000	\$750,000	10	53	5	0	15	1	3	77	\$705,000	\$45,000	\$730,877	\$622,097
2	Eastern Eight Community Development Corporation	Sullivan, Carter & Washington	E	\$750,000	\$0	\$750,000	8	60	1	0	0	2	3	66	\$730,877	\$0	\$0	\$622,097
Applications Not Passing Threshold (Did Not Receive Minimum Score of 60)																		
3	East Tennessee Housing Development Corporation	Knox	E	\$540,000	\$37,800	\$577,800	5	51	0	0	0	2	3	56	\$0	\$0	\$0	\$622,097
4	HomeSource	Blount	E	\$465,000	\$35,000	\$500,000	5	40	5	0	0	0	0	45	\$0	\$0	\$0	\$622,097
5	Hope of Martin CDC	Weakley, Obion	W	\$206,400	\$14,448	\$220,848	2	36	5	0	0	1	1	43	\$0	\$0	\$0	\$622,097

Total Applications Recommended for Funding:	\$1,435,877	\$45,000	\$1,480,877	18
Total Applications Received Meeting Threshold:	\$1,455,000	\$45,000	\$1,500,000	18
Total Applications Received:	\$2,666,400	\$132,248	\$2,798,648	30

Approved:  Date: 12/21/18
Ralph M. Perrey, Executive Director

Tab # 6

Items:

Lending Committee Meeting Materials

**Tennessee Housing Development Agency
Lending Committee
January 29, 2019
10:15 a.m. Central Time**

AGENDA

1. Call to Order Cleaves
2. Approval of Minutes for November 13, 2018 Meeting Cleaves
3. 2019 Housing Cost Index Arik
4. Hardest Hit Fund Program Revisions Peraza
5. Adjourn Cleaves

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue, Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Dorothy Cleaves, Chair
Regina Hubbard
Stuart McWhorter

TENNESSEE HOUSING DEVELOPMENT AGENCY
LENDING COMMITTEE
November 13, 2018

Pursuant to the call of the Chairman, the Lending Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met in regular session on Tuesday, November 13, 2018, at 9:00 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower, Nashville, Tennessee.

The following Committee members were present: Regina Hubbard (acting Chair), Greg Turner for Larry Martin and Kim Grant Brown. Committee members absent were Dorothy Cleaves and Mary Mac Wilson. Todd Skelton arrived at 9:12 a.m. Chair Hubbard called the meeting to order and called for consideration of the minutes from September 25, 2018. Upon motion by Mr. Turner, second by Ms. Brown, the minutes were approved.

Chair Hubbard called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the first item on the agenda, the Gap Pilot Program update. Ms. Hall referred to her memo dated November 2, 2018. She explained that staff reviewed the pilot program further following its presentation and approval at the September 17, 2018 Board meeting and recommend the following program changes: replace approved zip codes with focus areas of Memphis, Chattanooga, and Oak Ridge and remove the requirement for the Great Choice Mortgage Loan product to be used with the program. She noted that a revised term sheet with these proposed changes is included with her memo. Upon motion by Chair Brown, second by Mr. Turner, the staff recommended program changes were recommended to the Board.

Chair Hubbard again called on Ms. Hall to present the next item, Mortgage Credit Certificate Program update. Ms. Hall explained that the program will remain operational in 2019 with current volume cap of approximately \$168,782,195, however, no 2015 volume cap will be added.

Chair Hubbard called on Cynthia Peraza, Director of Special Programs, to present information regarding program changes in the HHF Down Payment Assistance Program. Ms. Peraza referenced her memo dated November 5, 2018. She noted that staff identified 10 ZIP Codes that no longer meet US Treasury requirements, so, effective January 1, 2019, those ZIP Codes (37037, 37073, 37086, 37172, 37207, 37208, 37218, 37877, 38018, 38133) will no longer be eligible for the program. Ms. Peraza stated that THDA staff would continue to monitor the impact of the funds and the distress indicators identified in eligible ZIP Codes.

There being no further business, Chair Hubbard adjourned the meeting.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the ____ day of _____ .



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: January 22, 2019
TO: THDA Board of Directors
FROM: Dr. Hulya Arik, Economist
SUBJECT: Housing Cost Index for 2019

Attached is the calculation of the Housing Cost Index (HCI) for 2019 prepared in accordance with the formula set out in THDA's enabling legislation. Under Tennessee Code Annotated Section 13-23-114, "The housing cost index shall serve to determine what percentage of the average Tennessee household's gross monthly income is required to pay for primary fixed housing costs under then existing market conditions...". If the housing cost index exceeds 25 percent, the legislature determined that "...a majority of Tennessee citizens are excluded from the normal housing market..." and there is a need for THDA financial assistance programs to aid in providing adequate housing for lower and moderate income persons and families.

This HCI is calculated by dividing the median gross household income by the sum of the following cost factors: (a) a monthly mortgage loan payment for an average Tennessee household based on a thirty-year mortgage loan, at the prevailing mortgage loan interest rate on a mortgage loan amount sufficient to purchase a median priced home, (b) an average mortgage insurance premium, and (c) average property tax and hazard insurance amounts.

In the calculation of the median priced home, the House Price Index (HPI) from the Federal Housing Finance Agency (FHFA), which offers state level data, is used. The methodology is the same as was used last year.

Based on the above calculation, the housing cost index for 2019 is **29.52 percent**, slightly lower than last year's index of 29.70 percent. The increased median home purchase price and higher average interest rates did not allow increased median household income to improve the housing affordability for Tennesseans.

THDA staff recommends adoption of the housing cost index for 2019 via the attached Board Resolution.

/HA

ESTIMATED TENNESSEE HOUSING COST INDEX, 2019									
Based On All Home Sales									
	2011	2012	2013	2014	2015	2016	2017	2018	2019
(1) Median Purchase Price	\$147,795	\$152,582	\$153,596	\$169,669	\$173,448	\$174,864	\$186,358	\$201,021	\$211,257
(2) Discount Points	0.72	0.88	1.13	1.21	0.61	0.61	0.54	0.50	0.50
(3) Market Rate	4.84%	4.66%	3.95%	3.99%	4.41%	4.06%	3.92%	4.17%	4.63%
(4) Adj. Sales Price	\$148,859	\$153,925	\$155,332	\$171,722	\$174,503	\$175,938	\$187,359	\$202,026	\$212,313
(5) FHA Mort. Amount	\$145,086	\$150,023	\$151,394	\$167,369	\$171,342	\$172,752	\$183,965	\$198,367	\$208,468
(6) Property Tax Rate	2.99	3.08	3.17	3.21	3.23	3.23	3.20	3.19	3.10
(7) Property Tax/Month	\$91.94	\$98.02	\$101.31	\$113.50	\$116.81	\$117.58	\$124.30	\$133.39	\$136.26
(8) Homeowners Insurance	\$84.66	\$90.32	\$92.94	\$107.07	\$115.20	\$116.12	\$116.47	\$127.45	\$133.73
(9) P&I/Month	\$764.73	\$774.47	\$718.42	\$798.08	\$859.03	\$830.98	\$869.73	\$966.29	\$1,072.34
(10) Monthly PITI	\$941.32	\$962.82	\$912.67	\$1,018.65	\$1,091.03	\$1,064.68	\$1,110.50	\$1,227.13	\$1,342.33
(11) Gross Income	\$44,915	\$42,066	\$42,907	\$42,451	\$44,379	\$45,747	\$47,275	\$49,585	\$54,566
Housing Cost Index (% of Gross Income)	25.15%	27.47%	25.53%	28.79%	29.50%	27.93%	28.19%	29.70%	29.52%

Sources and Methodology:

1. Median home purchase prices calculated from all home sales reported by county property assessors to Tennessee Office of the Comptroller adjusted using the Federal Housing Finance Agency (FHFA) quarterly House Price Index (HPI) for the third quarter of the year prior to index year. For 2019 HCI, 2017 median home prices are adjusted using the third quarter of 2018 HPI from FHFA.
2. Annual average of monthly discount points from Freddie Mac, Primary Mortgage Market Survey.
3. The average of monthly interest rates (2018 year to date including November) for 30-year fixed mortgages from Federal Home Finance Board.
4. Median Purchase Price adjusted with discount points.
5. Average FHA mortgage amount for 2018. Assumes a 3.5 percent downpayment and includes an upfront mortgage insurance premium financed into the final mortgage (1.75 percent of the base loan amount).
6. Property tax rate data are from the Tennessee Office of the Comptroller, Division of Property Assessment.
7. Monthly property tax represents the weighted average statewide residential effective tax rates per \$100 of assessed value; 25 percent of assessed value.
8. Monthly homeowners' insurance payments, based on insurance rates of THDA borrowers.
9. Monthly principal and interest (P&I) payments, assuming 30-year fixed payments with the average interest rate.
10. Monthly fixed housing costs including principal, interest, property tax and insurance (PITI).
11. Median family gross income figures are based on the U.S. Census Bureau, American Community Survey (ACS) 1-year estimates of 2017 median household income (MHI) are used in estimating MHI for the current year. The percentage change in HUD median family income (MFI) from 2017 to 2018 is applied to calculate the annual change in MHI.

RESOLUTION OF THE BOARD OF DIRECTORS
ADOPTING THE HOUSING COST INDEX AND
AUTHORIZING THE OPERATION OF FINANCIAL ASSISTANCE PROGRAMS
JANUARY 29, 2019

WHEREAS, pursuant to Tennessee Code Annotated Section 13-23-114, a part of the Tennessee Housing Development Agency Act (the "Act"), the Tennessee Housing Development Agency ("THDA") is directed to establish a housing cost index as defined in Section 13-23-103 of the Act; and

WHEREAS, THDA has established a housing cost index for 2019 pursuant to Section 13-23-103(7) of the Act based on calculations as of January 22, 2019, a copy of which is attached hereto and incorporated herein by this reference (the "Housing Cost Index"); and

WHEREAS, the Housing Cost Index shows that primary housing costs exceeded 25% of an average Tennessee household's gross monthly income; and, the Board, as authorized by Section 13-23-114 of the Act, wishes to approve the continued operation of THDA's financial assistance programs including, but not limited to, THDA loan programs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY AS FOLLOWS:

1. The Housing Cost Index for 2019 which shows that primary housing costs equal approximately 29.52% of an average Tennessee household's gross monthly income is hereby adopted.
2. The continued operation of THDA's financial assistance programs including, but not limited to, THDA loan programs, is hereby authorized.
3. This resolution shall take effect immediately.

This resolution was adopted by the affirmative vote of no fewer than eight (8) members of the Board of Directors of THDA at its meeting on January 29, 2019.



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: January 11, 2019

TO: Board of Directors Lending Committee

FROM: Cynthia Peraza, Director of Special Programs

SUBJECT: Hardest Hit Fund Modifications

The staff recommendation is to (1) move \$4,000,000 of HHF funds to down payment assistance from other HHF programs; (2) modify, if necessary, the ZIP Codes within which HHF down payment assistance may be offered; (3) wind down the Principal Reduction with Recast Program and Reinstatement Only Program as described below; and (4) authorize staff to make changes as U.S. Treasury may require. All recommendations are subject to U.S. Treasury approval.

THDA has been administering the Hardest Hit Fund Program (HHF) since 2010. The HHF was developed by the U.S. Treasury to help prevent foreclosures and stabilize neighborhoods in states that were negatively impacted by the mortgage crisis. Each quarter, THDA monitors the performance of the HHF program allocations, disbursements, refunds and overall program volume.

As of January 2019, THDA disbursed approximated \$245 million of the \$266 million in available HHF program funds through the following types of programs:

- | | |
|---|---------------|
| • Mortgage Assistance Programs: | \$183,625,189 |
| • Number of homeowners saved from foreclosure | 7407 |
| • Down Payment Assistance: | \$ 60,450,000 |
| • Number of homeowners assisted | 4030 |
| • Blight Elimination: | \$ 634,592 |
| • Number of homes demolished | 37 |

As staff continues to evaluate the needs of the state, it is becoming more apparent that the need for mortgage assistance programs has decreased substantially. Therefore, staff recommends requesting authorization from the U.S. Treasury to reallocate \$4 million dollars from the Principal

Reduction with Recast Program and the Reinstatement Only Program to the HHF-Down payment Assistance Program that currently addresses the demands and needs in Tennessee. The Reinstatement Only Program will remain open until the remaining program funds are depleted. The Principal Reduction with Recast program will be closed on May 1, 2019.

Before funding is reallocated to the HHF-DPA, staff will reanalyze the current list of approved HHF-DPA ZIP Codes to ensure they continue to meet the distress indicators, as required for the HHF-DPA program.

Any change to the approved list of ZIP Codes will go into effect April 1, 2019, assuming approval by U.S. Treasury.

Tab # 7

Items:

Tax Credit Committee Meeting Materials

**Tennessee Housing Development Agency
Tax Credit Committee
January 29, 2019
10:30 a.m. Central Time**

AGENDA

1. Call to Order Tully
2. Approval of Minutes from November 13, 2018 Tully
3. Proposed Amendments to 2019 Low Income Housing Tax Credit Qualified Allocation
Plan Yandell
 - i. 2018 Low Income Housing Credit Exchange
 - ii. New Construction Tie Breaker
 - iii. Rehabilitation Tie Breaker
4. Proposed Amendments to 2018 Low Income Housing Tax Credit Qualified Allocation
Plan Yandell
 - i. Income Averaging
5. 2017 Allocation Exchange Requests Yandell
6. Adjourn Tully

LOCATION

William R. Snodgrass—Tennessee Tower
312 Rosa L. Parks Avenue; Third Floor
Nashville, TN 37243

The Nashville Room

COMMITTEE MEMBERS

Lynn Tully, Chair
Kim Grant Brown
Pieter van Vuuren
David Lillard
Stuart McWhorter

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE
November 13, 2018

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors met, in regular session, on Tuesday, November 13, 2018, 9:15 a.m. Central Time at the William R Snodgrass Tennessee Tower, Third Floor, Nashville Room, Nashville, Tennessee.

The following Committee members were present: Lynn Tully (chair), Kevin Bradley for Treasurer David Lillard, Todd Skelton, Greg Turner for Commissioner of Finance & Administration Larry Martin, Pieter van Vuuren and Kim Grant Brown. Other Board members attending were Ann Butterworth for Comptroller Justin Wilson, Regina Hubbard, John Snodderly and John Krenson.

Seeing a quorum present, Chair Tully called the meeting to order and called for consideration of the minutes from September 25, 2018. Upon motion by Mr. Skelton, second by Ms. Brown, the minutes were approved.

Chair Tully called on Donna Duarte, Director of Multifamily Programs to present the 2019 Multifamily Tax-Exempt Bond Authority ("MTBA") Program Description. Ms. Duarte referenced her memo and attachment dated October 26, 2018 detailing the proposed changes. Ms. Duarte provided a brief overview of the changes and also noted that the current MTBA Program Description is consistent with the 2019-2020 Qualified Allocation Plan ("QAP"). Ms. Duarte noted staff recommends approval of the draft 2019 MTBA Program Description as detailed in the Summary of Changes, with authorization of staff to make housekeeping changes to the draft as may be needed for effective program implementation. Ms. Duarte explained that discussions on changes to the draft 2019 MTBA Program Description were held with program participants at the November 5, 2018 Developer Forum/Public Hearing, during one on one phone calls and in emails with developers on specific topics of interest. Upon motion by Ms. Brown, second by Mr. Skelton, the Committee recommended the proposed 2019 MTBA Program Description to the Board for final approval.

Chair Tully again recognized Ms. Duarte for information regarding amendments to the 2019-2020 Low Income Housing Credit Qualified Allocation Plan ("2019-2020 QAP"). Ms. Duarte referenced a memo dated October 25, 2018, with the attached Summary of Changes. Ms. Duarte noted the recommendation is to approve the amended 2019-2020 QAP and to authorize staff to make conforming and housekeeping changes as needed to implement the amended 2019-2020 QAP. She reviewed the Summary of Changes and noted the specific changes in the redline version of the 2019-2020 posted on the THDA webpage at <https://thda.org/business-partners/lihtc>. Upon motion by Mr. Skelton, second by Mr. Bradley, the Committee recommended the amended 2019-2020 QAP to the Board.

Chair Tully called upon Ms. Duarte to present the request to amend the 2016, 2017 and 2018 Qualified Allocation Plans with respect to Enterprise Green Community certifications. Ms. Duarte referenced her memo dated October 26, 2018 which detailed the recommendation and proposed amendments. She noted that as staff and the development community worked with Enterprise Green Community, timing issues were identified regarding the requirement that the Post-Build Enterprise Green Community Certification be received before the issuance of IRS Form 8609. She explained that the proposed change to each of the referenced QAPs will allow applicants to satisfy THDA Final Application requirements by including satisfactory evidence that

the application for Post-Build Enterprise Green Community Certification was submitted to Enterprise Green Community. She noted this will allow THDA to issue IRS Forms 8609 to development owners without undue delay. Upon motion by Ms. Brown, second by Mr. Skelton, the Committee recommended the referenced amendment to the 2016, 2017 and 2018 Qualified Allocation Plans to the Board.

Chair Tully then asked Ms. Duarte to present the next agenda item, the allocation consolidation request for Watson Glades Place. Ms. Duarte explained that Watson Glade Place received a partial allocation of housing credit in 2017 (TN17-044) and an incremental allocation of housing credits in 2018 (TN18-053). She noted that the request is to allow the 2017 housing credits to be exchanged for a like amount of 2018 housing credit, so that the two allocations would be consolidated and the development would be subject to only one set of housing credit requirements. She noted staff recommends approval of the request for the reasons stated in her memo dated October 26, 2018, subject to requirements and conditions in the referenced memo. Upon motion by Mr. Skelton, second by Mr. Turner, motion carried to approve the consolidation and exchange, subject to the conditions contained in the referenced memo.

Chair Tully recognized Ms. Duarte to present a waiver request regarding the amount of non-competitive housing credits that may be made available to Preserve at Highland Ridge (TN18-231). Ms. Duarte noted the request was to waive the per development cap and to increase the amount of non-competitive housing credit to \$2,494,331 as outlined in her memo dated November 1, 2018. She explained that increased development costs were cited as the reason for the request. Upon motion by Ms. Brown, second by Mr. Skelton, the Committee recommended to the Board that staff be authorized to allocate up to, but not more than, \$2,500,000 per year of noncompetitive housing credit to the Preserve at Highland Ridge.

Chair Tully recognized Ms. Duarte to provide an update on the Qualified Contract Process and an update on the 2018 Multifamily Tax-Exempt Bond Authority Program. Ms. Duarte reported that approximately \$252,000,000 in bonds have closed under the 2018 Multifamily Tax-Exempt Bond Authority Program and outstanding commitment letters expire on December 19, 2018.

With no further business to come before the Committee, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 29th day of January, 2019



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: January 29, 2019 Tax Credit Committee Meeting

DATE: January 18, 2019

Welcome to 2019. As you might expect, the agenda for January is substantial. Items include:

- Proposed amendment to the Low-Income Housing Tax Credit 2018 Qualified Allocation Plan
- Proposed amendment to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan
- Requests for relief from seven competitive 2017 Low-Income Housing Credit allocation recipients

The following materials contain detailed information.

JANUARY 29, 2019 AMENDMENTS TO 2019-2020 LOW-INCOME HOUSING CREDIT QUALIFIED ALLOCATION PLAN

AMENDMENT 1

Replace Section 15-F in its entirety with the following:

F. Tie Breaker

1. In the event of a scoring tie between two or more Initial Applications in a regional pool at the cutoff for receipt of a Reservation Notice, the tie shall be broken as follows:
 - a) In the case of a tie between proposals in different counties, priority will be given to the development in the county within the region that has not had a Housing Credit allocation within the last five years.
 - b) If the tie is not broken by Section 15-F-1-a of this QAP, priority will be given to the development that is furthest away from the nearest active Housing Credit development, as measured by distance between the center of the proposed development and the street address of the nearest existing Housing Credit development as determined by THDA, in its sole discretion.
 - c) If the tie is not broken by Section 15-F-1-a or Section 15-F-1-b of this QAP, then priority will be given to the development in the Initial Application requesting the least amount of Housing Credits per low income unit.
2. In the event of a scoring tie between two or more Initial Applications proposing rehabilitation of existing multifamily housing, the tie shall be broken as follows:
 - a) Priority will be given to the proposed development requesting the least Housing Credit per Housing Credit unit.

AMENDMENT 2

Add the following as Section 22:

Section 22: Relief for 2018 Allocations

Notwithstanding any other provisions of this QAP, relief for certain developments is available as follows:

- A. 2018 Competitive Housing Credit allocation recipients and 2018 Noncompetitive Housing Credit Firm 42(m) Letter recipients may elect to return 2018 Housing Credits and receive, potentially, a larger Housing Credit allocation from 2019 (“2018 Housing Credit Exchange Allocations”), subject to each of the following:
 1. The maximum aggregate Housing Credit allocated to 2018 Housing Credit Exchange Allocations is limited to the sum of:
 - a) The amount of 2018 Housing Credit returned; plus
 - b) \$2 million (annual) of 2019 Housing Credit.
 2. The Housing Credit amount, if any, for each 2018 Housing Credit Exchange Allocation will be determined by THDA, in its sole discretion.
 3. Each 2018 Housing Credit Exchange Allocation will be subject to the following additional conditions:
 - a) Scoring selections and threshold requirements from the 2018 QAP will be enforced, otherwise the 2019-2020 QAP will apply.
 - b) Upon request, Income Averaging may be allowed, subject to THDA approval.

- c) The ability to request the Qualified Contract Process for the particular development is permanently waived.
 - d) The Placed-In-Service deadline for 2018 Housing Credit Exchange Allocations will be December 31, 2020. Failure to meet this deadline will be considered a Major Significant Adverse Event under Section 6-A of this QAP.
 - e) The Syndication transaction for 2018 Housing Credit Exchange Allocations must close no later than July 1, 2019. Failure to meet this deadline will be considered a Major Significant Adverse Event under Section 6-A of this QAP.
 - f) An additional monitoring fee of \$1,200 per Housing Credit unit will be required for 2018 Housing Credit Exchange Allocations *that THDA approves for income averaging*.
4. Other provisions applicable to 2018 Housing Credit Exchange Allocations:
- a) Returned Housing Credit will not increase 2019-2020 set-asides or pools (except Non-Profit Set-Aside).
 - b) 2018 Housing Credit Exchange Allocations will not count against county, developer, regional pool, or other caps in the 2019-2020 QAP.
 - c) 2018 Housing Credit Exchange Allocations will not be counted as a Significant Adverse Event *provided that the development has not previously been approved for an exchange*.
 - d) If the 2018 Housing Credit Exchange Allocation represents the second (or greater) exchange of Housing Credit for the development, the 2018 Housing Credit Exchange Allocation will count as an event causing ineligibility under Section 6-B of this QAP.
 - e) This Section 22 also applies to non-competitive Housing Credit requests associated with THDA Multifamily Tax-Exempt Bond Authority transactions that closed in 2018 prior to December 31, 2018.

**JANUARY 29, 2019 AMENDMENTS TO 2018 LOW-INCOME HOUSING CREDIT
QUALIFIED ALLOCATION PLAN**

AMENDMENT 1

Add the following as Part XVIII:

Part XVIII: Income Averaging

- A. 2018 Competitive Low-Income Housing Tax Credit allocation recipients and 2018 Noncompetitive Low-Income Housing Tax Credit Firm 42(m) Letter recipients **that do not request a 2018 Exchange Allocation pursuant to Section 22 of the 2019-2020 QAP** may request approval for income averaging (“2018 LIHTC Income Averaging Request”) subject to all of the following:
1. 2018 LIHTC Income Averaging Requests must be approved in writing by THDA. Such approval may be granted or withheld by THDA, in its sole discretion.
 2. If a 2018 LIHTC Income Averaging Request is approved, the ability to request consideration under the Qualified Contract Process for the particular development is permanently waived.
 3. An additional monitoring fee of \$1,200 per LIHTC unit will be required for approved 2018 LIHTC Income Averaging Requests.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: Requests for Relief from 2017 Low-Income Housing Credit Allocation Recipients

DATE: January 18, 2019

The following documents reflect requests for relief from multiple 2017 Low-Income Housing Credit allocation recipients (collectively, the “2017 Relief Requests”). Staff’s recommendations regarding the requests are contingent upon approval of the proposed “**Amendment 2**” to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan (the “2019-2020 QAP”) as described elsewhere in these materials for the January 29, 2019 Tax Credit Committee Meeting.

One of the 2017 Relief Requests (TN17-036) requests additional Low-Income Housing Credit (“Housing Credit”) but does not request an exchange of 2017 Housing Credit for 2019 Housing Credit. If this request for relief is approved, staff recommends that the 2017 Housing Credit be exchanged for 2019 Housing Credit to prevent a scenario where an allocation contains Housing Credit from multiple years. This scenario creates unnecessary administrative tangles all around.

Furthermore, if any action is taken by the Tax Credit Committee/Board of Directors that allows 2017 Housing Credit to be exchanged for 2019 Housing Credit, staff recommends that the provisions of Section 22-A-4-a and Section 22-A-4-b of the proposed “**Amendment 2**” to the 2019-2020 QAP be applicable.

Finally, staff is recommending accelerated Placed-In-Service deadlines for any approved 2017 Relief Requests to prevent a “logjam” of units from coming online in late 2021.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-031** [Country Village] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit.

This is the first request for exchange or other modifications that require Board action regarding the Development.

The Development consists of 140 units (acquisition/rehabilitation, USDA Rural Development ("RD")) located in Jefferson City (Jefferson County). The 2017 Housing Credit allocation is \$999,999/year.

As described in the attached letter submitted by the applicant, the government shutdown has rendered RD temporarily unable to issue the RD 538 loan note guaranty and finalize the RD 515 property transfer, both of which are required by the syndicator prior to closing the syndication transaction. The letter, however, fails to address whether the Development met the 10% Test (defined below) on or before December 28, 2018.

One of the **federally required** conditions of the 2017 Housing Credit allocation is that the Development meet the requirements of Section 42(h)(1)(E)(ii) (the "10% Test") by **December 28, 2018**. The 10% Test is met if the owner's basis in the Development (as of December 28, 2018) is at least 10% of the owner's reasonably expected basis will be as of Development completion (no later than December 31, 2019).

If the 10% Test is not met, Treasury Regulation 1.42-6(a) states that “the allocation is not valid and is treated as if it had not been made”.

Staff Recommendation

- A. With no information to indicate that the Development met the 10% Test, despite repeated requests from staff, and correspondence that indicates that the Development did not meet the 10% Test, this Development does not have any Housing Credits to exchange. Consequently, the only staff recommendation that can be made at this time is to deny any request for exchange or relief of any kind.
- B. If the Tax Credit Committee and the Board wish, nevertheless, to provide relief, any such relief must be conditioned on applicant submitting, **no later than February 12, 2019**, information and documentation satisfactory to THDA, in its sole discretion, that the 10% Test was satisfied for the Development as of December 28, 2018. Further, assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, (“2019-2020 QAP”), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:
1. Failure to provide required 10% Test documentation in a timely manner shall be considered to be a Major SAE under Section 6-A of the 2019-2020 QAP; and
 2. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
 3. The 2019 Housing Credit amount will not exceed \$999,999/year; and
 4. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan (“2017 QAP”) will apply. Otherwise, the 2019-2020 QAP will apply; and
 5. Applicant is prohibited from requesting approval for income averaging; and
 6. Applicant is prohibited from requesting consideration under the Qualified Contract Process (“QCP”) for the Development; and
 7. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
 8. The Placed-In-Service deadline is December 31, 2020; and
 9. The syndication transaction closing deadline is July 1, 2019; and
 10. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
 11. Failure to satisfy the requirements of item 1, 2, 4, 5, 6, 7, 8, or 9 above may be treated as a Major Significant Adverse Event.

SP TN COUNTRY VILLAGE LLC

January 16, 2019

Ed Yandell
Senior Housing Credit Advisor
Tennessee Housing Development Agency
Andrew Jackson Building
502 Deaderick St., Third Floor
Nashville, TN 37243

RE: SP TN Country Village LLC – TN17-031
Request for Tax Credit Committee / Board Hearing on January 29th, 2019

Dear Ed,

Country Village is a 140-unit USDA Rural Development acquisition/rehabilitation project located in Jefferson City, TN. The proposed owner is SP TN Country Village LLC, which applied for 9% credits in the 2017 round and received a \$999,999 allocation. We have requested that THDA consider exchanging the 2017 credits for 2018 credits since we have been unable to close the acquisition of the property without USDA Rural Development's final approval to do so. We understand that this decision is subject to the Tax Credit Committee / Board approval, and as such we have respectfully requested to be scheduled on the agenda for the January 29th, 2019 meeting.

By way of background, we had been working with RD on the proposed transaction prior to submitting the 9% LIHTC application to THDA in May 2017. Based on initial conversations and the conceptual PAT (Preliminary Assessment Tool) that we provided outlining the proposed deal terms, RD indicated that they would look favorably upon the proposed property transfer and were generally supportive of the plan. Following THDA's allocation of the 2017 credits, we formally submitted the RD transfer package to the TN state office in late March 2018. The lender formally submitted the RD 538 package the first week of August to target a late summer / early fall 2018 closing. To date we have diligently worked towards closing, and the current status of the transaction hurdles is as follows:

- Jefferson City, TN Industrial Development Board Real Estate Tax PILOT approved 10/9/2018;
- Building Permit ready letter issued 11/29/2018;
- RD 515 / property transfer consent issued 12/13/2018;
- RD 538 funds pending final obligation at the RD National office since 12/17/2018;
- RD 515 & 538 loan documents have been prepared for execution at closing;
- LIHTC Investor Operating Agreement have been prepared for execution at closing.

As it currently stands the RD property transfer / RD515 debt assumption conditional consent has been issued, but RD is unavailable to issue the RD 538 loan note guaranty and effectuate the RD 515 / property transfer until the ongoing federal government shutdown ends and RD National can obligate the funds. However, at this time the LIHTC equity investor requires the 2017 allocation to be refreshed as 2018 credits in order to close given the 2017 allocation's 12/31/2019 placed-in-service deadline among other things.

We appreciate THDA's support to date as we have worked through the deal. We communicated in September that the RD review process had not progressed as anticipated, though at the time RD did not express timing to be a concern. While the pace of the RD review picked up some momentum through October and November, it became apparent that RD would not be ready to approve closing before early December. In November we again expressed concern to THDA over the timing of the RD process regarding the deadlines for the 2017 LIHTC allocation. THDA indicated that they had been keeping in

touch with RD directly, and that this RD deal was one of several in the same stage of RD review and on the same deadlines. THDA seemed confident that the RD state office would come through, and at the time it did not seem necessary to proceed with swapping the 2017 credits for 2018 credits. This seemingly would have been the case, though with little time to spare, but for the federal government shutdown.

We would be happy to further discuss and/or provide additional information needed to help with the Board's consideration of this request. We are confident that upon the end of the federal government shutdown the USDA Rural Development TN State Office will continue to offer their support for the request. In the meantime, our counsel at Nixon Peabody that has been working with RD on the matter has offered to answer questions relating to the RD process.

We appreciate your time and consideration in this matter. We look forward to your feedback and confirmation that the Tax Credit Committee / Board will hear our request with THDA Staff support on January 29th.

Sincerely,

A handwritten signature in black ink, appearing to read 'PJ Hornik', written in a cursive style.

PJ Hornik
Vice President



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-036** [Boscobel 1] Request for 2019 Low-Income Housing Credits to Supplement 2017 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an allocation of 2019 competitive Low-Income Housing Credit ("Housing Credit") to supplement an allocation of 2017 competitive Housing Credit. The allocation request amount is **an additional \$156,250 in 2019 annual Housing Credit**.

This is the first request for exchange or other modifications that require Board action regarding the Development.

The Development consists of 50 units (new construction, Rental Assistance Demonstration ("RAD")) located in Nashville (Davidson County). The 2017 Housing Credit allocation is \$1,100,000/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, and delays in approval of permits and plans at the local level. The syndication transaction closed in August, 2018. The applicant proposes an updated Place-In-Service date in November, 2019.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of an exchange of 2017 Housing Credit for 2019 Housing Credit for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. The **Placed-In-Service deadline is November 30, 2019**; and
8. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
9. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, or 7 above may be treated as a Major Significant Adverse Event.

Metropolitan Development and Housing Agency

701 SOUTH SIXTH STREET * NASHVILLE, TENNESSEE * TELEPHONE (615) 252-8400

MAILING ADDRESS: P.O. BOX 846 NASHVILLE, TENNESSEE 37202

TELEPHONE DEVICE FOR THE DEAF (615) 252-8599

January 15, 2019

Mr. Ed Yandell
Acting Director, Multifamily Program Division
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Andrew Jackson Building
Nashville, TN 37243

RE: TN17-036, Boscobel I, request tax credit allocation increase

Dear Mr. Yandell:


MDHA appreciates the opportunity to request additional LIHTC's for our 2017 RAD development, Boscobel I.

We have attached information regarding the need for the additional tax credit request, although spiking construction and labor costs seem to be a well-recognized issue within the Middle Tennessee area. Our existing construction time line remains stable, with construction completion anticipated November 28, 2019.

MDHA closed Boscobel I's equity syndication and construction financing with Pinnacle Bank on August 15th, 2018.

If you need additional information from our team, please let us know. We will have a representative available at the THDA Tax Credit Committee and Board meetings on January 29th, to discuss further, as needed.

Sincerely,



James L. Thiltgen
Deputy Executive Director

Attachment



January 14, 2019

Michael Wegerson
Metropolitan Development and Housing Agency
701 South Sixth Street
Nashville, TN 37206

22 middleton street
nashville, tennessee 37210
tel: (615) 255-1854
fax: (615) 244-1123
email: mailbox@ksarchitects.com

American Institute of Architects
Tennessee Society of Architects
Construction Specifications Institute
American Correctional Association
National Council of Architectural
Registration Boards
United States Green Building Council

RE: BOSCOBEL I
PERMITTING / CONSTRUCTION SCHEDULE

Mr. Wegerson:

In regard to the current schedule on the above project, the project is behind schedule due to the following reasons:

1. The review process by Metro Codes and the Metro Planning Department took much longer than experienced in previous years. Following are pertinent dates:
 - Submitted site grading/utility package /SP to Metro Codes on December 27, 2017.
 - Submitted Construction Documents to Metro Codes on March 23, 2018.
 - Received mass Grading Permit from Metro Codes on July 10, 2018.
 - Received Building Permit from Metro Codes on August 7, 2018.

On past projects, after submitting the initial grading/utility package/SP submittal to Metro Codes we have received a building permit within four (4) months. On the above project, it required a total of eight (8) months.

2. The initial design and construction schedule allocated time to submit a separate foundation package for permitting. This would have allowed the project to start construction before final permits were received from Metro Codes. It was discovered during the Design Development Phase that the Lender would not allow the Owner to proceed with a separate foundation permit. We lost an estimated eight (8) weeks of construction time.

Should you have any questions or concerns, please give us a call.

Sincerely,
KLINE SWINNEY ASSOCIATES

Bart Kline, AIA

Boscobel I was awarded LIHTC's in September, 2017, under the RAD setaside. We began working with tax credit syndicators to purchase the tax credits, as well as banks, for CITC construction financing. Congress was working on passing a major tax reform bill, and we were obtaining credit pricing anywhere from .80 to .84 on a dollar of credits, with the market being completely unstable, due to the unknowns of tax reform. We were told that credit pricing would not stabilize until the results of Tax Reform were known, and Congress passing a bill, before investors would move forward with their interest in purchasing LIHTC's as a hedge against their income, based on the new corporate tax rate. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, amended the Internal Revenue Code of 1986, to reduce the corporate tax rates from 35% down to 21%. Syndicators moved forward working with their potential investors for tax credits to determine the demand, which would determine and stabilize credit pricing.

We received offers for the credits from several syndicators and worked through the offers to sign with Pinnacle Financial Partners, February 2, 2018, at 98 cents per dollar of credits. That was negotiated as we moved through the process, with higher construction costs, and higher loans from Pinnacle, and the final closing price of the credits at 96 cents per dollar of credits.

Kline Sweeney Associates, the local architectural firm working on Boscobel I, has included a letter indicating the delays in obtaining government approvals from Metro Nashville. During those delays, our construction costs were rising approximately 1% per month of delay. Our prior construction estimates, as they ticked up; 9.7.17 - \$16,320,000; 3.21.18 - \$18,711,936. When we closed in August, the contract amount was \$19,956,229. The total development cost is now over \$26,000,000. We have site work increases already, with two current change orders for over \$2,403,712 pending. The job was value engineered throughout the development period, to attempt retaining the same functionality, at the lowest cost possible; costing time, and saving money.

We closed the development with Pinnacle Financial Partners providing both the equity, as well as the construction and perm loans August 15, 2018. The funding gaps remaining were filled with MDHA loans to the partnership, MDHA Housing Trust Corporation Capital Contribution, an MDHA Agency Loan to borrower, as well as an MDHA Bridge Loan to Borrower.

Below are the sources from our closing statement to cover construction costs. MDHA would like to request an additional \$156,250 in annual credits from THDA for Boscobel I. Our construction is on track, and no exchange is needed.

Closing Date: August 15, 2018

Funding Date: August 16, 2018

Lender/Investor: Pinnacle Bank

Buyer/Borrower: Boscobel I, L.P.

Seller/Subordinate Lender: Metropolitan Development and Housing Agency ("MDHA")

MDHA Housing Trust Corporation Capital Contribution: \$738,182.00

MDHA Construction Loan to Borrower: \$7,000,000.00

Pinnacle CITC/Bridge Loan to MDHA relayed to Borrower: \$1,684,554.00

Pinnacle Bridge Loan to MDHA relayed to Borrower: \$8,557,622.00

MDHA Agency Loan to Borrower: \$6,581,900.00

Investor Capital Contribution paid at closing: \$316,768.00

Deferred Developer Fee \$905,531.00

\$26,126,168

Boscobel I Project New Propose Schedule Milestones:

Completion Date:	Milestone Description:
9/27/2018	Building Pad Prep
3/31/2019	Utilities
9/13/2019	Hardscape/Landscape
	Building 3
1/11/2019	Slab on Grade
2/24/2019	Framing
4/14/2019	Dry-in, brick, siding, and paint
5/18/2019	MEP rough-in, insulation, drywall
8/23/2019	Finishes
9/4/2019	Punchlist
9/25/2019	Certificate of Use & Occupancy for Building 3
	Building 2
1/14/2019	Slab on Grade
4/14/2019	Framing
6/2/2019	Dry-in, brick, siding, and paint
6/6/2019	MEP rough-in, insulation, drywall
9/27/2019	Finishes
10/9/2019	Punchlist
10/30/2019	Certificate of Use & Occupancy for Building 2
	Building 1
2/21/2019	Slab on Grade
5/12/2019	Framing
6/31/2019	Dry-in, brick, siding, and paint
7/4/2019	MEP rough-in, insulation, drywall
10/25/2019	Finishes
11/7/2019	Punchlist
10/30/2019	Temporary U&O for first unit
11/28/2019	Certificate of Use & Occupancy for Building 1
10/31/2019	Final Inspections
11/28/2019	Certificate of Use & Occupancy – Turnover



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-046** [Hickory Ridge Phase 2] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit **plus an additional \$148,000 in annual 2019 Housing Credit**.

This is the first request for exchange or other modifications that require Board action regarding the Development.

The Development consists of 60 units (new construction) located in Nashville (Davidson County). The 2017 Housing Credit allocation is \$777,249/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, and delays in approval of permits and plans at the local level. The syndication transaction has not closed. The applicant proposes an updated Place-In-Service date in January, 2021.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. The **Placed-In-Service deadline is December 31, 2020**; and
8. The **syndication transaction closing deadline is July 1, 2019**; and
9. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
10. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, 7, or 8 above may be treated as a Major Significant Adverse Event.

January 14, 2019

Mr. Ed Yandell
Acting Director, Multifamily Program Division
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Andrew Jackson Building, Nashville, TN 37243

RE: TN17-046, Hickory Ridge, Phase II
Allocation exchange & additional credits request

Dear Mr. Yandell,

Please find attached the information as requested for TN-046, Hickory Ridge, Phase II, expanding on the difficulties we have encountered in bringing this development to closing. We have asked for THDA help in prior years when the market conditions are beyond our control to provide the final product to house Tennesseans. 2018 has been a challenging year in many respects, with tax reform, construction costs increase, labor cost increases, and 2018 having the highest rainfall in the Tennessee Valley, any year since TVA record keeping began.

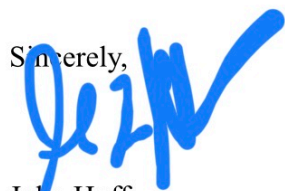
We would appreciate the opportunity for the current board to hear our issues, and hopefully make the same decisions to provide appropriate help, as did the THDA 2008 and 2011 Boards, by committing additional resources to aid when market conditions required consideration. I realize it isn't easy for staff to make the changes needed, but in the past, staff and board worked together to ensure developments sufficient resources to produce housing, regardless of the fluctuations.

Market rate developments are able to raise their projected rents, to obtain higher permanent mortgage loans to cover market increases. LIHTC developments have rents that are capped, and when we have insufficient resources due to market conditions, we have nowhere to turn but back to the state agency to provide the additional resources, in additional tax credits.

We weren't irresponsible in the application we submitted to you for Hickory Ridge, by trying to submit a request for a low amount of credits. We did build in anticipated pricing increases for construction. But no one could have anticipated the rapidly rising construction costs, labor costs, and even rainfall that would hit Tennessee in 2018.

We ask for your help, in providing affordable housing to Tennesseans.

Sincerely,



John Huff
Hickory Ridge Apartments, Phase II, L.P.

TN17-046 Hickory Ridge, Phase II

Hickory Ridge, Phase II was awarded LIHTC's in September, 2017. Congress was working to pass a major tax reform bill by year end, credit pricing was at 2008 lows of .80 to .84 on a dollar of credits. We were told that credit pricing would not stabilize until the results of Tax Reform were known. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, amended the Internal Revenue Code of 1986, and reduced corporate tax rates from 35% down to 21%. Syndicators moved forward working with potential investors for tax credits to determine the demand, which would determine and stabilize credit pricing. That took us until August, to find and negotiate pricing and terms with both a credit syndicator, CREA, and financing, Franklin Synergy Bank.

The owner and contractor have identities of interest in this development, and we were well-aware of rapidly rising construction and labor costs in Tennessee. We worked with sub-contractors to lock in prices for Hickory Ridge. As demand rose for the subcontractors and their materials increased, they were keeping the general contractor well informed of the increases in their prices.

THDA sent a survey to all participants of the program in late 2018, to ask about construction increases. We build into our initial applications we submit to THDA in any given year, the typically annual increase of approximately 5% for construction and labor increases from the prior year's prices. The construction increases from local sub-contractors has been between 12 and 15% in most trades, but we have seen increases in sitework go as high as 50% above typical anticipated increases. The survey didn't indicate if labor increases were to be included in the lines listed, or just raw materials, and no results of that survey were ever shared, for further information, or discussion.

Metro Nashville, where this development is located, has been overwhelmed and is behind in approving building permits. We submitted our plans in June, 2018, for approvals, and we received approvals from Metro Nashville in late November, 2018 for clearing permits. By the time we received the Metro approvals, CREA, our credit syndicator said we did not have enough time to complete the development, nor enough credit equity to close the deal with the rising construction costs, and they pulled out.

We were working with Franklin Synergy Bank for construction and perm financing, with special low rate & terms for Hickory Phase, II, to satisfy their CRA needs for 2018. We do not know if those same terms will apply when closing 2019. If so, our perm loan rate may increase, and our loan will then decrease, leaving us with additional unfilled gap.

Our credit pricing is .92 per dollar of credits, which is a respectable price in this market environment, and we hope that will hold into a 2019 closing as well.

Our annual allocation of credits is \$777,249. We would like to request additional annual credits of \$148,000 for Hickory Ridge, Phase II, as well as a return of the 2017 allocation to a 2019 allocation for more closing and construction time since we were unable to close our equity or financing at the end of 2018, as planned.

CONSTRUCTION SCHEDULE

[illegible]



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-049** [Chickasaw Senior Community] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit **plus an additional \$160,000 in annual 2019 Housing Credit**.

This is the first request for exchange or other modifications that require Board action regarding the Development.

The Development consists of 48 units (new construction, senior, Rental Assistance Demonstration ("RAD")) located in Franklin (Williamson County). The 2017 Housing Credit allocation is \$1,017,900/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, delays in approval of permits and plans at the local level, and the local jurisdiction reversing a decision to waive certain fees. The syndication transaction closed in October, 2018. The applicant proposes an updated Place-In-Service date in February, 2020.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. The **Placed-In-Service deadline is February 28, 2020**; and
8. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
9. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, or 7 above may be treated as a Major Significant Adverse Event.



FRANKLIN HOUSING AUTHORITY

FRANKLIN, TENNESSEE

Lighting your path to affordable housing

January 14, 2019

Mr. Ed Yandell
Acting Director, Multifamily Program Division
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Andrew Jackson Building, Nashville, TN 37243

RE: TN17-049, Chickasaw Senior Community

Dear Mr. Yandell,

Thank you for the opportunity to send information to THDA's board of directors to expand on our need for additional time, as well as additional credits, for Chickasaw Senior Community. The tax credit market was volatile until the Federal Tax Cuts and Jobs Act of 2017 passed and was signed into law late December, 2017, and once stabilized in 2018, the construction costs in Middle Tennessee surprised everyone by increasing rapidly.

We have attached information regarding explanations and dates causing the need for the exchange and additional tax credits, as well as a new proposed time line.

Franklin Housing Authority closed Chickasaw Senior Community's equity syndication with Boston Financial, and construction loan with Franklin Synergy Bank, on October 30, 2018.

Please let us know if you need additional information from us, and we plan to be available during the tax credit committee and THDA Board meetings on January 29th.

Sincerely,

Derwin Jackson



FRANKLIN HOUSING AUTHORITY

FRANKLIN, TENNESSEE

Lighting your path to affordable housing

TN17-049 Chickasaw Senior Community

Chickasaw Senior Community was awarded LIHTC's in September, 2017, under the RAD setaside. We began working with tax credit syndicators to purchase the tax credits, as well as banks, for CITC construction financing. Congress was working on passing a major tax reform bill, and we were obtaining credit pricing anywhere from .80 to .84 on a dollar of credits, with the market being completely unstable, due to the unknowns of tax reform. We were told that credit pricing would not stabilize until the results of Tax Reform were known, and Congress passing a bill, before investors would move forward with their interest in purchasing LIHTC's as a hedge against their income, and their need moving forward with the new corporate tax rate. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, amended the Internal Revenue Code of 1986, to reduce the corporate tax rates from 35% down to 21%. Syndicators moved forward working with their potential investors for tax credits to determine the demand, which would determine and stabilize credit pricing.

We received offers for the credits from several syndicators and worked through the offers to sign with Boston Financial, on March 8, 2018, at 91 cents per dollar of credits. The original construction estimate, from a qualified construction consultant, as well as our own in-house architect was \$6,865,000.

The construction contract was bid in early April, 2018, receiving only 1 bidder, and not a contractor with experience in either apartment construction or LIHTC apartment construction. That bid was \$10,815,045, 37% higher than our prior estimates. We re-bid the construction contract again in May, 2018, and received two experienced apartment and LIHTC bidders. The original low bid on the 2nd round of bidding was \$9,624,154. Still 29% above our prior estimate.

We value engineered the job, which took several weeks, and eventually signed a construction contract for \$8,395,063. \$1,530,063 over, and a 20% increase over our original construction estimate.

We had not planned on having a perm loan on the property. We had to go back to the syndicator, Boston Financial, and back to the bank committed to the CITC construction loan, Franklin Synergy Bank, to request a \$1,200,000 perm loan on the property. After much discussion, and negotiation with both, we were allowed the perm loan, and moved forward to closing.

We closed the development with Boston Financial and Franklin Synergy Bank on October 30, 2018 and filled the funding gaps with Franklin Housing Authority funds. Our sources and uses at closing required an injection of \$656,364 from Franklin Housing, and deferred fees of \$332,924. We now have an additional challenge, which is the City of Franklin not waving their fees as discussed prior. Those fees are now \$569,681. We have no funds to cover the additional fees, except by deferring more developer fee. **We are asking THDA for an additional \$160,000 in annual credits.**

We are a small housing authority, and we need the developer fees to use as contingency for any additional increases, or issues that may arise during construction. Remaining developer fees at the end of development will be injected back into future low income developments to continue Franklin Housing Authority's mission of providing affordable housing to the citizens of Franklin.

200 Spring Street, Franklin, TN 37064
615-794-1247

Chickasaw Senior Community New Proposed Timeline

<u>% Complete</u>	<u>Month</u>	<u>Work Item</u>
6	Jan-19	Site and building pad
12	Feb-19	Site utilities
18	Mar-19	Underground plumbing
25	Apr-19	Slab on grade and start of framing
35	May-19	First floor framing
45	Jun-19	Second floor framing
55	Jul-19	Third floor framing
60	Aug-19	Roof
65	Sep-19	Rough in electrical
70	Oct-19	Rough in plumbing and fire protection
75	Nov-19	Drywall
80	Dec-19	Start finishes
90	Jan-20	Trim out
100	Feb-20	Landscaping, clean-up, final punch and certificates of occupancy



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-052** [Bradley Way] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit **plus an additional \$250,000 in annual 2019 Housing Credit**.

This is the first request for exchange or other modifications that require Board action regarding the Development.

The Development consists of 132 units (new construction) located in Murfreesboro (Rutherford County). The 2017 Housing Credit allocation is \$1,083,125/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, and delays in approval of permits and plans. The syndication transaction has not closed. The applicant proposes an updated Place-In-Service date in June, 2021.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. The **Placed-In-Service deadline is December 31, 2020**; and
8. The **syndication transaction closing deadline is July 1, 2019**; and
9. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
10. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, 7, or 8 above may be treated as a Major Significant Adverse Event.

**NANCY KING
EXECUTIVE
DIRECTOR**

NONPROFIT HOUSING CORPORATION INC.

CONTACT

4219 Hillsboro Road,
Ste. 220
Nashville, TN 37215
615.516.0862
nonprofithousing@
bellsouth.net

MULTIFAMILY PROGRAM DIVISION

**TENNESSEE HOUSING DEVELOPMENT AGENCY • 502 DEADERICK THIRD FLOOR
• NASHVILLE, TN 37243**

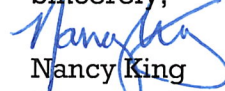
RE: TN17-052, Bradley Way Apartments

Dear THDA Multifamily Program Division,

I am writing to request additional credits as well as an exchange of credits for Bradley Way Apartments in Rutherford County. Thank you for the opportunity to send additional information to THDA's board of directors explaining the need for both an exchange and more credits. When I replaced my late father, Campbell Brown, as Executive Director of NHC, the tax credit market was in a rocky place due to the uncertainty of tax reform. Once tax reform was passed, we were hit with another hurdle of rising construction costs in Middle TN.

I have attached information regarding explanations and dates causing the need for the exchange and additional tax credits, as well as a new proposed time line. Bradley Way Apartments equity syndication or construction loan has yet to close. Please let me know if you need additional information. I plan to attend THDA's board meeting on January 29th, to answer any questions you may have. Thank you so much for your consideration.

Sincerely,



Nancy King
Executive Director

TN17-052 Bradley Way Apartments

Bradley Way Apartments was awarded LIHTC's in September, 2017. Congress was working to pass a major tax reform bill by year end, credit pricing was at 2008 lows of .80 to .84 on a dollar of credits. We were told that credit pricing would not stabilize until the results of Tax Reform were known. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, amended the Internal Revenue Code of 1986, and reduced corporate tax rates from 35% down to 21%. Syndicators moved forward working with potential investors for tax credits to determine the demand, which would determine and stabilize credit pricing. That took us until August, to find and negotiate pricing and terms with both a credit syndicator, CREA, and financing, Bank of Tennessee.

Bradley Way will be an elderly building, to be in Smyrna. Smaller cities, such as Smyrna, send their plans to be reviewed and approved by the State Fire Marshall's office. The architect submitted at the end of October 2018 to the State Fire Marshall's office, and we are awaiting approval. The city has approved the clearing permit, and has scheduled our pre-construction conference for this month.

Nonprofit Housing uses a contractor to build our developments, and our contractor has kept us informed of the high costs of construction, and the increasing construction prices. Especially since we are a not for profit, we depend on the availability of our developer fee to be in place, as syndicators and banks rely on that as an additional reserve to handle any unanticipated increases. When that dwindles with cost increases of any type, we are unable to close. Our construction increases have left the development with no developer fee, and we were unable to close at the end of 2018.

We originally submitted construction costs of \$10,000,000. Our construction costs have now risen to \$12,480,000. A 20% increase in pricing. Without THDA's assistance, we can't increase our rents to cover a \$2.5 shortfall.

We were working with Bank of Tennessee on CITC construction and perm financing, and have found that some banks we could count on in the past for CITC perm financing, no longer are interested, due to rising interest rates. That narrows their spread, long term. We will have to renegotiate the rate and terms for the construction and perm financing for Bradley Way, which may take 60 days after THDA gives written approval of the rate swap and additional credits. I would anticipate closing in late May, early June, 2019. We have not closed either our construction financing, or our equity.

Our annual allocation of 2017 credit is \$1,083,125. We are requesting additional annual credits of \$250,000 for Bradley Way Apartments as well as a return of the 2017 allocation to a 2019 allocation for more closing and construction time since we were unable to close our equity or financing at the end of 2018, as planned.

CONSTRUCTION SCHEDULE

Bradley Way- Symma TN

							2019												2020												2021																				
START MONTH	START YEAR	MONTHS	COLO R	DESCRIPTION	START	END	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D									
				General Project																																															
4	2019	4	Y	Permits / Mobil./ Procurement	Apr-19	Jul-19																																													
8	2019	23	Y	Construction Duration	Aug-19	Jun-21																																													
8	2019	23	Y	Site Environmental Controls	Aug-19	Jun-21																																													
8	2019	23	Y	SWPPP Obligations	Aug-19	Jun-21																																													
8	2019	7	Y	Site - Clear / Grade / Cut / Fill	Aug-19	Feb-20																																													
11	2019	3	Y	Site - Storm Drainage	Nov-19	Jan-20																																													
12	2019	3	Y	Site - Sanitary Sewer	Dec-19	Feb-20																																													
12	2019	3	Y	Site - Miscellaneous	Dec-19	Feb-20																																													
12	2019	3	Y	Site - Domestic / Fire / Water	Dec-19	Feb-20																																													
3	2020	2	Y	Site - Electrical Distribution	Mar-20	Apr-20																																													
3	2020	2	Y	Site - Tech. Util. Distribution	Mar-20	Apr-20																																													
5	2020	12	Y	Building 1	May-20	Apr-21																																													
6	2021	2	Y	Site - Compactor Enclosure	Jun-21	Jul-21																																													
3	2021	3	Y	Site - Walks / Ramps	Mar-21	May-21																																													
3	2021	2	Y	Site - Concrete Curbs	Mar-21	Apr-21																																													
3	2020	2	Y	Site - Asphalt Paving	Mar-20	Apr-20																																													
4	2021	2	Y	Site - Finish Grading	Apr-21	May-21																																													
5	2021	2	Y	Site - Landscaping	May-21	Jun-21																																													
5	2021	2	Y	Site - Amenities / Signage	May-21	Jun-21																																													
4	2021	2	Y	Site - Site Lighting	Apr-21	May-21																																													
5	2021	2	Y	Site - Clean / Punch	May-21	Jun-21																																													
5	2021	2	Y	Inspection / Final CO's	May-21	Jun-21																																													



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-902** [West Way] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit **plus an additional \$250,000 in annual 2019 Housing Credit**.

This is the **second request** for exchange or other modifications that require Board action regarding the Development. The Development previously exchanged from 2015 Housing Credit to 2017 Housing Credit.

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

The Development consists of 112 units (new construction) located in Fairview (Williamson County). The 2017 Housing Credit allocation is \$1,053,227/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, and delays in approval of permits and plans. The syndication transaction has not closed. The applicant proposes an updated Place-In-Service date in May, 2021.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. This exchange, if approved, **will be treated as a Major Significant Adverse Event under Section 6-A of the 2019-2020 QAP.**
8. The **Placed-In-Service deadline is December 31, 2020**; and
9. The **syndication transaction closing deadline is July 1, 2019**; and
10. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
11. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, 8, or 9 above may be treated as a Major Significant Adverse Event.

NANCY KING
EXECUTIVE
DIRECTOR

NONPROFIT HOUSING CORPORATION INC.

CONTACT

4219 Hillsboro Road,
Ste. 220
Nashville, TN 37215
615.516.0862
nonprofithousing@
bellsouth.net

MULTIFAMILY PROGRAM DIVISION

TENNESSEE HOUSING DEVELOPMENT AGENCY • 502 DEADERICK THIRD FLOOR
• NASHVILLE, TN 37243

RE: TN17-902, West Way Apartments

Dear THDA Multifamily Program Division,

I am writing to request additional credits as well as an exchange of credits for West Way Apartments in Williamson County. Thank you for the opportunity to send additional information to THDA's board of directors explaining the need for both an exchange and more credits. When I replaced my late father, Campbell Brown, as Executive Director of NHC, the tax credit market was in a rocky place due to the uncertainty of tax reform. Once tax reform was passed, we were hit with another hurdle of rising construction costs in Middle TN.

I have attached information regarding explanations and dates causing the need for the exchange and additional tax credits, as well as a new proposed time line. West Way Apartments equity syndication or construction loan has yet to close. Please let me know if you need additional information. I plan to attend THDA's board meeting on January 29th, to answer any questions you may have. Thank you so much for your consideration.

Sincerely,


Nancy King
Executive Director

TN17-902 West Way Apartments

West Way Apartments was awarded a Carryover Allocation Agreement for LIHTC's in September, 2017. Congress was working to pass a major tax reform bill by year end, credit pricing was at 2008 lows of .80 to .84 on a dollar of credits. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17 and reduced corporate tax rates from 35% down to 21%. It took us until June, to work through potential financing, and negotiate pricing and terms with both a credit syndicator, CREA, and financing, Bank of Tennessee.

West Way Apartments is to be located in Fairview. Smaller cities, such as Fairview, send their plans to be reviewed and approved by the State Fire Marshall's office. The architect submitted to the State Fire Marshall's office in May, 2018, and the city approved plans for the clearing permit, and has scheduled our pre-construction conference for this month. We did not get approval from the city to move forward until January 2019.

Nonprofit Housing uses a contractor to build our developments, and our contractor has kept us informed of the high costs of construction, and the increasing construction prices. Especially since we are a not for profit, we depend on the availability of our developer fee to be in place, as syndicators and banks rely on that as an additional reserve to handle any unanticipated increases. When that dwindles with cost increases of any type, we are unable to close. Our construction increases have left the development with negative developer fee, and we were unable to close at the end of 2018 with CREA and Bank of Tennessee.

My contractor has indicated the site work has increased by approximately 35%, with the high demand in Middle Tennessee. Other trades are up anywhere from 10 to 12%, with some being higher. Labor seems to be a big issue, adding to the materials increases. We have no other sources of funding to cover the increases than THDA.

We will have to renegotiate the rate and terms for the construction and perm financing for Bradley Way, which may take 60 days after THDA gives written approval of the rate swap and additional credits. I would anticipate closing in late April, early May, 2019. We have not closed either our construction financing, or our equity.

Our annual allocation of 2017 credit is \$1,053,227. We are requesting additional annual credits of \$250,000 for West Way Apartments as well as a return of the 2017 allocation to a 2019 allocation for more closing and construction time since we were unable to close our equity or financing at the end of 2018, as planned.

West Way, Fairview, TN

[illegible]



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell
Senior Housing Credit Advisor

SUBJECT: **TN17-906** [Boscobel 2] Request for Allocation Exchange of 2017 Low-Income Housing Credits for 2019 Low-Income Housing Credits

DATE: January 18, 2019

The development referenced above (the "Development") has requested an exchange of 2017 competitive Low-Income Housing Credit ("Housing Credit") for 2019 Housing Credit in an amount equal to the returned 2017 Housing Credit **plus an additional \$156,250 in 2019 annual Housing Credit**.

This is the **second request** for exchange or other modifications that require Board action regarding the Development. The Development previously exchanged from 2016 Housing Credit to 2017 Housing Credit.

The Development consists of 100 units (new construction, Rental Assistance Demonstration ("RAD")) located in Nashville (Davidson County). The 2017 Housing Credit allocation is \$1,100,000/year.

As described in the attached letter submitted by the applicant, the Development has encountered a number of difficulties including unexpected construction cost increases related to materials and labor, instability in the equity market related to tax reform, and delays in approval of permits and plans. The syndication transaction closed in December, 2018. The applicant proposes an updated Place-In-Service date in March, 2020.

Staff Recommendation

Assuming that the Tax Credit Committee and Board of Directors approve proposed amendments to the 2019-2020 Low-Income Housing Credit Qualified Allocation Plan, ("2019-2020 QAP"), staff recommends approval of this exchange request for the reasons stated in the attached documentation and subject, without limitation, to the following terms and conditions:

1. THDA may request additional information and documentation during the construction and allocation period of this development as deemed necessary to monitor progress toward established deadlines. Failure to provide requested information and documentation or failure to meet established deadlines may have negative consequences for related applicants in subsequent years; and
2. The Housing Credit amount will be determined by THDA, in its sole discretion; and
3. Threshold requirements and scoring selections from the Low-Income Housing Tax Credit 2017 Qualified Allocation Plan ("2017 QAP") will apply. Otherwise, the 2019-2020 QAP will apply; and
4. Applicant is prohibited from requesting approval for income averaging; and
5. Applicant is prohibited from requesting consideration under the Qualified Contract Process ("QCP") for the Development; and
6. Subsequent requests for (without limitation) exchange, extension, modification, relief, or waiver with regard to the Development may have adverse consequences in subsequent years; and
7. This exchange, if approved, **will be treated as a Major Significant Adverse Event under Section 6-A of the 2019-2020 QAP.**
8. The **Placed-In-Service deadline is March 31, 2020**; and
9. No person or entity shall be entitled to rely on any approval for exchange for the purpose of obtaining subsequent approval for exchange; and
10. Failure to satisfy the requirements of item 1, 3, 4, 5, 6, or 8 above may be treated as a Major Significant Adverse Event.

Metropolitan Development and Housing Agency

701 SOUTH SIXTH STREET * NASHVILLE, TENNESSEE * TELEPHONE (615) 252-8400

MAILING ADDRESS: P.O. BOX 846 NASHVILLE, TENNESSEE 37202

TELEPHONE DEVICE FOR THE DEAF (615) 252-8599

January 15, 2019

Mr. Ed Yandell
Acting Director, Multifamily Program Division
Tennessee Housing Development Agency
502 Deaderick Street, Third Floor
Andrew Jackson Building, Nashville, TN 37243

RE: TN17-906, Boscobel I, request tax credit allocation increase and exchange

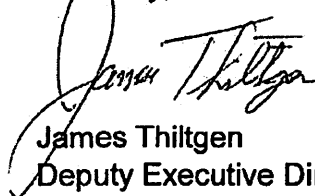
Dear Mr. Yandell:

We appreciate the opportunity to request additional LIHTC's and a request for an exchange of credits for Boscobel II. We hope to provide information to THDA's board of directors showing our current issues. The tax credit market was volatile until the Federal Tax Cuts and Jobs Act of 2017 passed and was signed into law late December 2017, and once stabilized in 2018, the construction costs in Middle Tennessee surprised everyone by increasing rapidly.

We have attached information regarding explanations and dates causing the need for the additional tax credit request and an exchange of credits. Our existing construction time line is attached as well, with construction finalizing March 31, 2020. MDHA closed Boscobel II's equity syndication and construction financing with Pinnacle Bank, on December 13th, 2018.

If you need additional information from our team, please let us know. We will have a representative in attendance at the THDA Tax Credit Committee and Board meetings on January 29th.

Sincerely,

A handwritten signature in black ink, appearing to read "James Thiltgen", is written over a printed name and title.

James Thiltgen
Deputy Executive Director

Attachments



January 14, 2019

Michael Wegerson
Metropolitan Development and Housing Agency
701 South Sixth Street
Nashville, TN 37206

22 middleton street
nashville, tennessee 37210
tel: (615) 255-1854
fax: (615) 244-1123
email: mailbox@ksarchitects.com

American Institute of Architects
Tennessee Society of Architects
Construction Specifications Institute
American Correctional Association
National Council of Architectural
Registration Boards
United States Green Building Council

RE: BOSCOBEL II
PERMITTING / CONSTRUCTION SCHEDULE

Mr. Wegerson:

In regard to the current schedule on the above project, the project is behind schedule due to the following reasons:

1. Significant revisions to the design of the building and site took place during the Design Development Phase of the project to reduce construction cost.
2. Metro Stormwater held up review of Civil engineering drawings due to infrastructure study for Envision Cayce.
3. The review process by Metro Codes and the Metro Planning Department took much longer than experienced in previous years. Following are pertinent dates:
 - Submitted site grading/utility package /SP to Metro Codes on May 2, 2018.
 - Submitted Construction Documents to Metro Codes on June 8, 2018.
 - Received mass Grading Permit from Metro Codes on August 29, 2018.
 - Received Foundation Permit from Metro Codes on October 19, 2018.
 - Received Utility Permit from Metro Codes on November 19, 2018.
 - Received Stormwater Permit from Metro Codes on November 14, 2018.
 - Received Building Permit from Metro Codes on December 7, 2018.

On past projects, after submitting the initial grading/utility package/SP submittal to Metro Codes we have received a building permit within four (4) months. On the above project, it required a total of seven (7) months.

Should you have any questions or concerns, please give us a call.

Sincerely,
KLINE SWINNEY ASSOCIATES

Bart Kline, AIA

Boscobel II was awarded 2017 LIHTC's by THDA's board on May 10, 2017, Carryover Allocation on December, 2017, under the RAD set-aside. We began working with tax credit syndicators to purchase the tax credits, as well as banks, for CITC construction financing. Congress was working on passing a major tax reform bill, and we were obtaining credit pricing anywhere from .80 to .84 on a dollar of credits, with the market being completely unstable, due to the unknowns of tax reform. We were told that credit pricing would not stabilize until the results of Tax Reform were known, and Congress passing a bill, before investors would move forward with their interest in purchasing LIHTC's as a hedge against their income, based on the new corporate tax rate. The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, amended the Internal Revenue Code of 1986, to reduce the corporate tax rates from 35% down to 21%. Syndicators moved forward working with their potential investors for tax credits to determine the demand, which would determine and stabilize credit pricing.

We received offers for the credits from several syndicators and worked through the offers to sign with Pinnacle Financial Partners, February 2, 2018, at 98 cents per dollar of credits. That was negotiated as we moved through the process, with higher construction costs, and higher loans from Pinnacle, and the final closing price of the credits at 96 cents per dollar of credits.

The construction contract was bid in June, 2018, with final bid of \$27,692,783, and contract fully executed on 12.11.18. Our construction estimates throughout the development process continued to increase. 8/2/17 -\$20,606,871; 3/20/18 - \$22,873,580; 9/24/18 - \$27,197,435, to the final contract number on 12/11/18 of \$27,692,783. The job was value engineered during development, to try to keep costs contained.

Metro Nashville's unprecedented growth has outpaced Metro government's ability to respond in a timely manner. We have included a letter from local architectural firm Kline Swinney Associates, indicating the delays caused by Metro Stormwater, Metro Codes and Metro Planning Department which delayed construction start.

We closed the development with Pinnacle Financial Partners providing both the equity, as well as the construction and perm loans December 13, 2018. The funding gaps remaining were filled with MDHA loans to the partnership, MDHA Home loan, and an MDHA Agency Loan to borrower.

Below are the sources from our closing statement to cover construction costs. MDHA would like to request an additional \$156,250 in annual credits from THDA for Boscobel I, as well as an exchange from 2017 tax credit allocation to a 2019 allocation, to allow time to obtain the final Certificates of Occupancy from Metro Nashville.

LOAN AND EQUITY CLOSING STATEMENT

Closing Date:	December 13, 2018
Borrower:	CP II, L.P.
Lender/Investor:	Pinnacle Bank
MDHA/Agency:	Metropolitan Development & Housing Agency
CITC Loan:	\$ 7,859,589.00
Market Rate Bridge Loan:	\$ 9,782,587.00
Investor Capital Contributions:	\$ 10,558,944.00
Agency Loan to borrower:	\$ 9,000,000.00
MDHA HOME Loan:	\$ 500,000.00
General Partner Capital Contribution:	<u>\$ 6,769,862.00</u>
	\$34,688,395.00

Boscobel II Project New Propose Schedule Milestones:

Completion Date:	Milestone Description:
3/3/2019	Building Pad Prep
3/25/2019	Utilities
1/30/2020	Hardscape/Landscape
	Building D
4/25/2019	Slab on Grade
7/25/2019	Framing
10/3/2019	Dry-in, brick, siding, and paint
9/20/2019	MEP rough-in, insulation, drywall
1/6/2020	Finishes
3/10/2020	Punchlist
12/6/2019	Temporary U&O for first unit
	Building C
6/5/2019	Slab on Grade
8/7/2019	Framing
10/16/2019	Dry-in, brick, siding, and paint
10/3/2019	MEP rough-in, insulation, drywall
1/24/2020	Finishes
3/30/2020	Punchlist
12/18/2019	Temporary U&O for first unit
	Townhomes
3/18/2019	Foundations
4/22/2019	Framing
6/6/2019	Dry-in, brick, siding, and paint
6/25/2019	MEP rough-in, insulation, drywall
9/10/2019	Finishes
10/7/2019	Punchlist
10/8/2019	Temporary U&O for townhomes
2/24/2020	Final Inspections
3/31/2020	Certificate of Use & Occupancy – Turnover

Tab # 8

Items:

Blank--No Materials

