

**Audit & Budget Committee did not meet in the month of
January 2020.**

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,

A handwritten signature in cursive script, appearing to read "Sandra Thompson".

Sandra Thompson
Assistant Secretary

Approved the 24th day of March, 2020.

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE MEETING MINUTES
January 29, 2020

Pursuant to the call of the Chair, the Grants Committee of the Tennessee Housing Development Agency Board of Directors met in regular session on Wednesday, January 29, 2020, at 10:00 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: Austin McMullen (Chair), Jonathan Rummel for Secretary of State Tre Hargett, Rick Neal, Katie Armstrong for Comptroller Justin Wilson and Board Chair Mike Hedges. Also present were Colleen Daniels, Chrissi Rhea, John Snodderly, Dorothy Cleaves, and Kevin Bradley. Erin Merrick arrived at 10:12 a.m. Central Time. John Krenson and Lynn Tully were absent.

Chair McMullen called the meeting to order and called for consideration of the November 19, 2019, minutes. Upon motion by Ms. Armstrong, second by Mr. Neal, the minutes were approved.

Chair McMullen then recognized Cynthia Peraza, THDA Director of Community Programs, to present the request for approval of modifications to the 2020 Creating Homes Initiative 2 (CHI-2) Program Description. Ms. Peraza referenced her memo dated January 15, 2020, and noted that in September 2019, the CHI-2 Program Description was approved by the Board. She explained that after approval of the Program Description, the Department of Mental Health and Substance Abuse Services (DMHSAS) requested modifications to the Program Description as described in more detail in the referenced memo. She indicated that, in consultation with DMHSAS, THDA staff recommends the following changes to the CHI-2 Program Description: 1) Expand the qualifying diagnosis from "Opioid Use Disorder" to "Opioid or opioid derivatives must be a drug of choice" throughout the Program Description; 2) Remove the language referenced on Page 1, Section A, of the Program Description referencing the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition; and 3) Extend the application deadline to 4:00 P.M. CST, Thursday, February 13, 2020, with application decisions to be announced by April 1, 2020, and contracts effective as of May 1, 2020. Upon motion by Mr. Hedges, second by Ms. Armstrong, the Committee recommended approval of the referenced changes to the 2020 CHI-2 Program Description to the Board.

Chair McMullen next recognized Mr. Don Watt, THDA Chief Program Officer, who referenced his memo dated January 16, 2020. He reported that the Executive Director awarded \$1,945,959 of the \$3,241,878 available under the 2019 National Housing Trust Fund (NHTF) Program Description to Metropolitan Development and Housing Agency, Murfreesboro Housing Authority, and The Crossroads Campus to create 200 housing units, 24 of which will be set aside for extremely low-income Tennesseans. He noted that the remaining amount would be rolled into the funding amount for the National Housing Trust Fund in 2020.

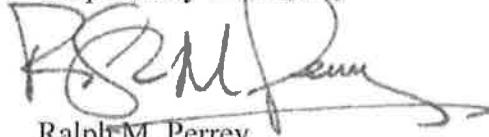
Chair McMullen recognized Mr. Watt who referenced his memo dated January 16, 2020, regarding the 2020 National Housing Trust Fund (NHTF) Program Description. Mr. Watt noted that approximately \$4,335,570, including \$1,295,919 from 2019 and \$3,039,651 expected for 2020, will be available for development of affordable rental housing for extremely low-income households. He explained that the 2020 NHTF Program Description contains the following recommended changes from 2019: 1) reduce the minimum award from \$250,000 to \$100,000 to encourage the use of funds in smaller, rural developments; 2) add a spend-down requirement for entities with prior NHTF funding awards; and 3) provide 7 points for a project located in a rural county and an additional 3 points if the applicant is a rural public housing authority. Upon a motion by Mr. Rummel, second by Mr. Neal, the Committee recommended approval of the 2020 NHTF Program Description to the Board.

Chair McMullen next recognized Ms. Peraza, who referenced her memo dated January 15, 2020, requesting authorization to increase the Tennessee Renovation Loan Program (TRLP) funds by the approximately \$811,000 that remain after the 2017-2018 Appalachian Renovation Loan Program ended in July 2019. She noted that TRLP not only offers the same type of assistance as the Appalachian Renovation Loan Program, but also focuses on providing assistance to low-income homeowners who need help in repairing and preserving their homes. Upon motion by Mr. Neal, second by Mr. Hedges, the Committee recommended approval of the transfer of 2017-2018 Appalachian Renovation Loan Program funds to TRLP.

Chair McMullen again recognized Ms. Peraza who referenced her memo dated January 17, 2020, regarding the following proposed changes to the Appraisal Gap Pilot Program (Gap Program): 1) Increase the allocation by \$500,000 in THDA funds bringing the total Gap Program allocation to \$1,000,000; 2) Expand Gap Program availability across the state; and 3) Extend Gap Program, as a pilot program through December 31, 2020, or until the Gap Program funding is depleted, whichever occurs first. Ms. Peraza explained that in September 2018, the Board authorized the Gap Program, which offered up to \$20,000 in grant funding to eligible, nonprofit housing agencies to help fund the gap between the cost to build a home and the appraised value of such a home in Memphis, Chattanooga and Oak Ridge. Upon motion by Ms. Armstrong, second by Mr. Neal, the Committee recommended approval of the referenced Appraisal Gap Pilot Program changes.

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

Respectfully submitted,



Ralph M. Perrey
Executive Director

Approved the 23rd day of July, 2020

TENNESSEE HOUSING DEVELOPMENT AGENCY
LENDING COMMITTEE
January 29, 2020

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 Wednesday, January 29, 2020, at 10:15 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower, Nashville, Tennessee.

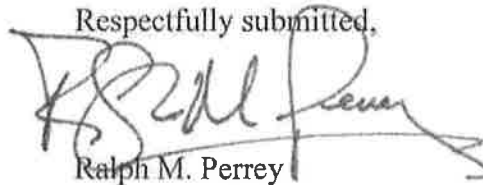
The following Committee members were present: Dorothy Cleaves (Chair), Chrissi Rhea, Erin Merrick, Colleen Daniels for Commissioner of Finance & Administration Stuart McWhorter, and Mike Hedges (Board Chair). Committee members Regina Hubbard and John Krenson were absent. The following board members were also present: John Snodderly, Rick Neal, Austin McMullen, Katie Armstrong for Comptroller Justin Wilson, Jonathan Rummel for Secretary of State Tre Hargett, and Kevin Bradley for Treasurer David Lillard.

Chair Cleaves called the meeting to order and called for consideration of the minutes from November 19, 2019. Upon motion by Ms. Merrick, and second by Ms. Daniels, the minutes were approved.

Chair Cleaves called on Dr. Hulya Arik, THDA Economist, to present the Housing Cost Index for 2020. Referring to her memo dated January 14, 2020, and the attached Board Resolution, Dr. Arik explained the Housing Cost Index (HCI) indicates the percentage of an average Tennessee household's gross monthly income that is required to pay for primary fixed housing costs under existing market conditions. After describing the calculation method, detailed in her memo, Dr. Arik stated the housing cost index for 2020 is 28.67%, slightly lower than last year's index of 29.52%. She noted that lower average interest rates and increased median household income improved the housing affordability for Tennesseans even with increased median home purchase price. Upon motion by Ms. Merrick and second by Ms. Rhea, the Committee recommended adoption of the Board Resolution accepting the 2020 Housing Cost Index and authorizing continued operation of THDA financial assistance programs to the Board.

There being no questions and no further business, Chair Cleaves adjourned the meeting.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ralph M. Perrey", is written over a horizontal line.

Ralph M. Perrey
Executive Director

Approved the 20th day of July, 2020.

**Rental Assistance Committee did not meet in the month of
January 2020.**

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE MEETING MINUTES
January 29, 2020

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 Wednesday, January 29, 2020, at 10:30 a.m. Central Time at the William R. Snodgrass Tennessee Tower, Third Floor, Nashville Room, Nashville, Tennessee.

The following Committee members were present: John Snodderly, Kevin Bradley (for Treasurer David Lillard), Colleen Daniels (for Commissioner of Finance & Administration, Stuart McWhorter), Erin Merrick and Mike Hedges (Board Chair). Committee member Lynn Tully participated by phone. Mr. Snodderly acted as Committee Chair in the absence of Ms. Tully. Other Board members in attendance were Dorothy Cleaves, Katie Armstrong (for Comptroller Justin Wilson), Austin McMullen, Jonathan Rummel (for Secretary of State Tre Hargett), Rick Neal and Chrissi Rhea.

Seeing a quorum present, Chair Snodderly called the meeting to order and called for consideration of the November 19, 2019, minutes. Upon motion by Ms. Daniels, second by Mr. McMullen, the minutes were approved. Chair Snodderly acknowledged Edwin King as the new Director of Multifamily Development for THDA.

Chair Snodderly called for consideration of amendments to the 2019-2020 Multifamily Low Income Housing Qualified Allocation Plan ("QAP") for distressed and at risk communities. Ed Yandell, Senior Housing Credit Advisor, referenced a memo dated January 15, 2020, that describes staff recommendations to amend the QAP to provide special assistance to at-risk/distressed counties in Tennessee and provided the following summary of the proposed amendments:

1. To be eligible for this assistance a proposed development must satisfy each of three criteria:
 - a. New construction
 - b. No more than 64 units; and,
 - c. Located wholly within one of the following counties: Benton, Bledsoe; Campbell, Carroll, Carter, Claiborne, Clay, Cocke, Decatur, Fentress, Grainger, Grundy, Hancock, Hardeman, Hardin, Hawkins, Haywood, Henderson, Houston, Jackson, Johnson, Lake, Lauderdale, Lewis, McNairy, Meigs, Monroe, Morgan, Obion, Overton, Perry, Rhea, Scott, Unicoi, Union, Van Buren, Warren, Wayne or Weakley.
2. Eligible proposed developments would receive the following special considerations:
 - a. Per development annual LIHC limit of \$1.3 million; and
 - b. Basis boost of up to 130%, as determined by THDA; and,
 - c. New construction in a HUD-designated Qualified Census Tract ("QCT") permissible; and
 - d. Applicable total development cost limits increased by 10%; and
 - e. Solely for the purposes of the Special At-Risk/Distressed Counties Assistance, none of the counties above will be considered "non-viable" with regard to the County Need Score.

Mr. Hedges and Chair Snodderly expressed their support for the proposed amendments. Upon motion by Ms. Merrick, second by Ms. Daniels, the Committee recommended to the Board the described changes, together with authorization for staff to make conforming changes as necessary.

Chair Snodderly recognized Mr. Yandell to present the proposed amendment to the QAP regarding the new construction regional pool. Mr. Yandell referenced a memo dated January 27, 2020, that replaced the original memo with the same subject dated January 15, 2020, and explained the following amendments that modify the methodology for allocating housing credits to the new construction regional pools for at risk and distressed counties:

1. Two developments may be selected from each of the West, Cumberland, East and Upper East New Construction Regional Pools; and
2. Three developments may be selected from the Middle New Construction Regional Pool; and
3. Within each of the West, Cumberland, East and Upper East New Construction Regional Pools, there would be no more than one allocation to a proposed development eligible for the special At-Risk/Distressed Counties Assistance and no more than one allocation to a proposed development not eligible for the Special At-Risk/Distressed Counties Assistance; and
4. Within the Middle New Construction Regional Pool, there would be no more than one allocation to a proposed development eligible for the special At-Risk/Distressed Counties Assistance and no more than two allocations to developments not eligible for the Special At-Risk/Distressed Counties Assistance; and
5. Allocations from the New Construction Regional Pools will be made in ranking order, taking into account all limits and tie-breakers, without preference for proposed developments eligible for the special At-Risk/distressed Counties Assistance or proposed developments not eligible for the Special At-Risk/Distressed Counties Assistance.

Upon motion by Mr. Bradley, second by Ms. Merrick, the Committee recommended to the Board the described amendments, together with authorization for staff to make conforming changes as necessary.

Chair Snodderly recognized Mr. King who referenced a memo dated January 15, 2020 titled "Amendment to the 2017 Low-Income Housing Tax Credit Qualified Allocation Plan, the 2018 Low-Income Housing Tax Credit Qualified Allocation Plan, and the 2018 Multifamily Tax-Exempt Bond Authority Program Description". Mr. King noted that the amount of noncompetitive low-income housing credit currently available to a single development is \$1.1 million per year. He reminded the Committee that in May 2019, the per development limit for non-competitive low income housing credit developments was increased to \$3 million per year under the 2019-2020 QAP and under the 2019 Multifamily Tax-Exempt Bond Authority Program Description ("Program Description"). He noted that allocations of non-competitive low income housing credits may be increased when a development is placed in service. Mr. King indicated that staff recommends increasing the per development limit for non-competitive low income housing credits from \$1.1 million to \$3.0 million. Upon motion by Ms. Daniels, second by Mr. Bradley, the Committee recommended to the Board, the described amendment, together with authority motion carried to approve the amendment as presented along with the authorization for staff to change relevant parts of the QAP and Program Description and to make conforming changes as necessary.

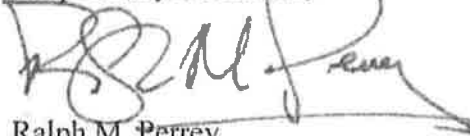
Chair Snodderly recognized Mr. King who referenced a memo dated January 21, 2020, titled "Clarification to Requirements for HVAC Systems and Windows". Mr. King explained that 2016, 2017 and 2018 Low Income Housing Tax Credit Qualified Allocation Plans were amended in November 2019 to address energy efficiency requirements, but the following staff recommendations will provided needed additional clarification:

1. Apply the 2015 enterprise Green Community specifications for HVAC systems and windows for developments that meet all the following conditions:
 - a. The development originally received an allocation of housing credit under the 2016, 2017 or 2018 Low-Income Housing Tax Credit Qualified Allocation Plan; and
 - b. IRS Form(s) 8609 for the most recent allocation of housing credit have not been issued; and
 - c. The development elected to substitute "ENERGY STAR" requirements for the "Enterprise Green Community Certification" requirements; and
 - d. The development architect provides written certification in a form and with substance acceptable to THDA, in its sole discretion, that the HVAC system(s) and windows are compliant with the 2015 Enterprise Green Community specifications.
2. Authorize the Executive Director to resolve unforeseen issues rising from the November 7, 2019 amendment or the clarification to that amendment described above.

Upon motion by Ms. Merrick, second by Ms. Daniels, the Committee recommended the staff recommendations described above to the Board.

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R. M. Perrey", written over a horizontal line.

Ralph M. Perrey
Executive Director

Approved this 22ND day of July, 2020