

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS
May 19, 2020

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the "Board") met in regular session on Tuesday, May 19, 2020, via WebEx Call with certain staff members being at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3rd Floor; Nashville, Tennessee 37243 in the Tanasi Conference Room.

The following Board members were present via WebEx: Mike Hedges (Chair); Dorothy Cleaves; Secretary of State Tre Hargett; Regina Hubbard; Kevin Bradley (for Treasurer David Lillard); Austin McMullen; Colleen Daniels (for Commissioner of Finance & Administration Butch Eley); Erin Merrick; Rick Neal; Chrissi Rhea; John Snodderly; Lynn Tully; and Katie Armstrong (for Comptroller Justin Wilson). John Krenson was absent.

Chair Hedges read the following notice:

"Certain Board members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Board today require timely action and the physical presence of a sufficient number of Board members to constitute a quorum is not possible within the timeframe in which action is required. Therefore, it is necessary for some members to participate via telephone. Board members participating by telephone were sent documents relevant to today's meeting."

Chair Hedges called the meeting to order and with a roll call vote with all members identified as present voting "yes", motion carried to conduct the meeting in this manner.

Chair Hedges recognized Ralph M. Perrey, Executive Director, to present the Executive Director's report:

- State Form CT-0253 for Issue 2020-2 is in the Appendix to the board packet, along with a link to the supporting material. There is a statutory requirement that this be presented and submitted to the Comptroller's office. This was also sent to you separately last week.
- Issue 2020-2 pricing on May 6 went exceptionally well. THDA offered \$108.5 million of (federally taxable) bonds, the proceeds of which will to be used to refund certain outstanding bonds that carry higher interest rates. Orders totaled over \$491.5 million. This "oversubscription" allowed a reduction in the interest rates on a number of the bond maturities resulting in greater savings to THDA.
- Work continues to the Low-Income Housing Credit 2021 Qualified Allocation Plan. A summary of proposed changes is posted to the THDA website and comments from the public about those proposed changes are included in Board materials.
- THDA loan production, while less than the record setting pace of the last two years, has fallen less than expected. Production exceeded \$52 million in April and, for most of THDA's history, a \$50 million month was exceptional.

- The number of THDA loans in forbearance is lower than anticipated. Nationally, the Mortgage Bankers Association reports 8% of loans are in forbearance and for FHA loans, the figure is closer to 12%. As of this morning, only about 2 ½% of THDA loans are in forbearance.
- Lorrie Shearon, THDA's Chief Strategy Officer, has announced her intention to retire at the end of June. Her career at THDA spans 30 years and she leaves a lasting mark with her work, among other things, in creating and building an excellent Research Division at THDA. Not many state HFAs have one; those that do, have taken note of ours and used it as a model. It remains a great advantage to us to have a research team to provide information and analysis that helps us make sound business and program decisions. Eventually, we will have a more fitting send-off for Lorrie, but this will be her last board meeting.

Chair Hedges called for consideration of the minutes from the March 24, 2020 meeting that were previously circulated to all Board members. Upon motion by Mr. Snodderly, second by Mr. McMullen, and a roll call vote with all members identified as present voting "yes", motion carried to approve the minutes.

Chair Hedges recognized Mr. Perrey to present an overview of CARES Act Funds for Emergency Solutions Grant. Mr. Perrey referenced a memo from Don Watt, Chief Program Officer, and Cynthia Peraza, Director of Community Programs, dated May 6, 2020, titled "2020 Emergency Solutions Grants CARES Act Program – Part 1 Funding Allocation" containing staff recommendations and noted that this memo was previously circulated to all Board members. Upon motion by Ms. Cleaves, second by Ms. Tully, and a roll call vote with all members identified as present voting "yes", motion carried to approve the staff recommendations as contained in the referenced memo.

Chair Hedges recognized Mr. Perrey who presented the staff recommendations for a program to offer operating support to developments with low-income housing credits. He referenced a memo to the THDA Board of Directors from Mr. Watt and Edwin King, Director of Multifamily Programs, dated May 7, 2020, titled "Emergency Operating Funds for Developments with Low-Income Housing Credits" that was previously circulated to all Board members for details. In connection with subsequent discussion, Chair Hedges suggested that the Executive Director be given broader discretion to implement the proposed program in response to changing market conditions as well as in response to guidance or regulations from the federal government or the State of Tennessee as described under the second recommendation in the referenced memo. Upon motion by Mr. Hedges, second by Ms. Cleaves, and a roll call vote with all members identified as present voting "yes", motion carried to amend the staff recommendation to incorporate Chair Hedges's suggestion. Upon motion by Ms. Cleaves, second by Mr. Bradley, and a roll call vote with eleven of the members identified as present voting "yes", motion carried to approve the staff recommendation described in the referenced memo as amended by the Board and subject to availability of funds. Chair Hedges and Mr. Neal abstained.

Chair Hedges recognized Mr. Perrey to present Tennessee Renovation Loan Program changes. Mr. Perrey referenced a memo from Mr. Watt and Ms. Peraza dated May 5, 2020 titled "Request for Approval of Tennessee Renovation Loan Program Guide Changes" that describes

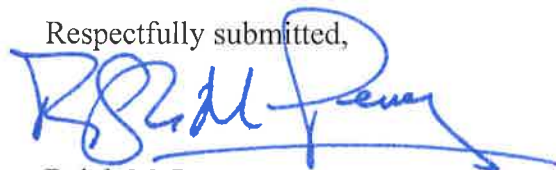
staff recommendations. Upon motion by Ms. Cleaves, second by Mr. Snodderly, and a roll call vote with all members identified as present voting "yes", motion carried to approve the recommended changes to the Tennessee Renovation Loan Program to better align it with the Emergency Repair Program as described in the referenced memo.

Chair Hedges recognized Mr. Perrey to present the 2021 Habitat for Humanity of Tennessee set-Aside. Mr. Perrey referenced a memo from Mr. Watt and Ms. Peraza, dated May 4, 2020, titled "2021 Allocation to Habitat for Humanity of Tennessee" that describes staff recommendations. Upon motion by Ms. Tully, second by Ms. Cleaves, and a roll call vote with all members identified as present voting "yes", motion carried to approve the 2021 allocation to Habitat for Humanity of Tennessee as described in the referenced memo.

Chair Hedges recognized Mr. Perrey to present the 2021 Emergency Repair Program Description. Mr. Perrey referenced a memo from Mr. Watt and Ms. Peraza, dated May 4, 2020, titled "Request for Approval of 2021-2022 Emergency Repair Program Description", that describes staff recommendations. Upon motion by Ms. Cleaves, second by Mr. McMullen and a roll call vote with all members identified as present voting "yes", motion carried to approve the modifications to the current Emergency Repair Program description as described in the referenced memo.

With no further business to address, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ralph M. Perrey", with a long horizontal flourish extending to the right.

Ralph M. Perrey
Executive Director

Approved this 29th day of July, 2020