

# May Board Meeting Minutes

TENNESSEE HOUSING DEVELOPMENT AGENCY  
BOARD OF DIRECTORS MEETING MINUTES  
May 25, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the "Board") met in regular session on Tuesday, May 25, 2021, at 2:01 p.m. CDT, 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.

The following Board members were present via WebEx: Mike Hedges (Chair), Doree Hicks (for Butch Eley, Commissioner of Finance & Administration), Mike Hardwick, Chris Mustain (for Tre Hargett, Secretary of State), Treasurer David Lillard, Joann Massey, Matt McGauley, Erin Merrick, Rick Neal, Tennon Reed, Chrissi Rhea, John Snodderly, and Katie Armstrong (for Jason Mumpower, Comptroller). Austin McMullen, board member, was absent.

Chair Hedges recognized Bruce Balcom, Chief Legal Counsel, who read the following statement:

*"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. This is also necessary to protect everyone's health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone or electronically. Board members so participating were sent documents relevant to today's meeting."*

Chair Hedges called the meeting to order. Upon a motion by Mr. Mustain and a second by Ms. Massey and a roll call vote, with all members identified as present voting "yes" (12 ayes); no response heard from one board member due to technological difficulties, motion carried that a necessity exists to conduct the meeting in this manner.

Chair Hedges called for consideration of the March 30, 2021, minutes that were previously circulated to all Board members. Upon motion by Mr. Neal, second by Mr. Mustain, and a roll call vote with all members identified as present voting "yes" (13 ayes), the minutes were approved.

Chair Hedges recognized Ralph M. Perrey, Executive Director, who gave the following Executive Director's report:

He began with a brief update of the new federal programs THDA is administering:

- The Rent Relief program activity is picking up. We are now sending out roughly one million dollars per week to landlords and utility providers. We have 7,200 applications

under review, another 9,800 applications begun but not submitted by applicants. By the end of this week, we will have made over \$4 million in payments on behalf of some 600 applicants, an average of about \$6800 per client.

- No state or locality is seeing anywhere near the number of applications we expected, and no one has a solid idea as to why. There is some suggestion that advocates may have overstated the number of renters unable to pay because of COVID. It may also be that between the extra unemployment benefits, stimulus checks, and extended eviction moratoriums, that fewer people need assistance or feel the need to ask for it.
- The National Council of State Housing Agencies (NCSHA) is working with Treasury to spell out “safe harbor” rules for us. A number of administration officials are urging states to go easy on required documentation and verification, but the legislation itself requires a certain amount of this and Treasury will be auditing us for compliance. We want to know that if we loosen up at the urging of federal officials, that other federal officials won’t be looking to punish us for having done so. Unless and until we get that kind of “safe harbor”, we’re going to continue coloring within the lines, so to speak.
- We are working to launch the Homeowner Assistance program this summer. Treasury has advanced us \$16 million for start-up expenses and to launch a pilot program, which will target THDA’s own borrowers who are delinquent or in forbearance. As soon as Treasury signs off on our program plan, we will receive the balance of the \$168 million and be able to offer the program more broadly. We aim to have the pilot operational before July 1, and to launch the full program as soon afterward as Treasury reviews and approves our plan.
- I will be meeting with Governor Lee and the Financial Stability Accountability Group next week to request an allocation from Tennessee’s CARES Act funds for the purpose of helping to bridge the funding gaps that have arisen in housing developments that THDA has supported with tax credits or grants. The unprecedented spike in the cost of building materials has left most of our tax credit developments with 7-figure funding gaps. Without this sort of direct subsidy, we are concerned that many may not be able to move to construction. I believe the request will be well-received. I will keep you updated on this.
- I will also exercise the waiver authority you have extended to me to allow developments to exceed the cost caps specified by the QAP and the Bond Program Description. We will notify our developer partners on what we need to see to support such a waiver request. Our review will be expedited so that waivers can be granted before July 1.
- We are also mindful that the same kinds of funding gaps affecting our tax credit developments are impacting the developments we have supported with bond authority and 4% tax credits. We are exploring additional support THDA can provide to those developments, including an increase in the amount of 4% credits awarded to a development, and other potential sources of subsidy. We are mindful that, depending on how that’s done, developments may risk running afoul of the federal 50% test, and we are looking into how to avoid that.

- Our bond authority is now fully committed. We expect a mid-year allocation from the Department of Economic and Community Development in July, and we will bring recommendations to you in July on how much more we can assign for multifamily.
- I mentioned in my update in early May that HUD has allocated Emergency Housing Vouchers to THDA that will help individuals who are homeless or at-risk of homelessness in our Housing Choice Voucher service area. We have accepted the allocation of 325 vouchers and have agreed to accept 175 more if they become available. This will be a permanent voucher that will be made available to assist a family through September 2030. We are looking to start this program this summer in coordination with local organizations serving this population.

On other matters:

- I'd like to call your attention to the "Commitment to Cybersecurity" page, added to THDA's website. You can find it at [thda.org](http://thda.org), click on "about us", and see the menu choices on the right of the page. I am also happy to report that our IT division had another successful penetration test this spring – successful in that our network was NOT penetrated. We pay a lot of attention to the security of our IT network, and I am grateful for the vigilance of Director Nicole Lucas and Assistant Director Jason Ronnow.
- I am also happy to tell you that our Community Programs team earned a clean audit from HUD for the Emergency Solutions Grant program – my compliments to the ESG team of Tanya Jackson, Shay Macklin and Jim Conner, and Director Cynthia Peraza.
- Next up for an audit is Volunteer Mortgage Loan Servicing. HUD and FHA representatives will be reviewing our work beginning June 4.

Finally, Mr. Chairman, I am pleased to tell you that we will plan to meet in-person for our July meeting, though perhaps with some format changes that we believe will be helpful to those traveling from East and West Tennessee.

Chair Hedges then noted the Bond Finance Committee met earlier this afternoon and recommends to the Board of Directors approval of the authorization of Bond Issue 2021-2 in the maximum amount of \$200 million, along with authorization of the Reimbursement Resolution and Plan of Financing as noted in a memo from Bruce Balcom, Chief Legal Counsel, dated May 14, 2021 that accompanies it. Upon a motion from Chairman Hedges on behalf of the Committee, and a roll call vote with all Board members identified as present voting "yes" (13 ayes), the Authorization, Reimbursement and Plan of Financing were approved.

Chair Hedges proceeded to the next item on the agenda, the Schedule of Financing FY 2021-2022. By offer of a motion from Chairman Hedges on behalf of the Committee, and a roll call vote with all Board members identified as present voting "yes" (13 ayes), the approval was granted for the Schedule of Financing as outlined in the memo from Bruce Balcom, Chief Legal Counsel dated May 14, 2021.

Chair Hedges then recognized Mr. Snodderly to present the Tax Credit item. The developers for Hickory Valley, TN TN20-004, are requesting to exchange \$1,245,536 of 2020 LIHC for an equal amount of 2021 LIHC. This request will not lower the amount of 2021 LIHC available for allocation in the regular competitive round. Full details of this request are outlined in a memo from Josie Kotsioris, Director of Multifamily Programs and Don Watt, Chief of Programs, dated May 19, 2021. By offer of a motion by Mr. Snodderly on behalf of the Committee, and a roll call vote with all Board members identified as present voting as follows 11 ayes and one abstention (Neal); no response heard from one board member due to technological difficulties, the motion passed.

Chair Hedges called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the Single Family Mortgage Loan Program Income Limits for 2021 as prepared by Dr. Hulya Arik, Economist, in a memo dated May 12, 2021. Ms Hall noted that staff recommends the adoption of the income limits per the "Combined Calculations" method as designated in the chart and memo under the THDA single family mortgage loan program to be effective as of June 1, 2021. By offer of a motion by Ms. Rhea and second by Mr. Snodderly, and a roll call vote with all members identified as present voting "yes" (12 ayes), no response heard from one board member due to technological difficulties, the motion passed. Ms. Massey left the meeting at 2:25 p.m. Central Time.

Chair Hedges recognized Cynthia Peraza, Director of Community Programs, to present the COVID-19 Rent Relief Program Description. Ms. Peraza noted that in a memo from herself and Don Watt, Chief of Programs dated May 6, 2021, staff recommends the THDA Board take the following actions:

- Adopt the attached 2021 COVID-19 Rent Relief Program Description;
- Authorize staff to make minor program changes and housekeeping changes to the program, as deemed necessary, or as directed by the U.S. Treasury; and
- Authorize all appropriate staff to do all things necessary and proper, including execution of all documents, to carry out the described changes.

And, with a roll call vote with all members identified as present voting "yes" (11 ayes), no response heard from one board member due to technological difficulties, the motion passed.

Chair Hedges called on Ms. Peraza to present the 2021 Allocation to the United Cerebral Palsy of Middle Tennessee for Implementation of the Home Modification and Ramps Program. Ms. Peraza referred to a memo from herself and Don Watt, Chief of Programs, dated May 6, 2021 and explained that staff recommends the adoption of the 2021 Home Modifications and Ramps Program Description and the set-aside of \$300,000 in funding to cover a two-year program implementation through June 30, 2023. By offer of a motion by Mr. Mustain, second by Mr. Snodderly, and a roll call vote with all members identified as present voting "yes", (12 ayes), the motion passed.

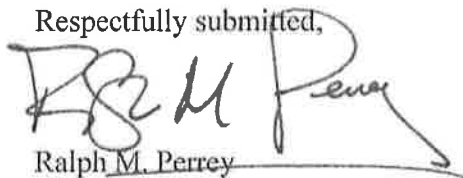
Chair Hedges then recognized Ms. Peraza to present the Request for Approval of 2017 HOME Grant Extensions. Ms. Peraza referred to a memo from herself and Don Watt, Chief of Programs, dated May 7, 2021, detailing the list of grantees that would be eligible for the 6-month

extensions along with the list of Grantees that have not yet met the established spenddown requirements. She also noted that staff recommends a six-month extension for the 2017 HOME Grant Awards that have expended a minimum of 65% of the Grant as of or before June 30, 2021. The extension is being recommended to help provide the Grantee with additional time that was lost due to COVID 19 to complete their projects. By offer of a motion by Mr. Hardwick, second by Mr. Snodderly, and a roll call vote with all members identified as present voting "yes" (12 ayes), the motion passed.

The last item for the THDA Board of Directors was the Request for Approval of 2018 HOME Grant Extensions as outlined in a memo from Cynthia Peraza, Director of Community Programs and Don Watt, Chief of Programs, dated May 7, 2021. Ms. Peraza explained that the memo details the list of Grantees that would be eligible for the 12-month extension along with the list of Grantees that have not yet met the established spenddown requirements. She noted that staff recommends a 12-month extension for the 2018 HOME Grant Awards that have expended a minimum of 20% of the Grant as of June 30, 2021. The extension is being recommended to help provide the Grantees with additional time lost due to COVID-19 to complete their projects. With an offer of a motion from Mr. McGauley, second by Mr. Snodderly, and a roll call vote with all members identified as present voting "yes" (12 ayes), the motion passed.

With no further business, the meeting was adjourned.

Respectfully submitted,

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

Ralph M. Perrey  
Executive Director

Approved this 27<sup>th</sup> day of July, 2021.