

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
January 28, 2020

Pursuant to the call of the Chair, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, January 28, 2020, at 2:00 P.M. in Conference Room G-11, State Capitol, Nashville, Tennessee. The following members were present: Michael Hedges (*Chair*), Jonathan Rummel (for Secretary of State Tre Hargett), Kevin Bradley (for Treasurer David Lillard), Colleen Daniels (for Commissioner of Finance and Administration Stuart McWhorter) and Comptroller Justin Wilson (*Secretary*).

Recognizing a quorum present, Chair Hedges called the meeting to order and called for consideration of the minutes from the November 18, 2019, Committee meeting. Upon motion by Justin Wilson, seconded by Colleen Daniels, the minutes were unanimously approved.

Chair Hedges recognized Lynn Miller, THDA Chief Legal Counsel, to present the authorization of a draw down facility. Ms. Miller presented the following documents that were circulated earlier for the Committee’s consideration:

- a memorandum from CSG Advisors Incorporated (“CSG”), financial advisor to THDA, dated January 13, 2020, recommending authorization of a Bond Cap Recycling “Draw Down” Program;
- the Plan of Financing for a revolving line of credit (a “LOC”) and/or the issuance of notes (the “Notes”) in an aggregate cumulative principal amount not to exceed \$300 million for the purpose of refunding THDA bonds (“Plan of Financing”); and
- the Resolution of the Board of Directors authorizing and delegating authority to the Committee to proceed with a LOC and/or the issuance of Notes (“Authorizing Resolution”).

Ms. Miller indicated that staff is looking at options to conserve volume cap for the single family program. She noted that the Plan of Financing and the Authorizing Resolution provide flexibility to issue Notes or to obtain a line of credit and delegates authority to the Committee to make all the final decisions about program execution. Ms. Miller described the method by which volume cap is allotted to THDA, THDA’s allocation of volume cap for multifamily and the rate at which THDA is currently using volume cap carried forward from prior years. Upon motion by Comptroller Wilson, second by Mr. Rummel, the Plan of Financing was approved and the Committee recommended the Authorizing Resolution to the Board for approval.

Chair Hedges indicated the next agenda item was consideration of an amendment to the Issue 2020-1 Authorizing Resolution. Ms. Miller noted that the Bond Finance Committee and the Board of Directors took the necessary steps at the November 2019 meeting to authorize Issue 2020-1, which may include tax-exempt and taxable bonds as determined by the Bond Finance Committee. She explained that as one of the steps to conserve volume cap, CSG recommended that Issue 2020-1 include 20% to 30% taxable bonds. She noted that purchasers of taxable bonds have different expectations regarding the timing of pricing approval and allocation approval that makes the process THDA typically follows in approving the sale of tax-exempt bonds too time consuming to meet the needs of the purchasers. She pointed out that the process in the THDA enabling legislation that authorizes the Board and the Bond Finance Committee to delegate to a designated officer the power to approve the purchase price of the bonds and other details of the bonds, upon recommendations from staff, the financial advisor, and bond counsel, resolves the timing issue. Ms. Miller further explained that the proposed amendment to the Authorizing Resolution revises the authorization made in the original Authorizing Resolution to delegate authority to the Secretary of the Bond

Finance Committee as the Authorized Officer, instead of the Bond Finance Committee, to approve the purchase price and other details of the bonds. Upon motion by Mr. Rummel, seconded by Mr. Bradley, the Committee recommended approval of the Issue 2020-1 Authorizing Resolution Amendment to the Board.

Chair Hedges then recognized Ms. Miller to provide the annual Volume Cap Update. Ms. Miller referenced her memo dated January 27, 2020, and explained that the information included in the memo shows a worst-case scenario where THDA single family loan production remains high and THDA does not employ measures to conserve volume cap. She noted that with strong demand for THDA loans, THDA is using volume cap faster than it has been received so, it is possible that in the next two to three years, THDA could have insufficient volume cap to issue tax-exempt bonds to meet the demand for THDA single family loans. Ms. Miller added that this information supports the need to take steps to conserve volume cap. No further action was necessary.

Chair Hedges indicated the next item for consideration was the review of the State Form CT-0253, Report on Debt Obligation (the "Report") for Issue 2019-4. Ms. Miller advised that the Report was filed with the Office of the Comptroller and is being presented to the Committee and the Board to meet the reporting requirement pursuant to TCA Section 9-21-151(c)(2). No action by the Committee was needed.

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

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Approved the _____ day of March, 2020.