

TENNESSEE HOUSING DEVELOPMENT AGENCY

BOND FINANCE COMMITTEE MEETING

MINUTES July 17, 2020

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency (THDA) Board of Directors (the “Committee”) met in regular session on Friday, July 17, 2020, at 8:01 a.m., via a WebEx call with certain staff members physically present at the THDA Offices located at 502 Deaderick Street, Andrew Jackson Building, 3rd Floor, Nashville, Tennessee 37243 in the Cades Cove Conference Room.

The following Committee members were present via WebEx: Mike Hedges (Chair); Jonathan Rummel (for Secretary of State Tre Hargett); Treasurer David Lillard; Katie Armstrong (for Comptroller Justin Wilson) and Colleen Daniels (for Commissioner of Finance & Administration Butch Eley).

Recognizing a quorum present, Chair Hedges called the Committee meeting to order and recognized Lynn Miller, THDA Chief Legal Counsel, who read the following statement:

“Certain Committee 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 Committee today require timely action and the physical presence of a sufficient number of Committee members to constitute a quorum is not possible within the timeframe in which action is required and also because of COVID-19. Therefore, it is necessary for some members to participate via telephone. Committee members participating by telephone were sent documents relevant to today’s meeting.”

Upon motion by Treasurer Lillard, second by Mr. Rummel, and a roll call vote with Hedges, Rummel (for Hargett), Lillard, Daniels (for Eley) and Armstrong (for Wilson) voting “yes” and no member voting “no”, motion carried that necessity existed to conduct the Bond Finance Committee in this manner.

Chair Hedges called for consideration of the March 24, 2020, meeting minutes. Upon motion by Treasurer Lillard, second by Ms. Armstrong, and a roll call vote with Hedges, Rummel (for Hargett), Lillard, Daniels (for Eley), and Armstrong (for Wilson) voting “yes” and no member voting “no”, the minutes were unanimously approved.

Chair Hedges recognized Lynn Miller, THDA Chief Legal Counsel, who presented the Schedule of Financing for Fiscal Year 2020-2021 (the “Schedule of Financing”) included in the meeting materials. She indicated that, based on THDA projections, the Schedule of Financing shows four bond issues in a total principal amount of \$475 million for Fiscal Year 2020-2021 plus approximately \$30 million in anticipated refundings. Upon motion by Treasurer Lillard, second by Ms. Daniels, and a roll call vote, with Hedges, Rummel (for Hargett), Lillard, Daniels (for Eley) and Armstrong (for Wilson) voting “yes” and no member voting “no”, the motion carried to recommend the Schedule of Financing to the Board for approval.

Chair Hedges recognized Ms. Miller who presented the following documents, that were previously circulated, regarding authorization of Issue 2020-4:

- a memorandum regarding Issue 2020-4 from Ms. Miller, dated July 14, 2020, that described the documents to be considered, explained how the authorization for Issue 2020-4 complied with THDA’s Debt Management Policy, and included recommendations regarding bookrunning senior manager and rotating co-manager based on information provided in a separate memo dated July 13, 2020, by CSG Advisors incorporated (“CSG”), financial advisor for THDA;
- a separate memorandum from CSG dated July 13, 2020, that recommended authorization of Issue 2020-4 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$200 million, to refund certain outstanding THDA bonds, and for Citigroup Global markets Inc. to serve as bookrunning senior manager and for Robert W. Baird to serve as the rotating co-manager;
- the Plan of Financing for Issue 2020-4 in an aggregate principal amount not to exceed \$200 million that was approved by the Bond Finance Committee (“Plan of Financing”);
- Resolution of the Board of Directors of the Tennessee Housing Development Agency authorizing the issuance and sale of Residential Finance Program Bonds, Issue 2020-4, that includes the form of Supplemental Resolution for Issue 2020-4 and that authorizes the referenced bond issue and delegates authority to the Authorized Officer to determine all final terms and conditions of the bonds (the “Authorizing Resolution”);
- Resolution of the Board of Directors of the Tennessee Housing Development Agency authorizing reimbursement of THDA from proceeds of Issue 2020-4 in an amount not to exceed \$100,000,000 (the “Reimbursement Resolution”); and,
- the form of Supplemental Resolution for Issue 2020-4.

Upon motion by Treasurer Lillard, second by Mr. Rummel, and a roll call vote with Hedges, Rummel (for Hargett), Lillard, Armstrong (for Wilson), and Daniels (for Eley) voting “yes” and no member voting “no”, the Plan of Financing for Issue 2020-4 was unanimously approved, the Authorizing Resolution and the Reimbursement Resolution were recommended to the Board for approval.

Chair Hedges recognized Ralph Perrey, Executive Director, to present 2020 Volume Cap Use. Mr. Perrey referenced his memo dated July 14, 2020, and described certain highlights regarding single family and multifamily need for volume cap. He noted that, to recognize the priority on volume cap use needed for single family programs, staff asked that the Bond Finance Committee establish a minimum amount of volume cap that should be carried forward in 2020 to support future single-family mortgage loans. He explained that, based on staff projections, staff recommended that THDA carry forward at least \$450 million of 2020 volume cap for single family use in subsequent years. He indicated that the Department of Economic and Community Development currently has no requests for 2020 volume cap, there is likely to be volume cap remaining at year end that will be allocated to THDA for carry forward. He noted that if that assumption is correct, then THDA could allocate additional volume cap to the multifamily bond program. Upon motion by Treasurer Lillard, second by Ms. Daniels, and a roll call vote with Hedges, Rummel (for Hargett), Lillard, Armstrong (for Wilson), and Daniels (for Eley) voting “yes” and no member voting “no”, motion carried to recommend to the Board that a minimum of \$450 million in 2020 volume cap be carried forward.

With no further business, the meeting was adjourned.

Respectfully submitted,

Assistant Secretary

Approved the 18th day of September, 2020