



**Tennessee Housing Development Agency -  
Board of Directors**

**Committee Meeting Materials  
November 2020**



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## THDA Board of Directors Committee Meeting Materials

### **A. Memo from Executive Director, Ralph M. Perrey**

### **B. Committee Meeting Listing/Agenda**

#### **1. Audit and Budget Committee Meeting – Thursday, November 12 at 1:00 p.m. CT**

- a. Conduct of Electronic Meeting statement
- b. September 18, 2020 meeting minutes
- c. Enterprise Risk Management update
- d. Five year Financial Plan
- e. Analysis of Disclosure Report for Board Members
- f. Analysis of Disclosure Report for THDA staff
- g. Annual Performance Evaluation of the Director of Internal Audit
- h. Annual Performance Evaluation of the Executive Director

#### **2. Tax Credit Committee Meeting – Thursday, November 12, at 1:15 p.m. CT Directly after the Audit and Budget Committee meeting.**

- a. Conduct of Electronic Meeting statement
- b. July 22 and July 28, 2020 meeting minutes
- c. 2021 MTBA Program Description
- d. Request for Exchange of Credits – Forest Creek Townhomes (Memphis)

#### **3. Grants Committee Meeting Friday, November 13 at 11:00 a.m. CT**

- a. Conduct of Electronic Meeting statement
- b. September 15, 2020 meeting minutes
- c. 2020 ESG CARES Act Part II Program Description
- d. 2021 Emergency Solutions Grants Program Description
- e. 2020 HOME Program Description – CHDO Mini-Round
- f. 2021 HOME Program Description – Urban/Rural Round
- g. 2020 Homebuilders Demonstration Grant



# Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor  
502 Deaderick Street, Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** Board of Directors  
**FROM:** Ralph M. Perrey, Executive Director  
**DATE:** November 4, 2020  
**SUBJECT:** THDA Board of Directors Committee Meetings

THDA Board Members,

We look forward to being with you, virtually, at our Board meeting November 17 and at committee meetings scheduled for November 12-13. The November meeting serves as THDA's annual meeting, and so much of the agenda is taken up with those required items, including:

- Appointment of committee members for 2021;
- Ratification of Vice Chairman Rick Neal's election, which took place in September;
- Review of THDA's Official Statement;
- Review of Annual Forms;
- An update of our Enterprise Risk Management assessment;
- An updated Five year Financial Plan;
- Analysis of disclosure reports for both board members and THDA staff;
- Performance evaluations for the Executive Director and Director of Internal Audit.

The last four of those will be taken up first by the Audit & Budget Committee on November 12.

Tax Credit Committee will meet immediately following Audit & Budget to consider the Program Description for the Multifamily Tax-Exempt Bond Program for 2021 and to consider a request for an exchange of Low Income Housing Tax Credits on Forest Creek Townhomes in Memphis.

Grants Committee will meet on Friday November 13 to consider program descriptions for the 2020 HOME CHDO Mini-round; the 2021 HOME Urban/Rural round; 2021 Emergency Solutions Grants (ESG) (regular round); and the program description for the \$22 million in ESG CARES Act funds. We also ask your approval for an additional \$200,000 demonstration grant to support the expansion of the Building Trades Education Pilot administered by the West Tennessee Homebuilders Foundation.

I encourage you also to review the appendix that will be with the board materials next week, which includes the board meeting schedule for 2021, THDA's Debt Limit Analysis, a report on how we spent the first tranche of ESG CARES Act funding, and our report on grant extensions we have provided to partners during COVID. THDA's Research Division has produced an informative report on foreclosure trends in Tennessee, industry-wide, not just THDA's portfolio. We also provide for your review the State Form CT-0253 reports on our debt obligations for our last three bond issuances.

As always, please feel free to contact me with any questions. I look forward to our discussions later this month.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Audit & Budget Committee Meeting**  
**Thursday, November 12, 2020 at 1:00 p.m. Central Time**  
**WebEx Meeting /Call - To join the call Dial**  
**1-650-479-3208; Code 177 707 1573**

## AGENDA

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- a. Conduct of Electronic Meeting statement
- b. September 18, 2020 meeting minutes
- c. Enterprise Risk Management update
- d. Five year Financial Plan
- e. Analysis of Disclosure Report for Board Members
- f. Analysis of Disclosure Report for THDA staff
- g. Annual Performance Evaluation of the Director of Internal Audit
- h. Annual Performance Evaluation of the Executive Director

### **COMMITTEE MEMBERS**

David Lillard  
Tre Hargett  
Mike Hedges  
Austin McMullen  
Rick Neal  
Chrissi Rhea

TENNESSEE HOUSING DEVELOPMENT AGENCY  
AUDIT & BUDGET COMMITTEE MEETING MINUTES  
September 18, 2020

Pursuant to the call of the Chair, the Audit & Budget Committee (the “Committee”) of the Tennessee Housing Development Agency (“THDA”) Board of Directors (the “Board”) met in joint session with the Bond Finance Committee of the THDA Board on Friday, September 18, 2020, at 9:30 a.m., via a WebEx call. A number of staff members were physically present at the THDA offices located at 502 Deaderick Street, Andrew Jackson Building, 3<sup>rd</sup> Floor, Nashville, Tennessee 37243.

The following Committee members were present via WebEx: Treasurer David Lillard (Chair), Secretary of State Tre Hargett, and Christine Rhea. Michael Hedges joined the meeting late. Austin McMullen was absent.

Recognizing a quorum present, Chair Lillard called the Committee meeting to order and recognized Lynn Miller, THDA Chief Legal Counsel, who noted because this is a joint meeting the following statement will be read only once:

*“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 Secretary of State Hargett, second by Ms. Rhea, a roll call vote with Lillard, Hargett, and Rhea voting “yes”, the motion carried to conduct the Audit & Budget Committee meeting in this manner.

Chair Lillard called for consideration of the November 19, 2019, Committee minutes. Upon motion by Secretary of State Hargett, second by Ms. Rhea, and a roll call vote with Lillard, Rhea, and Hargett voting yes, the motion carried to approve the minutes.

Chair Lillard called for consideration of the evaluation process for the Executive Director and the Director of Internal Audit. He referenced his memo dated September 18, 2020, that addresses the Executive Director’s performance evaluation process. Chairman Lillard noted that the Audit and Budget Committee Charter and the THDA By-Laws charge the Committee with developing and implementing the evaluation process for the Executive Director. He referenced his memo dated September 18, 2020, that describes the evaluation process for the Director of Internal Audit Director. He noted that the process is similar to the process for the Executive Director’s performance review, except the Internal Audit Director evaluation is wholly within the purview of the Committee. The consensus of the Committee was to proceed with the Executive Director performance evaluation process and the Director of Internal Audit performance evaluation process as described in the referenced memos.

Chairman Lillard recognized Trent Ridley, Chief Financial Officer, to present the FY 2021 -2022 Budget proposal (“Proposed Budget”). Mr. Ridley referenced his memo dated September 8, 2020, and provided the following highlights:

- Assets increased to \$3.5 billion and liabilities to \$3.0 billion for the fiscal year ended June 30, 2020;
- Revenue and expenses are projected to be \$571.2 million and \$570.2 million respectively for the fiscal year ended June 30, 2020;
- Operating revenue and expenses are projected to be \$168.6 million and \$157.9 million, respectively, for an operating income of \$10.7 million for the fiscal year ended June 30, 2020;
- Net operating income is projected to be reduced by \$5.6 million for the fiscal year ended June 30, 2020, due to Board approved Single Family Loan Programs changes designed to make THDA mortgage loans more affordable;
- Grants include \$62.3 million non-recurring funds from the CARES Act to help address COVID-19 related housing issues;
- The Proposed Budget is reduced by CARES Act and AG Settlement funds that are non-recurring grants; to THDA
- Net Operating Income in the Proposed Budget is projected to increase to \$14.3 million, including \$3.6 million in incremental revenue from Single Family Loan Programs changes, and will be used to fund \$10 million Housing Trust Fund grants.

Mr. Ridley noted that following Board approval, the state portion of the Proposed Budget goes through a review and approval process that includes the Department of Finance & Administration, the Governor’s office, and the legislature. Following adoption of the state budget by the legislature, the state portion of the Proposed Budget becomes THDA’s work program for fiscal year 2022. Adjustments during this process are normal and need to be authorized in the approval motion.

Upon motion by Chair Lillard, second by Secretary of State Hargett, and a roll call vote with Lillard, Hargett, Hedges, and Rhea voting “yes”, the Committee recommended the Proposed Budget to the Bond Finance Committee and the Board with authorization for staff to make adjustments as required through the State review and approval process.

With no other issues or reports to be presented, Chair Lillard adjourned the meeting.

Respectfully submitted,

Gathelyn Oliver  
Director of Internal Audit

Approved this day 12<sup>th</sup> of November 2020.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: Audit & Budget Committee

FROM: Gathelyn Oliver, CPA, Director of Internal Audit

DATE: November 2, 2020

SUBJECT: Review of THDA Enterprise Risk Management Report for 2019

As Responsibility 11 of the Audit & Budget Committee Charter requires, the Committee is responsible for reviewing management's annual risk assessment. The Enterprise Risk Management report is required to be submitted by December 31, 2020. A copy of the report is included with this memorandum for your review and approval. The supporting spreadsheet schedules were sent as a separate attachment.

While the report contains a lot of information, the main point to consider is that each division has prepared their own self-assessment which was then consolidated and reviewed by Internal Audit and executive management. The final report and supporting schedules document the results of the assessment and provide reasonable assurance that THDA's internal controls in effect on a June 30 fiscal year ending basis adequately safeguard assets and when taken as a whole provide reasonable assurance of the proper recording of financial transactions; compliance with applicable laws, regulations, rules, contracts and grant agreements; and support the achievement of operational objectives. While there is always the possibility of additional risks to be noted or that an established control is ineffective, this process documents the main areas that need to be addressed.

In reviewing the report, I would like to highlight a few key risks that have been identified:

### **CARES Act Funding and Compliance**

The CARES Act, which was passed in response to the COVID-19 pandemic, provided additional funding and compliance requirements for THDA. Additional training and monitoring are being implemented to ensure compliance with the Act. More detail is included in the Community Programs and Single Family Loan Servicing risk assessments.



### **Secondary Markets and Conventional Loans**

THDA entered secondary markets by offering a conventional mortgage product during Fiscal Year 2020 and additional offerings planned for the future. Much time and effort are allocated to planning, training and putting systems in place. While the agency has highly qualified staff, entry into new markets has inherent risk. More detail is included in the Secondary Market risk assessment.

### **Cybersecurity**

Cybersecurity threats continue to be a risk that management must mitigate. THDA's IT infrastructure includes the use of firewalls, Intrusion Prevention and Detection Systems, strict password policies and mandatory cybersecurity training for all staff. Annual penetration tests are performed to ensure security risks are addressed. With loan servicing now in-house, there are more external partners/vendors accessing customer Private Information. More detail is included in the IT division risk assessment.

### **Federal Funding and Compliance**

Because THDA administers a number of federal programs, federal funding uncertainty is a risk that impacts these programs. Management has developed efficient processes to ensure regulatory compliance while containing costs. More detail is included in the risk assessments related to federal programs.

I will provide an overview of the documents at the November Audit and Budget Committee meeting. I will be happy to answer any questions you may have at that time.



## Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

December 7, 2020

The Honorable Butch Eley, Commissioner  
Department of Finance and Administration  
State Capitol  
Nashville, TN 37243

And

The Honorable Justin P. Wilson  
Comptroller of the Treasury  
State Capitol  
Nashville, TN 37243

Re: Tennessee Financial Integrity Act Guidelines

Dear Commissioner Eley and Comptroller Wilson:

This annual report addresses the agency-wide risk management and internal control requirements of the TCA §9-18-101, known as the *Tennessee Financial Integrity Act*, as amended. In order to assess the effectiveness of our internal control system and of individually significant controls, we conducted an evaluation in accordance with the guidance set forth under TCA §9-18-103. We understand that this guidance was developed using COSO's enterprise risk management framework, and, incorporate the 2014 revision of the Standards for Internal Control in the Federal Government's (known as the Green Book) adaption of COSO's Internal Control – Integrated Framework (2013) and have referred to these frameworks as necessary throughout the evaluation.

The objectives of the Tennessee Housing Development Agency's annual risk management and internal controls assessment are to provide reasonable assurance of the overall adequacy and effectiveness of internal controls related to:

- program objectives;
- operational efficiency and effectiveness;
- financial reporting;
- compliance with laws, regulations, rules, contracts and grant agreements; and,
- fraud, waste and abuse.

The concept of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits derived from those controls. Reasonable assurance is a high but not an absolute level of assurance. In the course of any review, estimates and judgments are required to assess the expected benefits and related costs of control policies and procedures. Errors or fraud may occur and not be detected due to inherent limitations in any system of risk management and internal control, including those limitations resulting from resource constraints, legislative restrictions and other factors. Risk assessment allows the agency to consider the extent to which potential events have an impact on achievement of objectives and to mitigate the risk of events that could have a negative impact.

As head of this Agency, we have performed an entity-wide risk assessment and have fully complied with the requirements specified in TCA 9-18-102. To reduce the effect of unacceptable risks, a system of internal control has been implemented and tested for operating effectiveness. I acknowledge responsibility for establishing, implementing, and maintaining an adequate internal control system to prevent and detect fraud, waste, and abuse and for performing this assessment of the operating effectiveness of the department's risk management and internal controls.

The results of this assessment have given me reasonable assurance that no material weakness or lack of compliance was reported. The Agency's internal controls in effect on a June 30 fiscal year ending basis, adequately safeguard assets, and when taken as a whole provide reasonable assurance of the proper recording of financial transactions; compliance with applicable laws, regulations, rules, contracts and grant agreements; and the achievement of operational objectives, subject to the limitations described in the previous paragraph. As head of this agency, I acknowledge responsibility for establishing, maintaining and assessing internal control effectiveness for this agency.

The documented results of our agency-wide risk assessment are maintained by our Internal Audit staff and are available to you upon request.

Sincerely,

Ralph M. Perrey  
Executive Director

To Be Sent Separately

Audit & Budget Committee

Agenda Item No.

c. ERM Updates

Documentation regarding this item will be provided prior to the November 12 Committee meeting.



# Tennessee Housing Development Agency

502 Deaderick Street, Third Floor

Nashville, TN 37243

(615) 815-2200

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: THDA Bond Finance Committee  
THDA Board of Directors

FROM: Trent Ridley, Chief Financial Officer

DATE: November 3, 2020

SUBJECT: FY21-25 Five Year Financial Plan

Attached is THDA's FY21-25 Five Year Strategic Financial Plan (Plan). The Plan is developed using guiding principles established in our enabling legislation as well as objectives established in our Debt Management Policy approved by the Board on November 29, 2011. The main objective of the Plan is to effectively balance the use of our financial resources to fund mortgage programs and other initiatives that fulfill our statutory purpose without compromising our financial strength or credit ratings.

The Plan anticipates total bond issuance of approximately \$1.87 billion (\$60.6 million refunding) over the next five years all without the moral obligation of the State. MRB annual loan production is assumed to be approximately \$500 million the first two years then decreasing to \$275 million by 2025, while MBS production increases to \$382 million by 2025. Total withdrawals and uses are estimated to be \$363 million, which will be offset by approximately \$120 million in bond premiums, DPA and New Start recoveries, and mortgage servicing fee savings for total net withdrawals and uses of \$243 million.

The Plan anticipates future bond issuance under the 2013 General Resolution, which does not carry the "moral obligation" of the State and projects no bonds carry the moral obligation of the State by June 2025. To support future bond issuance and maintain a strong PADR under the 2013 General Resolution, the Plan assumes a transfer of resources of approximately \$18 million from the 1985 General Resolution.

In summary, the Plan maintains an overall Weighted Average PADR above 1.12 and continues to set aside \$25 million as required by the Bond Finance Committee, while providing for new loan production and funding the various THDA housing initiatives and operations.

We engaged the services of our financial advisor, CSG Advisors, to provide the various scenarios, analyses, input, and graphs to ensure the plan is viable according to industry methodologies.

If you have any questions regarding the Plan or if you would like more information, please do not hesitate to call me at (615) 815-2012 or contact me via e-mail at [tridley@thda.org](mailto:tridley@thda.org).

# **Tennessee Housing Development Agency**

## **Five Year Strategic Financial Plan Summary**

### **FY 2021 – FY 2025**

#### **Guiding Principles:**

##### **Statutory Purpose (TCA 13-23-101)**

- To promote the production of more affordable new housing units for very low, low and moderate income individuals and families in the state,
- To promote the preservation and rehabilitation of existing housing units for such persons, and
- To bring greater stability to the residential construction industry and related industries so as to assure a steady flow of production of new housing units.

##### **Long Term Financial Objectives:**

As indicated in THDA's Debt Management Policy – Section IV “Long Term Financial Objectives”, THDA has made a commitment to effectively balance the use of our financial resources to fund mortgage programs and other initiatives that fulfill our statutory purpose without compromising our financial strength or credit ratings assigned by Standard & Poors and Moody's. The Five Year Strategic Financial Plan (Plan) is intended to show the potential impact THDA's decisions, relative to the use of our resources, may have on our financial position, given a set of assumptions. It should be noted that the Five Year Financial Plan is a liquidity analysis tool used by management for decision-making purposes. Thus, this plan should not be used for external financial reporting purposes.

##### **Summary Production and Program Withdrawals**

Liquidity needs for homeownership production is based on the assumption that MRB loan production of approximately \$500 million the first two years will decrease to \$275 million by 2025, while MBS production increases to \$382 million by 2025. The Plan projects that none of THDA's debt will carry the “moral obligation” of the State by June 2023, compared to over \$1.3 billion at June 30, 2013. Liquidity assumptions for the housing trust fund and new start mortgages are \$44 million and \$20.6 million (\$25 million less \$4.4 million of New Start recoveries) respectively over the next five years. THDA withdrawals for MRB DPA loans total \$42.7 million (\$96.3 million funded less \$53.6 million of DPA recoveries). Lender compensation for MRB loans is estimated to be 33.7 million over the next five years. It should be noted that DPA (\$60.6 million) and Lender Compensation (\$23.6 million) for MBS loans are included in Conventional Loan Product Net Cash Outlay of \$29.8 million.

##### **Financial Results**

###### **Cash & Investment Composition (1974, 1985, 2009, and 2013 Resolutions)**

This slide shows the composition of our cash and investments after planned withdrawals and uses. Overall total cash and investments is projected to decrease from approximately \$289 million in

2021 to approximately \$270 million in 2025. Remaining Liquidity is projected to increase from \$103 million to \$151 million by 2025.

### **Remaining Liquidity (1974, 1985, 2009, and 2013 Resolutions)**

Remaining Liquidity represents a further breakdown of cash and investments remaining by Bond Resolution after considering the 2.25% loan loss reserve required by the rating agencies, \$25 million BFC requirement, mortgage repays and prepays (for bond calls), bond reserve requirements, and program withdrawals. Of the \$151 million in remaining liquidity at June 30, 2025, \$139.5 million is projected to reside in the 2013 Resolution.

### **Balance Sheet Measurements (1974, 1985, 2009, and 2013 Resolutions)**

Balance Sheet Measurements show that, at assumed production levels and uses of liquidity total, debt outstanding is projected to be less than THDA's Statutory Debt Limit of \$4.0 billion, ending at approximately \$3.1 billion by 2025. The overall Weighted Average Program Asset to Debt Ratios (PADR) for THDA ranges from 1.17 in 2021 to 1.12 in 2025. The PADR for the 13 Resolution remains above levels required by Rating Agencies, with a projected PADR of 1.11. The 13 Resolution maintains a healthy fund balance of \$360 million in 2025, which is vital to maintaining a strong PADR for lower cost of funds.

### **Detailed Assumptions**

In addition to the assumptions included on the Summary of New Production and Program Withdrawals, other assumptions for each bond resolution are listed separately. Some of the additional assumptions include, but are not limited to, (1) \$25 million BFC set-aside is available each year, (2) cashflow scenarios assume a 150% PSA based on historical prepayment speeds, (3) reinvestment rates of .15% through 2023 and .50% thereafter, and (4) debt service reserve rates of .75% through 2023 and 1.25% thereafter.

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
SUMMARY OF NEW PRODUCTION AND PROGRAM WITHDRAWALS  
EXPECTED BOND VOLUME  
STRATEGIC FINANCIAL PLAN: 2021 - 2025  
150% PSA**

Fiscal Year Ending June 30

	2021	2022	2023	2024	2025	Total
<b>HOMEOWNERSHIP PRODUCTION:</b>						
<u>Bonds Issued:</u>						
To Date (2020-3, 2020-4):	\$ 290,000,000	\$ -	\$ -	\$ -	\$ -	\$ 290,000,000
Future Issues:	180,000,000	530,610,000	345,000,000	246,800,000	275,000,000	1,577,410,000
<b>Total Bonds Issued</b>	<b>470,000,000</b>	<b>530,610,000</b>	<b>345,000,000</b>	<b>246,800,000</b>	<b>275,000,000</b>	<b>1,867,410,000</b>
Zero Participation Loans from Prior Bond Deals	118,200,000	88,200,000	58,200,000	28,200,000	-	292,800,000
Zero Participation Proceeds held for future production	(88,200,000)	(58,200,000)	(28,200,000)	-	-	(174,600,000)
Less Refunding Bonds	-	(60,610,000)	-	-	-	(60,610,000)
<b>Total Funds Available for Production</b>	<b>\$ 500,000,000</b>	<b>\$ 500,000,000</b>	<b>\$ 375,000,000</b>	<b>\$ 275,000,000</b>	<b>\$ 275,000,000</b>	<b>\$ 1,925,000,000</b>

**PROGRAM WITHDRAWALS AND USES OF CASH:**

Bond Reserve Fund	9,450,917	15,000,000	-	-	-	24,450,917
Underwriters' Fees	2,791,518	3,100,000	2,010,000	1,440,000	1,610,000	10,951,518
Cost of Issuance	963,100	1,013,200	1,013,200	1,013,200	1,013,200	5,015,900
Capitalized Interest	3,080,000	3,000,000	2,250,000	1,650,000	1,650,000	11,630,000
Less: Bond Premium	(13,170,000)	(14,510,000)	(9,430,000)	(6,750,000)	(7,520,000)	(51,380,000)
Lender Compensation	8,750,000	8,750,000	6,562,500	4,812,500	4,812,500	33,687,500
Downpayment Assistance	25,000,000	25,000,000	18,750,000	13,750,000	13,750,000	96,250,000
Less: 2013 DPA Loan Recoveries	(6,562,393)	(9,393,285)	(11,000,214)	(12,773,685)	(13,847,501)	(53,577,078)
THDA Operating Expenses	14,500,000	14,935,000	15,383,000	15,844,000	16,319,000	76,981,000
Housing Trust Fund	10,000,000	8,500,000	8,500,000	8,500,000	8,500,000	44,000,000
New Start Loans (for future production)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
Less: Future New Start Loan Recoveries	(77,650)	(381,963)	(829,320)	(1,317,694)	(1,755,166)	(4,361,793)
Servicing Net Cash Outlays / (Receipts)	(880,335)	(1,245,541)	(2,649,554)	(3,281,868)	(2,614,429)	(10,671,727)
Conventional Loan Product Net Cash Outlays / (Receipts)	7,795,398	5,777,596	3,278,686	8,176,131	4,816,895	29,844,706
Program Compliance Reserve	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	5,230,000
<b>Total Program Withdrawals and Uses of Cash</b>	<b>67,686,556</b>	<b>65,591,007</b>	<b>39,884,298</b>	<b>37,108,584</b>	<b>32,780,498</b>	<b>243,050,943</b>

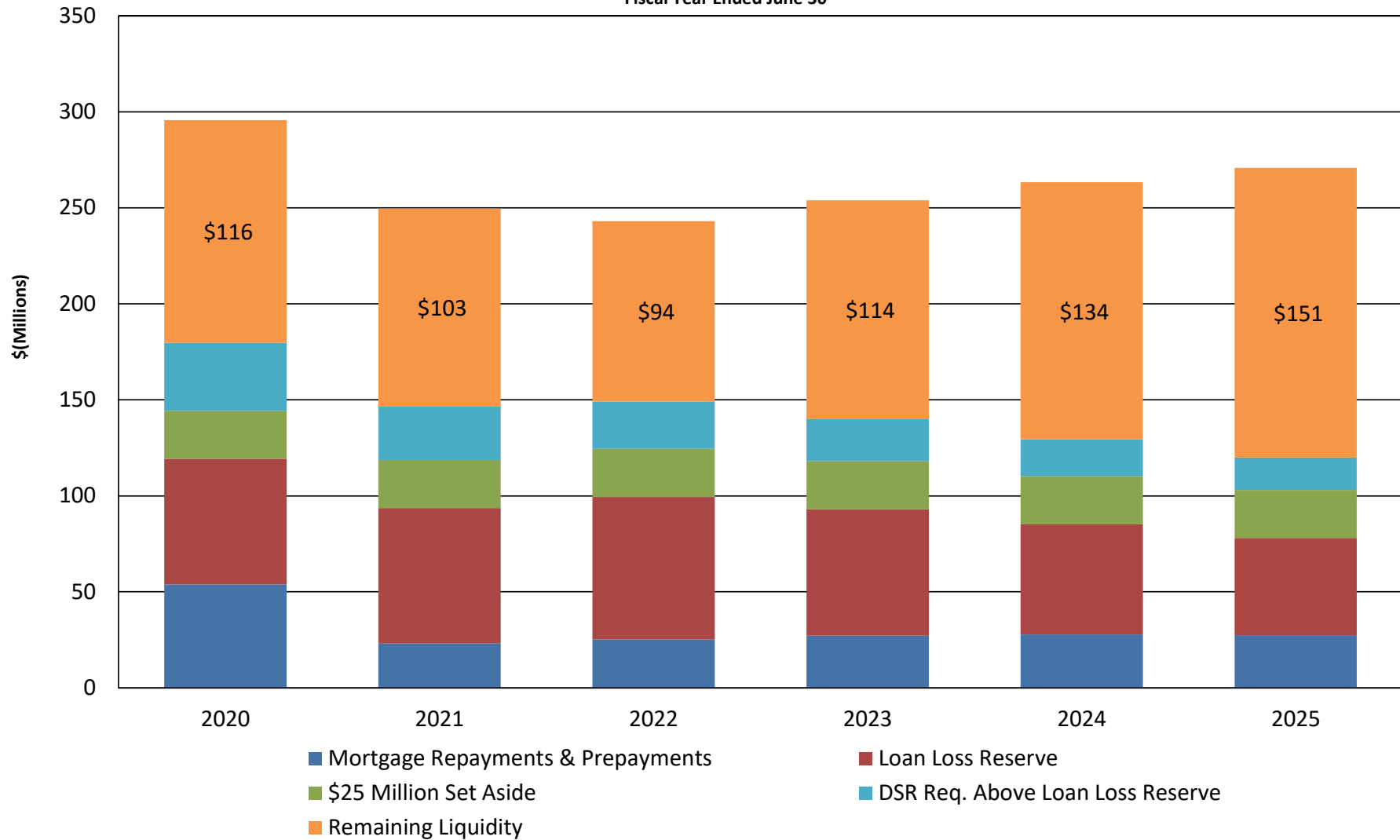
**Assumptions:**

- Bond premium on new issues used to offset THDA's costs of issuance, underwriter fees and capitalized interest.
- Bond premium generated on each new issue was assumed to equal 3.15% of the bond issuance par amount.  
(assumes PACs raise 2.73% of premium as a % of the par bonds issued FY 2021 and after.)
- Capitalized interest, costs of issuance and underwriter fees were approximately 1.35% of bond issuance par amount.



**1974, 1985, 2009 & 2013 Resolutions  
Consolidated Cash & Investment Composition  
150% PSA**

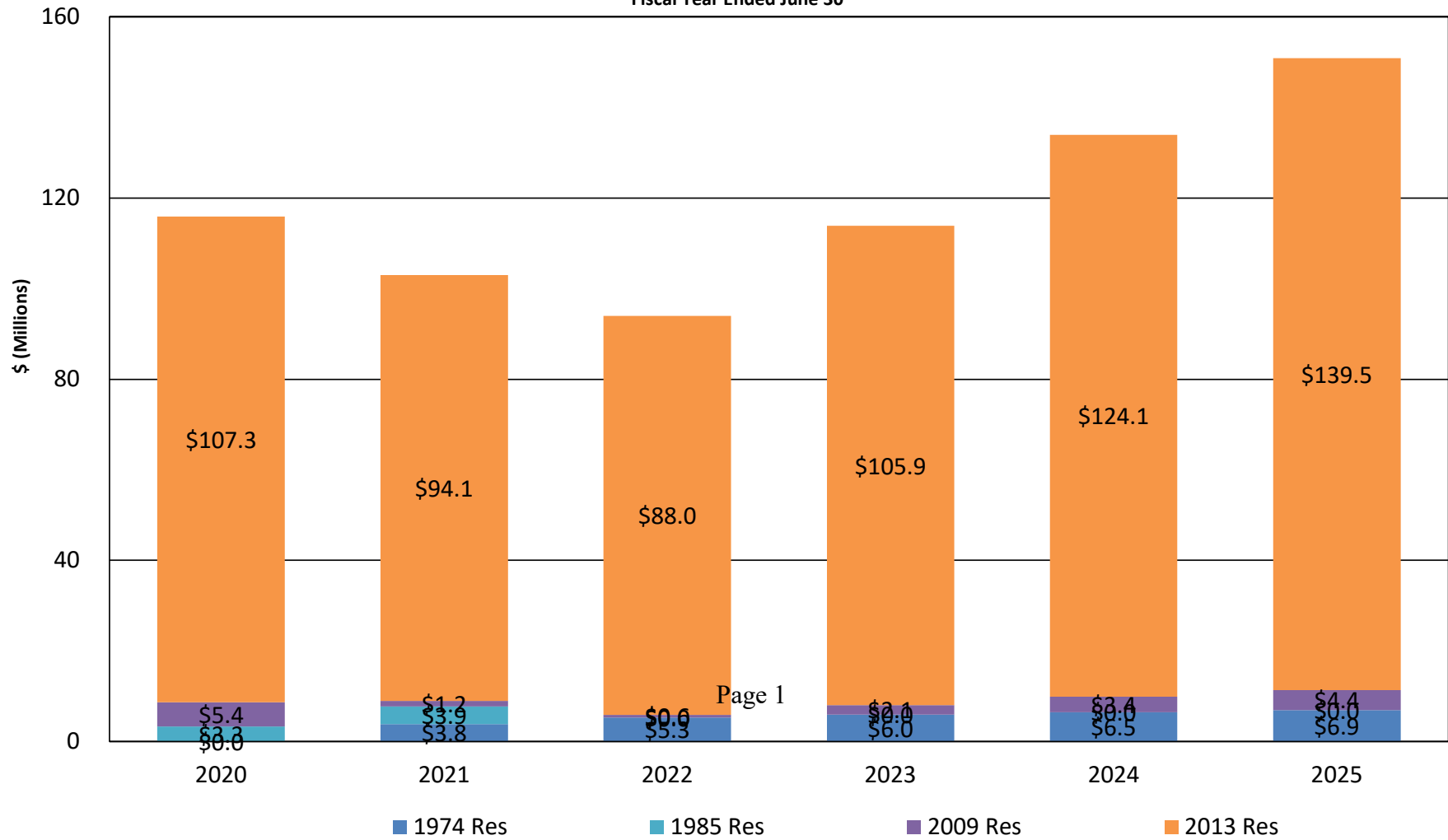
Fiscal Year Ended June 30



- Excluding Acquisition Funds held for the purchase of future loan originations.

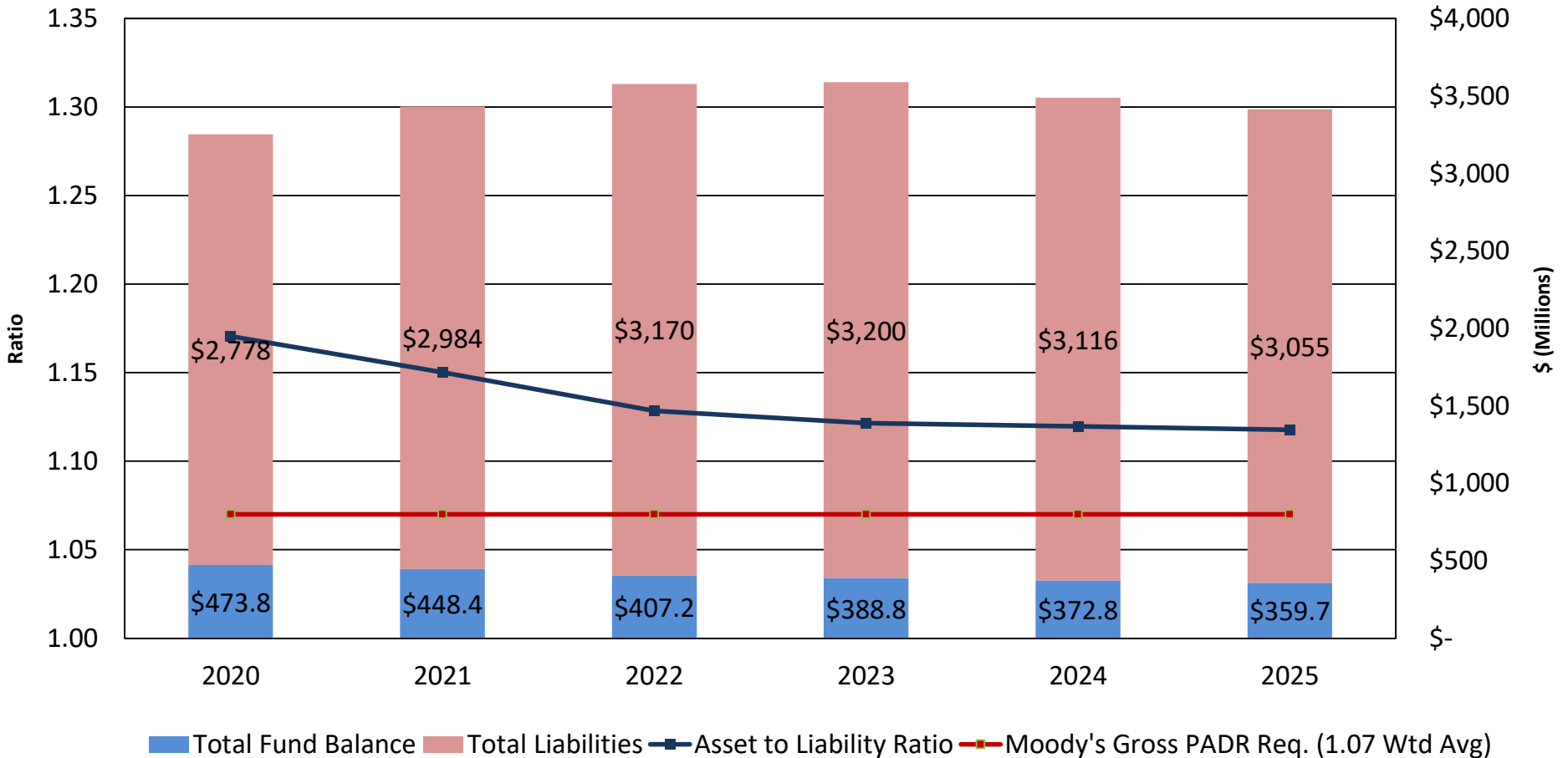
**1974, 1985, 2009 & 2013 Resolutions  
Consolidated Remaining Liquidity  
150% PSA**

Fiscal Year Ended June 30



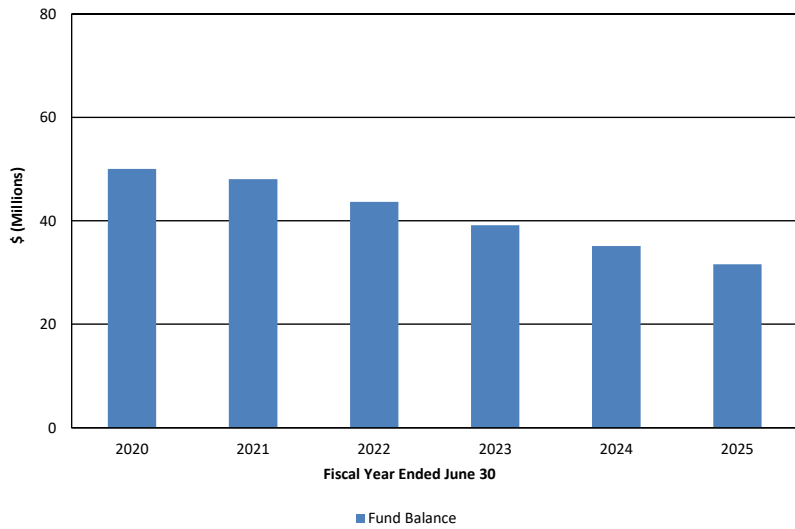
- Excluding Acquisition Funds held for the purchase of future loan originations.

**1974, 1985, 2009 & 2013 Resolutions  
Balance Sheet Measurements  
150% PSA  
Fiscal Year Ended June 30**

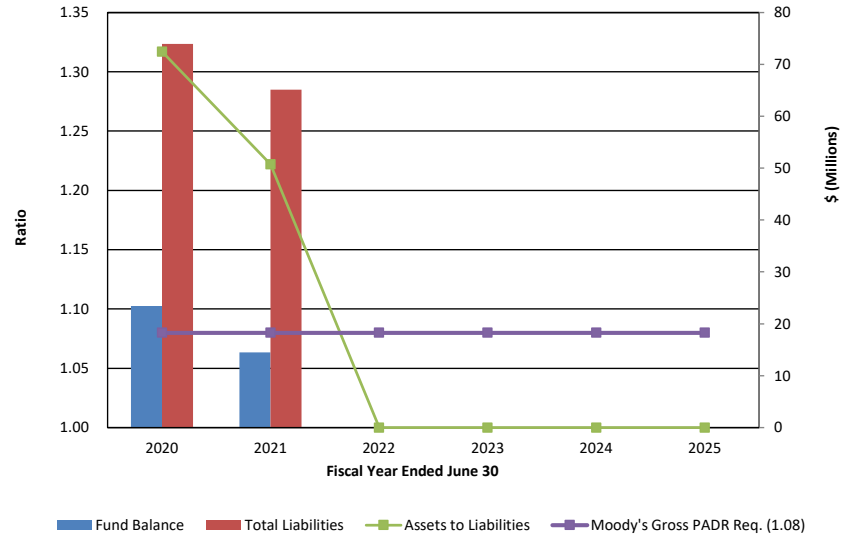


- Moody's Gross PADR Requirement represents the minimum PADR inclusive of Loan Loss Reserve requirements as determined by Moody's based on the percentage of loan insured (FHA, VA, RD, PMI)
- Assets and Fund Balance exclude existing Plus DPA 2nd Mortgage Loans as well as \$178 million of future originations during forecast period.

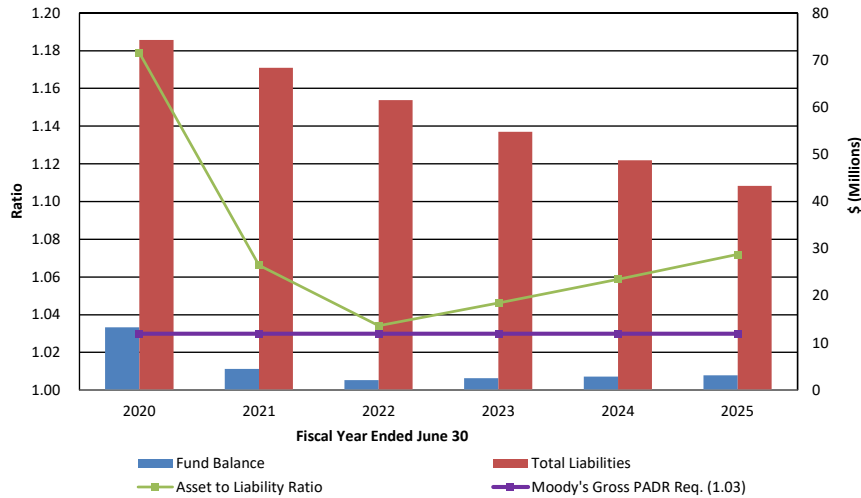
**1974 Resolution**  
Balance Sheet Measurements  
150% PSA



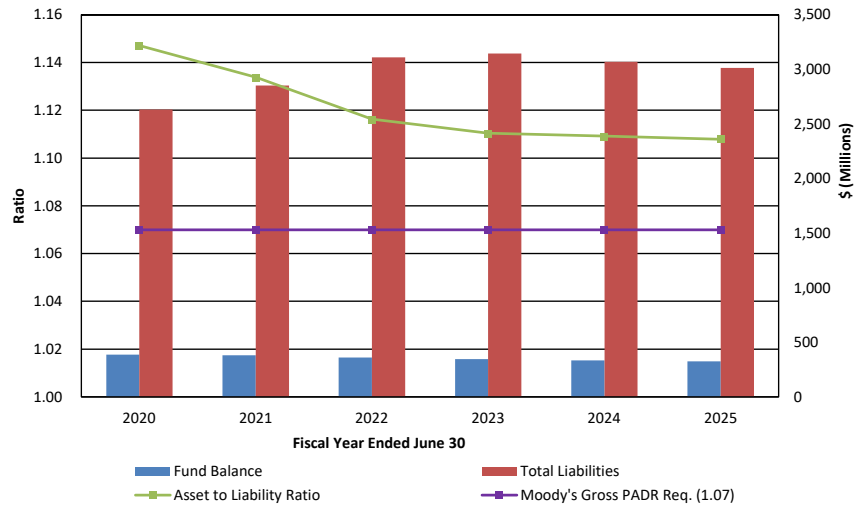
**1985 Resolution**  
Balance Sheet Measurements  
150% PSA



**2009 Resolution**  
Balance Sheet Measurements  
150% PSA



**2013 Resolution**  
Balance Sheet Measurements  
150% PSA



# TENNESSEE HOUSING DEVELOPMENT AGENCY CASH FLOW ASSUMPTIONS

## Mortgage Finance Program Bonds (1974 Resolution)

### Prepayment Speeds on all Mortgage Loans

-Expected Prepayment Scenario:	150% PSA
-Slow Prepayment Scenario:	75% PSA
-Fast Prepayment Scenario:	300% PSA

### Reinvestment Rates

-0.15% investment rate through FY 2023, 0.50% thereafter

### Surplus Revenues

-available to pay future debt service and/or to fund future program withdrawals

### Additional Assumptions

- all loan and investment balances as of July 1, 2020 are derived from the June 30, 2020 audited financials
- cash and investments that is restricted for prior year program allocations are not included
- no new bond issuance under the Resolution
- multifamily loans excluded
- Future originations of New Start Loans are not included as assets of the Resolution.

# TENNESSEE HOUSING DEVELOPMENT AGENCY

## CASH FLOW ASSUMPTIONS

### Homeownership Program Bonds (1985 Resolution)

#### Prepayment Speeds on all Mortgage Loans

-Expected Prepayment Scenario:	150% PSA
-Slow Prepayment Scenario:	75% PSA
-Fast Prepayment Scenario:	300% PSA

#### Reinvestment Rates

-0.15% investment rate through FY 2023, 0.50% thereafter

#### Bond Redemptions

- modeled semi-annually
- principal recoveries used to redeem bonds pro-rata in accordance with PAC/Supersinker redemption requirements

#### Debt Service Reserve Fund

-0.75% investment rate through FY 2023, 1.25% thereafter

#### Surplus Revenues

-available to pay future debt service and/or to fund future program withdrawals

#### Liquidity Reserve Requirement

- S&P requirement is 2% of the combined outstanding loan and acquisition fund balance to cover cash flow deficiencies
- 2.25% set aside was used in the cash flow analysis to be conservative
- funded from cash in the revenue fund and from long term investments
- less stressful than THDA's Reserve Fund Requirement of 100% of maximum annual debt service

#### Additional Assumptions

- all loan and investment balances as of July 1, 2020 are derived from the June 30, 2020 audited financials
- no new bond issuance under the Resolution
- excess revenues not used to redeem bonds
- DPA Reimbursement & Agency Fees were transferred to the 2013 Resolution
- Resolution rated Aa1
- A-L Ratio maintenance of 108% (Moody's PADR requirement of 104% + 4% for loan loss)
- Future originations of New Start Loans are not included as assets of the Resolution.
- \$18 million of loans with no bonds outstanding were transferred to the 2013 Resolution.

# TENNESSEE HOUSING DEVELOPMENT AGENCY

## CASH FLOW ASSUMPTIONS

### Housing Finance Program Bonds (2009 Resolution)

#### **Prepayment Speeds on all Mortgage Loans**

-Expected Prepayment Scenario:	150% PSA
-Slow Prepayment Scenario:	75% PSA
-Fast Prepayment Scenario:	300% PSA

#### **Reinvestment Rates**

-0.15% investment rate through FY 2023, 0.50% thereafter

#### **Bond Redemptions**

- modeled semi-annually
- principal recoveries used to redeem bonds pro-rata in accordance with PAC/Supersinker redemption requirements

#### **Surplus Revenues**

-available to pay future debt service and/or to fund future program withdrawals subject to NIBP requirements

#### **Bond Reserve Requirement**

- THDA Reserve Requirement is 3% of outstanding Program Loans plus amounts on deposit in the Loan Fund
- 0.75% investment rate through FY 2023, 1.25% thereafter

#### **Additional Assumptions**

- all loan and investment balances as of July 1, 2020 are derived from the June 30, 2020 audited financials
- no new bond issuance under the Resolution
- excess revenues not used to redeem bonds
- DPA Reimbursement & Agency Fees were transferred to the 2013 Resolution
- Resolution rated Aa2
- A-L Ratio maintenance of 103% (Moody's PADR requirement of 102% + 1% for loan loss)

# TENNESSEE HOUSING DEVELOPMENT AGENCY

## CASH FLOW ASSUMPTIONS

### Residential Finance Program Bonds (2013 Resolution)

#### Prepayment Speeds on all Mortgage Loans

-Expected Prepayment Scenario:	150% PSA
-Slow Prepayment Scenario:	75% PSA
-Fast Prepayment Scenario:	300% PSA

#### Reinvestment Rates

-0.15% investment rate through FY 2023, 0.50% thereafter

#### Debt Service Reserve Fund

-0.75% investment rate through FY 2023, 1.25% thereafter

#### Bond Redemptions

- modeled semi-annually
- principal recoveries used to redeem bonds pro-rata in accordance with PAC/Supersinker redemption requirements

#### 25MM Asset Set-Aside

- \$25mm set-aside is required by the Bond Finance Committee
- \$25mm is set aside in the 2013 Resolution from FY 2021 through FY 2025.
- funded from cash in the revenue fund and from excess long term investments

#### Bond Reserve Fund-Future Bond Issuances

- 0.75% investment rate through FY 2023, 1.25% thereafter
- THDA Reserve Requirement is 3% of outstanding Program Loans plus amounts on deposit in the Loan Fund

#### New Mortgage Loan Mix (FY 2020 and beyond)

-Great Choice (and Vet) w/ 2nd	99.35%
-Great Choice (and Vet) without 2nd	0.65%
	<hr/>
	100.00%

-99.35% of loans assumed to use Plus loan downpayment assistance deferred 2nd mortgage in order to conservatively forecast the cash needed for Plus loan downpayment assistance.

#### Additional Assumptions

- all loan and investment balances as of July 1, 2020 are derived from the June 30, 2020 audited financials
- all new bond issuance assumed in 2013 Resolution (see Summary of New Production)
- future downpayment assistance loans assumed originated from the 2013 Resolution
- excess revenues not used to redeem bonds
- mortgage rates for new bond issues were set at rates necessary to earn 1.00% yield spread
- Resolution rated Aa1
- A-L Ratio maintenance of 107% (Moody's PADR requirement of 104% + 3% for loan loss)
- \$18 million of loans held in the 1985 Resolution with no bonds outstanding were transferred to the 2013 Resolution.





# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: Audit and Budget Committee

FROM: Gathelyn Oliver, Director of Internal Audit  
Bruce Balcom, Assistant Chief Legal Counsel

DATE: November 2, 2020

SUBJECT: 2020 Potential Conflicts of Interest Disclosure  
By THDA Board Members, Voting Representatives, and  
Staff of Board Members who Deal Directly with THDA

### INTRODUCTION

We reviewed the disclosures made by THDA Board members, Voting Representatives and Staff of Board members who deal directly with THDA, (the “Board members”), for the fiscal year beginning July 1, 2020. This year Board members completed the short form 2020 Disclosure Statement to update the long form THDA Board Member and Designee Disclosure, (the “Disclosure Form”) that was completed for the 2018-2019 fiscal year. The original forms are in THDA electronic files and are documents open for public inspection, upon request, during regular THDA business hours.

TCA §13-23-128 and the THDA Conflicts of Interest Policy adopted on September 16, 2004, as subsequently amended (the “Board Disclosure Policy”), and the THDA Code of Conduct adopted on March 15, 2007, as amended on September 22, 2015 require that in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes.

In addition to TCA §13-23-128 and the Board Disclosure Policy, certain federal programs administered by THDA have conflicts of interest provisions that apply to Board members, staff and program participants. These include the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) Programs, the HOME Program, the Neighborhood Stabilization Program (NSP), and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). The National Foreclosure Mitigation Counseling (NFMC) and the Hardest Hit Funds (HHF) programs are also federally funded programs that require homeownership educators/counselors to comply with the National Industry Standards Code of Ethics and Conduct for Homeownership Professionals relating to actual and apparent conflicts of interest. The Low Income Housing Tax Credit Program (LIHTC), the Tax-exempt Multi-family Bond Authority

Program (TEMFBA), the Tax Credit Assistance Program (TCAP), and the Tax Credit Exchange Program (1602), also administered by THDA, do not have specific conflict of interest provisions.

None of the disclosures made by Board members represent conflicts resulting from prohibited interests under TCA §13-23-128, as amended. Even where no conflict actually exists, Board members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted March 15, 2007 as amended on September 22, 2015. Federal requirements relating to disclosed interests will be addressed in relation to the specific program in subsequent paragraphs and are based on the question numbers found in the Disclosure Form.

### INCIDENTAL INTERESTS

1. (Question 8) The following Board members disclosed incidental personal banking relationships with financial institutions or entities that may be THDA originating agents. The disclosures include personal savings, checking, investments, IRAs, mortgages, etc.

Katie Armstrong	Kevin Bradley	Colleen Daniels
Butch Eley	Tre Hargett	David Lillard
Joann Massey	Austin McMullen	Jason Mumpower
Rick Neal	Jonathan Rummel	Sandi Thompson
Justin Wilson		

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

2. (Question 10) The following Board members disclosed incidental personal or business relationships with THDA, THDA employees, Board members or with persons or entities that do business with THDA.

Mike Hedges	Joann Massey	Austin McMullen
Jason Mumpower	Rick Neal	Christine Rhea
Jonathan Rummel		

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

3. (Questions 2, 6, 6a, 6c, 6d and 11) The following Board members disclosed incidental personal or family employment or relationships with entities that are involved in originating THDA mortgage loans; selling property that may be developed for housing to be sold to THDA borrowers; or selling property or houses to THDA borrowers (as a Realtor or in any other capacity).

Katie Armstrong	Tre Hargett	Mike Hedges
Matt McGauley	Christine Rhea	

According to the Board Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation. In addition to the list above, Mr. Jonathan Rummel and Mr. Justin Wilson disclosed investments that could include THDA bonds. Board members may own THDA bonds so long as disclosure is made and purchases and sales do not occur when Board members have information about THDA bonds that is not available to the public; therefore, this is treated as a permitted incidental interest.

### INDIRECT INTERESTS

5. (Questions 2, 3b, 3c, 3e, 3i and 4) Mr. Mike Hedges disclosed that he is or has been a principle developer or consultant for projects that have received LIHTC, TCAP, TEMFBA and Community Investment Tax Credit (CITC). Mr. Hedges also disclosed that most or all of the LIHTC properties of which he was involved serve one or more voucher tenants. He has no knowledge of further specifics. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.
6. (Questions 2, 3b, 3e, 3g, 3i, 3n, 5 and 10) Mr. Rick Neal disclosed indirect interests due to his position with the Pinnacle Bank. Indirect interests in this category may include financing or investments utilizing LIHTC, Multifamily Tax Exempt Authority, BEP, CITC and PBCA. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.

### SUMMARY OF INTERESTS DISCLOSED

The following is a summary of interests disclosed by Board members in their 2020 Disclosure Forms:

1. Ms. Katie Armstrong – Family member is employed as licensed Realtor and could have clients that obtain THDA loans. Personal banking relationships with financial institutions that may be THDA Originating Agents.
2. Mr. Kevin Bradley – Personal banking relationships with financial institutions that may be THDA Originating Agents.
3. Ms. Collen Daniels – Personal banking relationships with financial institutions that may be THDA Originating Agents.
4. Mr. Butch Eley - Personal banking relationships with financial institutions that may be THDA Originating Agents.

5. Mr. Tre Hargett – Personal banking relationships with financial institutions that may be THDA Originating Agents.
6. Mr. Mike Hedges – Is or has been a principle, developer or consultant for projects receiving LIHTC, TCAP, TEMFBA and CITC. Most or all of the LIHTC properties serve one or more voucher tenants. Family member is a Realtor. Reports friendships with THDA staff.
7. Mr. David Lillard – Personal banking relationship with financial institutions that may be THDA Originating Agents.
8. Ms. Joann Massey - Personal banking relationship with financial institutions that may be THDA Originating Agents. Employed by a city government that may do business with THDA.
9. Mr. Matt McGauley – Personal banking relationship with financial institutions that may be THDA Originating Agents.
10. Mr. Austin McMullen – Personal banking relationship with financial institutions that may be THDA Originating Agents. Employed by a law firm that may represent THDA clients involved in THDA programs.
11. Ms. Erin Merrick – None.
12. Mr. Jason Mumpower – Personal banking relationship with financial institutions that may be THDA Originating Agents. Family member owns a real estate title company.
13. Mr. Rick Neal - Employed by a financial institution that may be a THDA Originating Agent. Employer is an investor and finances developments utilizing LIHTC and TEMFBA provided by THDA. Chairman of Blight Authority of Memphis which has applied for funding through BEP.
14. Ms. Tennion Reed – None.
15. Ms. Christine Rhea – CEO of a financial institution that is a THDA Originating Agent. Family member is employed by a financial institution that is a THDA Originating Agent.
16. Mr. Jonathan Rummel – Personal banking relationship with financial institutions that may be THDA Originating Agents. Investments may include THDA bonds.
17. Mr. John Snodderly – None.
18. Ms. Sandi Thompson – Personal banking relationship with financial institutions that may be THDA Originating Agents.
19. Mr. David Topping – None.
20. Mr. Justin Wilson – Personal banking relationship with a financial institution that may be a THDA Originating Agent. Potential beneficiary of investments that may include THDA bonds.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: Audit and Budget Committee

FROM: Gathelyn Oliver, Director of Internal Audit  
Bruce Balcom, Assistant Chief Legal Counsel

DATE: November 2, 2020

SUBJECT: 2020 Potential Conflicts of Interest Disclosure Report for Staff

### INTRODUCTION

We reviewed the disclosures made by all THDA staff for the fiscal year beginning July 1, 2020. This year all THDA staff members were asked to complete an electronic version of the long form Employee Disclosure of Out-side Employment and Personal Interests, (the "Disclosure Form"). The original responses are saved on THDA servers and are open for public inspection, upon written request, during regular THDA business hours.

TCA §13-23-128 and the Staff Disclosure Policy originally adopted on March 19, 1992, as subsequently revised, (the "Staff Disclosure Policy"), require that, in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes. Persons with potential conflicts or indirect interests that create an apparent conflict even if there is no prohibited interest are to refrain from discussion or participation in THDA activity in connection with the identified conflict. None of the disclosures made by employees indicated a conflict resulting from prohibited interests under TCA §13-23-128(a) or the Staff Disclosure Policy. Even where no conflict exists, staff members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted by the THDA Board of Directors March 15, 2007 as amended on September 22, 2015.

The specific items mentioned below are tied to question numbers from the Disclosure Forms completed by the employees.

NO OUTSIDE EMPLOYMENT DISCLOSED

The following individuals disclosed no outside employment as of the date of their respective 2020 Disclosure Form:

Alba Jofre	Aleisha Carr	Allison Moore	Amber Martin
Amy Newport	Angela Martinez	Anita Lily	Ann Salyers
Annette Rader	Belinda Williams	Berih Awala	Berivan Yaya
Betesia Harris	Beverly Fears	Bill Lord	Blake Worthington
Breanna Luckadoo	Briana Gardner	Bruce Balcom	Caroline Miller
Caroline Rhodes	Cathey McClung	Cathy Salazar	Christopher Marlin
Christy Hollingsworth	Chuck O'Donnell	Chuck Pickering	Courtney Smith
Craig Stevens	Crystal Stafford	Cynthia Peraza	Dallisa Kilcrease
DaMarcus Hunt	Danielle Nathaniel	Danna Wall Wright	Daphanie Scott
Dareyl Adams	Darlene Cummins	David Castle	Debbie Reeves
Debra Murray	Debra Perkins	Dejuana Lyons	Della Hopkins
Denay Thompson	Denise Hutchinson	Denise McBride	DeParis Oliver
Don Watt	Donna Calahan	Donna Duarte	Donna Shepherd
Ed Clawson	Ed Yandell	Edwin King	Emily Kelley
Eric Crabtree	Eric Hall	Erica Holloway	Erin Hardy
Erin Lord	Fabiola Caferri	Fredina Martin	Gary Goad
Guilia Vernaschi	Harry Symlar	Hayden Harville	Heather Johnson
Heather Reynolds	India Whatley	Jaime Fox	Janie Pekanyande
Jasmine Green	Jason Candido	Jason Mathews	Jason Ronnow
Jawon Lauderdale	Jayna Jones Johnson	Jeremy Heidt	Jessica Davis
Jim Conner	Jim Hamilton	Joe Bethel	Joe Brown
Joseph Speer	Julie Burnette	Julie Ezell	Julie Ridenour
Justin Berube	Kaitlyn Bell	Kandice Simms	Karen Copeland

Karen Davis	Karina Wells	Katie Ferguson	Katina Brewer
Kavin Williams	Keisha Smith-Hill	Kellie Gill	Kelly Murph
Kenya Forrest-Douglas	Kenyell Chalmers	Kerry Maloney	Kevin Rogers
Kilolo Dunmore	Kim Davenport	Kimberly Green	Kimberly Otts
Kinisha Floyd	Kristy Allen	LaMar Brooks	Lanika Jernigan
LeAnn Blankman	Leslie Frierson	Linda Jones	Lisa Shockley
Lisa Stover	Lisa Webb	LiSandra Vaughns	Lori Connon
Lynn Miller	Lynne Walls	Mandy Garman	Maree Emberton
Margaret Donald	Marquisha Griffin	Marva Hemphill	Mary Crutcher
Meg Palmer	Megan Webb	Melissa Clouatre	Melissa Staley
Melva Boyd	Mia Billingsley	Michael Kokodynsky	Michelle Lines
Mike Morren	Monica Steele Murrell	Monique Groom	Montrice Brown-Miller
Nancy Herndon	Natasha McLaurine	Nicholas Roberson	Nicole Lucas
Nikki Finley	Pam Norris	Pam Whitfield	Patricia Matlock
Patrick Harrell	Ralph M. Perrey	Rashia Holmes	Ray Levron
Rebecca Anderson	Rebecca Scott	Rebekah Bicknell	Recanvas Moore
Reggie Woodard	Rhonda Ellis	Rhonda Groves	Rhonda Ronnow
Richardo Moore	Robert Burchett	Robert Kirtz	Robert Lucas
Russell Catron	Ruth Brown	Sandra Poarch	Sarah Turner-Brooks
Sarita Hafford	Scott Holden	Shameka Young	Shannon Ward
Shantell Musgrave	Shareese Todd	Sharon Putnam	Shelby Walls
Sheila Crunk	Sherita Roberts	Stella Williams	Stephanie Bounds
Steve Fisher	Steve Marrs	Taay'lor Laribo	Tammy Walker
Taveion McCutchion	Teresa Anderson	Teresa Luckey	Terry Montgomery
Theresa Smith	Tim Good	Tim Robichaud	Timothy James
T'Keyah Chandler	Toni Shaw	Tony White	Toumie Parrot
Tracey Young	Tracy Falk	Tracy Stram	Trebia Johns

Trent Ridley	Vanessa Dowdy	Wendy Weaver	Yanisleidy Lopez
Yvonne Hall	Lindsay Hall		

### INCIDENTAL INTERESTS

1. (Question 19) The following individuals disclosed current or prior incidental, unrelated outside employment, business interests, or volunteer work for themselves as of the date of their respective 2019 Disclosure Form:

Allyson Carroll	Bailey Grays	Beth Pugh	Carol Buyna
Charity Williams	Chasidy Richardson	Cherelle Austin	Courtney Carney
Cynthia Buntin	Dani Brickman	Daniel Morgan	Darrell Robertson
Donessa Rhodes	Doreen Graves	Dwayne Hicks	Ella Harris
Eric Wiley	Evelyn Finch	Felita Hamilton	Gay Oliver
Gwen Coffey	Hillary Craig	Holly Hunter	Hulya Arik
Java'e Bazemore	Jeboria Scott	Joab Shepherd	Josh McKinney
Katie Moore	Kathleen Norkus	Kevin McCarthy	Kevin Rogers
Langston Glass	Larisa Stout	Laura Swanson	Mike Clinard
Mike Costa	Nekishia Potter	Rachel Agee	Rebecca Zastrow
Regina Frasier	Rhonda Mosier	Sara Mosher	Sara Sisler
Shanaya Grier	Shari Messer	Sharlene Overa-Gonzalez	Sherry Folk
Stephen Chinique	Tasheka Verser	Tikisha Wilson	Velma Jackson
Wayne Beard	Wesley Bunch	Zelinda Randle	

According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation. In addition, it is assumed that all THDA staff have some relationship with financial institutions or other businesses that could interact with THDA, however, unless disclosed otherwise, this connection is considered incidental.

2. (Question 11, 17 & 18) The following individuals disclosed incidental, personal relationships with THDA employees, THDA board members, or persons or entities who do business with THDA:



Danna Wall Wright	Donna Shepherd	Kaitlyn Bell	Kevin McCarthy
Larisa Stout	Michelle Lines	Patrick Harrell	Rhonda Mosier
Stephen Chinique	Tracy Stram		

According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

3. (Questions 7, and 8) The following individuals disclosed that they or family members participate as either landlords or tenants in the Section 8 Program, but that the vouchers are administered by other Housing Authorities:

Shantell Musgrave	Toni Shaw		
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According to the Staff Disclosure Policy, the disclosures made by the individuals on the list above are considered incidental and do not require specific announcement or non-participation.

INDIRECT INTERESTS

Unless otherwise noted, the indirect interests disclosed by THDA staff members and discussed below are permissible under TCA §13-23-128 and the Staff Disclosure Policy so long as the relevant staff member refrains from discussion and participation in connection with the particular indirect matter disclosed.

1. (Questions 4 & 13) The following individuals disclosed that they have THDA loans:

Eric Crabtree	Erin Hardy	India Whatley	Meg Palmer
Recanvus Moore	Timothy James		

The Staff Disclosure Policy specifically permits THDA staff members to become THDA borrowers so long as the staff member qualifies through an Originating Agent and meets THDA program requirements. In addition, the THDA staff member involved should have no responsibility for loan approval or loan administration issues as they relate to their loan. They should also refrain from discussing the matter with other THDA staff members.

2. (Question 11) Ms. Danna Wall Wright disclosed that she has friends at her former employer that owns Lexington Square Apartments, a PBCA property. The staff member should refrain from discussion with other staff and participation in matters relating to this entity.
3. (Question 3 & 12) Ms. Evelyn Finch disclosed that she is a realtor. Ms. Finch has been instructed and has signed a statement indicating her agreement that she will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan.

- 4.(Question 19) Mr. Darrell Robertson disclosed that he is a realtor. Mr. Robertson has been instructed and has signed a statement indicating his agreement that he will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan.
- 5.(Questions 4 & 5) Mr. Joe Speer disclosed that his mother, Bettie Kirkland, is the Executive Director of Project Return, a local nonprofit who is a grantee of Competitive Housing Trust Fund Grants. Mr. Speer has been instructed to refrain from discussion with other staff and participation in matters related to this entity.
- 6.(Question 4, 19) Mr. Dwayne Hicks disclosed for his outside employment he performs inspections for mortgage companies for FHA and VA loans that do not have THDA funding. Mr. Hicks also performs plan reviews for commercial properties for government entities.
- 7.(Question 4 & 19) Ms. Michelle Lines has a retired real estate license. Ms. Lines has been instructed to disclose any changes with the status of her real estate license.
8. Ms. Rhonda Ronnow disclosed she has her MLO license. This license is not active as Ms. Ronnow has to be employed by a lender. Ms. Ronnow has been instructed to disclose any changes with the status of her MLO license.
- 9.Ms. Denise Hutchinson has a retired real estate license. Ms. Hutchinson has been instructed to disclose any changes with the status of her real estate license.
10. (Questions 4, 10 & 19) Mr. Mike Clinard disclosed that he is a Board Member of two multi-family developments located in Gallatin, TN. One is a Project Rental Assistance contract receiving HUD/THDA administered Rental Assistance payments and a HUD 2020 development. Both receive rental payments for qualified elderly tenants. Mr. Clinard is working exclusively on closing out NSP under a 900 hour contract (3-4 hours daily, T-F) and has therefore been granted an exception to the THDA Employees Being Appointed to Organizational Boards of Directors Policy. Mr. Clinard has been instructed that he is not to discuss the two developments with THDA staff or hold himself out as a representative of THDA in his role with the two developments.
11. (Question 19) Ms. Rebecca Zastrow disclosed that she does Section 8 consulting for a management agent that does not have any affiliation with THDA or any Tennessee properties.
12. Mr. Kevin McCarthy disclosed that he is a member of the Tennessee Affordable Housing Coalition, the American Institute of Certified Planners and the American planning Association. He does not hold any position and/or participate in advocacy through his membership in these organizations.
13. (Question 4) Ms. Zelinka Randle disclosed that she will be taking the Home Buyer Education course through the STEP In Program.

#### INDIRECT INTERESTS OF FAMILY MEMBERS

Unless otherwise noted, the indirect interests disclosed by THDA staff members with respect to **family members** discussed below are permissible under TCA §13-23-128 and the Staff Disclosure Policy, so long as the relevant staff member refrains from discussion and participation in connection with the disclosed matter.

1. (Question 16) The following individuals disclosed that relatives or close associates are employed by THDA:

Bill Lord	Bruce Balcom	Caroline Rhodes	Darrell Robertson
Denise Hutchinson	Eric Hall	Erin Lord	Jason Ronnow
Kavin Williams	Nicole Lucas	Rhonda Ronnow	Robert Lucas
Sarah Turner-Brooks	Shantell Musgrave		

2. (Question 5, 14 & 17) The following individuals disclosed that relatives or close associates have THDA loans:

Joe Bethel	LaMar Brooks	Rebecca Zastrow	Rebekah Bicknell
Ruth Brown	Terry Montgomery	Yvonne Hall	

Since the Staff Disclosure Policy permits staff members to become THDA borrowers, relatives of THDA staff members should also be eligible to become THDA borrowers so long as they qualify through an Originating Agent and otherwise meet THDA program requirements. In addition, the THDA staff member involved should have no responsibility for loan approval or loan administration issues as they relate to their relative. They should also refrain from discussing the matter with other THDA staff members.

3. (Question 8 & 9) The following individuals disclosed that family members participate or have applied to participate in the Section 8 Program administered by THDA either as tenants or landlords:

Christy Hollingsworth	Lori Cannon	Shameka Young	Sharlene Olvera-Gonzalez
Velma Jackson			

These individuals should have no responsibility with respect to administering the Section 8 program as applied to their relatives who participate in the program as tenants or landlords. Other THDA staff members in their respective field offices should be responsible for administering the Section 8 program as applied to the relatives of these individuals.

## Audit & Budget Committee

Agenda Item Nos.

- d. Annual Performance Review of Director of Internal Audit
- e. Annual Performance Review of Executive Director



These items will be distributed and discussed at the meeting only.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Tax Credit Committee Meeting  
Thursday, November 12, 2020 at 1:15 p.m. Central Time  
WebEx Meeting /Call - To join the call Dial  
1-650-479-3208; Code 177 707 1573**

## AGENDA

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- a. Conduct of Electronic Meeting statement
- b. July 22 and July 28, 2020 meeting minutes
- c. 2021 MTBA Program Description
- d. Request for Exchange of Credits – Forest Creek Townhomes (Memphis)

### **COMMITTEE MEMBERS**

John Snodderly  
David Lillard  
Butch Eley  
Tre Hargett  
Mike Hedges  
Joann Massey  
Matt McGauley  
Erin Merrick

TENNESSEE HOUSING DEVELOPMENT AGENCY  
TAX CREDIT COMMITTEE MEETING MINUTES  
July 22, 2020

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met in regular session on Wednesday, July 22, 2020, at 8:00 a.m., via Cisco WebEx Meeting.

The following Committee members were present: John K. Snodderly (chair); Jonathan Rummel for Secretary of State Tre Hargett; Treasurer David Lillard; Colleen Daniels for Commissioner Butch Eley; Joseph Williams and Board Chair Mike Hedges.

Recognizing a quorum present, Chair Snodderly 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 Mr. Lillard, second by Ms. Daniels, and a roll call vote with Committee members voting 4 yes, 0 no, 2 abstain (Rummel and Williams), motion carried that necessity existed to conduct the Tax Credit Committee in this manner.

Chair Snodderly recognized Edwin King, Director of Multifamily Programs to present changes to the 2020-2021 Low Income Housing Credit Qualified Allocation Plan (“QAP”). Mr. King explained that staff came before the committee with proposed changes during the May 19, 2020 meeting and have since then received feedback from the committee and incorporated that feedback, making a redline draft of the which was posted for public comments on June 26, 2020. These changes were based on the written public comments that we received and in the public comments we received during the July 16, 2020 public hearing. Mr. King noted that staff recommends a few changes to the 2020-2021 draft before the Committee approves the draft for a full recommendation to the Board. Mr. King outlined the motions and changes as follows:

1. Increase Pool 1 reservations from 2 to 3 by providing for up to 3 reservations in Pool 1, and 2 reservations each in Pool 2, Pool 3, and Pool 4 in Section 3-C-2-A.”
2. Remove the PHA set-aside preference based on public comments/questions we received by withdrawing all modifications to Section 10-B and restoring Section 10-B to the same language as in Section 10-B of the 2019-2020 QAP.”

3. Delete the “Leverage” Scoring criterion and reassigns the points by deleting the “Leverage” scoring criterion in Section 14-A-13 and reassigning the associated 5 points by increasing Section 14-A-11 “Waiving the ability to participate in the Qualified Process” from 10 points to 13 points, and by increasing the 20 year tier of Section 14-A-12 “Extended Recapitalization Waiver” from 10 points to 12 points.”
4. Remove the HAP contract preference based on public comments received by deleting Section 14-B-2-D-(i) related to the preference for developments that have a Housing Assistance Payment Contract and keeping Section 14-B-2-D at 3 points.
5. Approve the Low-Income Housing Credit 2021 Qualified Allocation Plan be recommended incorporates changes discussed in the May TCC meeting and the changes discussed/approved in this (July) TCC meeting as posted on the THDA website on June 26, 2020, and as modified by the Committee today, be approved and that staff be authorized to make non-substantive, conforming and housekeeping changes.”

Upon motion by Mr. Lillard, second by Mr. Rummel, with a roll call vote, motion carried unanimously to approve all changes to the QAP and present to the Board for approval. Committee members identified as present voted: 6 yes, 0 no, 0 abstain.

Following a very lengthy discussion among members about the tie breaker and 360 scoring, and upon motion by Mr. Hedges, second by Mr. Lillard, with a roll call vote, motion carried unanimously to defer all changes to the Low-income Housing Credit 2021 Qualified Allocation Plan to the next meeting with further research can be completed. Committee members identified as present voted: 6 yes, 0 no, 0 abstain.

Chair Snodderly continued to the next item, the 2020 Volume Cap for 2020 Multifamily Tax-Exempt Bond Authority Program. He explained that on Friday, September 17, 2020, the Bond Finance Committee met and approved carrying forward \$50,000,000 of 2020 volume cap to single family programs based on the assumption that THDA will at the end of the year, receive the remainder of the State’s 2020 volume cap from ECD. Under this assumption, THDA is able to make an additional \$41,576,975 of 2020 Multifamily Tax Exempt Bond (“2020 MTBA”) available. He continued to explain the \$41,576,975 addition to the remaining 2020 MTBA balance of \$20,074,936 raises the remaining 2020 MTBA balance to a grand total of \$61,541,911. This remaining 2020 MTBA balance can be made for not more than one “special Request” under Section 6 of the Multifamily Tax Exempt Bond Authority Program Description for 2020, at the discretion of the Tax Credit Committee. No additional 2020 volume cap is available for Special Requests or otherwise. Upon motion by Mr. Lillard, second by Mr. Rummel, with a roll call vote, motion carried unanimously to allocate the additional amount as described. Committee members identified as present voted: 6 yes, 0 no, 0 abstain.

Chair Snodderly continued to the last item, the 2020 Multifamily Tax Exempt Bond Authority Special Requests. He referred to a memo and spreadsheet from Edwin King, Director of Multifamily Programs dated July 10, 2020. Chair Snodderly noted that as a result of the prior item, staff received two “special request applications” for 2020 Multifamily Tax Exempt Bond Authority. Both applications are from the Memphis Housing Authority; and, while both applications are from the same agency, they noted their preference is the TN20-606 requesting \$70 million of the MTBA be given first priority on the allocation. Upon a motion by Mr. Hedges,

second by Mr. Lillard, with a roll call vote, motion carried unanimously to deny the special request as submitted. Committee members identified as present voted: 6 yes, 0 no, 0 abstain.

With no further business to discuss, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved this 12<sup>th</sup> day of November, 2020.

Pending



TENNESSEE HOUSING DEVELOPMENT AGENCY  
TAX CREDIT COMMITTEE MEETING MINUTES  
July 28, 2020

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Tax Credit Committee met in special session on Tuesday, July 28, 2020, via WebEx Call with certain staff members being at the THDA Offices located at 502 Deaderick Street; Andrew Jackson Building, 3<sup>rd</sup> Floor; Nashville, Tennessee 37243 in the Cades Cove Conference Room.

The following Board members were present via WebEx: John Snodderly (Chair); Mike Hedges; Jonathan Rummel (for Secretary of State Tre Hargett); Kevin Bradley (for Treasurer David Lillard); Colleen Daniels (for Commissioner of Finance & Administration Butch Eley); and Joseph Williams.

Chairman John Snodderly called the Special Called Tax Credit Committee Meeting to Order. Noting a quorum was present, Chairman Snodderly thanked all participants and asked Lynn Miller, Chief Legal Counsel to read the statement as it relates to electronic participation as follows:

“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 physical quorum is not possible within the timeframe in which action is required. Therefore, it is necessary for some members to participate via telephone. This is also necessary to protect everyone’s health and safety during this time of COVID-19. Committee members participating by telephone were sent documents relevant to today’s meeting.”

Chair Snodderly recognized Ralph M. Perrey, Executive Director, to present the two proposed amendments as outlined in the memo from Edwin King, Director of Multifamily Programs and Don Watt, Chief Programs Officer, dated July 27, 2020 describing changes as:

As a follow up to the July 22, 2020, Tax Credit Committee meeting, staff recommends that the Tax Credit Committee recommend approval of the Low-Income Housing Credit 2021 Qualified Allocation Plan, as posted on June 26, 2020, with the changes recommended by the committee on July 22, 2020, and with the following additional changes:

1. Modify the proposed Section 6-A-2 (regarding approval of a site change becoming a Major Significant Adverse Event) to include a subparagraph 2-a reading “*There will be no penalty under this section 6-A-2 if THDA, in its sole discretion, determines that the site change was necessitated by circumstances beyond the applicant’s anticipation or control*”; and
2. Delete the proposed changes in Section 14-A-1 regarding Opportunity 360 Score, revert to use of the County Need Score and add 5 points to County Need Score making the

maximum points 20, which is the same as the maximum points for the County Needs Score in the 2019-2020 QAP. In connection with this changes, reverse the additional points for Section 14-A-11, “Deferral of the Qualified Contract Process” (so that the maximum points for this item is 10), and Section 14-A-12, “Extended Recapitalization Wavier” (so that the maximum points for this items is 10).

- a. Please note that, initially, 5 points were removed from Opportunity 360 and assigned to “Leverage”. “Leverage” was then deleted by the Tax Credit Committee, and the 5 points were re-distributed to “Deferral of the Qualified Contract Process” and “Extended Recapitalization Waiver”; and
- b. Authorize staff to make non-substantive, conforming, and housekeeping changes as needed.

Upon a motion by Mr. Rummel, second by Mr. Hedges and with a roll call vote motion carried to approved these changes with a vote of 6 yes, 0 no and 0 abstentions.

Chair Snodderly asked Edwin King, Director of Multifamily Development to further educate the Committee members on the Opportunity 360 scoring in an upcoming meeting.

Chair Snodderly then asked for a motion to approve the 2021 Low-Income Housing Credit Qualified Allocation Plan and present it to the THDA Board of Directors for approval. With a motion from Mr. Bradley, second by Mr. Rummel and with roll call vote, motion carried to approve the QAP and present it to the Board for approval. Vote was 6 yes, 0 no and 0 abstentions.

With no further business to discuss, meeting was adjourned.  
Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved this 12<sup>th</sup> day of November, 2020



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King, Director of Multifamily Programs  
Don Watt, Chief Programs Officer

DATE: October 30, 2020

SUBJECT: Summary of Proposed Changes Incorporated into the Multifamily Tax-Exempt Bond Authority Draft Program Description for 2021-- October 30, 2020

### Recommendation

Staff recommends approval of the Multifamily Tax-Exempt Bond Authority (“MTBA”) Draft Program Description for 2021 (the “Draft 2021 PD”).

### Background

This document is intended to be a general summary of the changes proposed for the Draft 2021 PD. Minor, non-substantive amendments (e.g. changing year references from 2020 to 2021, changing sentence structure, changing formatting, etc.) are not reflected herein. **Page numbers refer to the footer of the Draft 2021 PD.**

### Conforming Changes

1. Page 3 – “Carryover Allocation Application” definition modified to conform to the 2021 Low-Income Housing Credit Qualified Allocation Plan (“2021 QAP”).
2. Page 4 – “Credit Period” definition modified to conform to the 2021 QAP.
3. Page 4 – “Evaluation Notice” definition modified to conform to the 2021 QAP.
4. Page 5 – “Extended Use Agreement” definition modified to conform to the 2021 QAP.
5. Page 6 – “Final Application” definition modified to conform to the 2021 QAP.
6. Page 7 – “Person with Disabilities” definition deleted because the term is not used elsewhere in the Draft 2021 PD.
7. Page 7 – “PHA” definition deleted because the term is not used elsewhere in the Draft 2021 PD.
8. Page 7 – “Placed in Service Application” definition deleted because the term “Final Application” is defined elsewhere in the Draft 2021 PD.

9. Page 9 – “Section 42” definition modified to conform to the 2021 QAP.
10. Page 9 – “Significant Adverse Event” definition modified to conform to the 2021 QAP.
11. Page 9 – “Tennessee Growth Policy Act” definition modified to conform to the 2021 QAP.

### **Substantive Changes**

12. Page 19 – Language for special request applications modified. The intent of the modifications is to clarify and streamline the special request application process for the Board, applicants, and staff. For ease of reading, an excerpt from the Draft 2021 PD showing the non-redline modified text of Section 6 follows this page.

### **Changes Made After Posting to Web Site on October 23, 2020**

13. Page 1 – the language describing the initial amount of MTBA available for 2021 has been modified to reflect that the initial amount of MTBA will be 67%, not 50%, of the amount of Tax-Exempt Bond Authority allocated to THDA at the beginning of 2021.
14. Pages 16 and 17 – Language regarding the 60% of aggregate basis calculation modified to include the aggregate basis of all pervious phases of the same development. As a result of unintended consequences of this change mentioned in public comments on the Draft 2021 PD, staff recommends removing this modification.
15. Page 19 – Section 6-A-3 has been modified to reflect that allocations of MTBA made to special request applications will count toward the maximum MTBA per developer limit.

**For full description of this draft, please click on the following link:**

**<https://thda.org/pdf/MTBA-Draft-PD-for-2021.pdf>**

## **Section 6: Special Request Applications**

### **A. Special Conditions**

1. MTBA available for special request applications is offered on a first-come, first-served basis, subject to the availability of MTBA as of the date a special request application is received by THDA. When a special request application is received by THDA, the amount of MTBA requested shall be set aside and will not be available for other MTBA requests under this MTBA Program Description until the special request application is evaluated and acted upon by the Tax Credit Committee of the THDA Board of Directors.
2. Special request applications are exempt from the Total Development Cost Limits as described in Section 3-G and Section 19-C of the QAP.
3. Special request applications approved by the Tax Credit Committee of the THDA Board of Directors may exceed the maximum amount of MTBA that may be committed to a single applicant, developer, owner, or Related Parties as defined in Section 5, but the amount of the special request counts against the maximum amount defined in Section 5. Therefore, if the special request is equal to or greater than the maximum amount defined in Section 5, any other reservations will be forfeited.

### **B. Eligibility**

1. A special request application must satisfy, without limitation, all of the following conditions as determined by THDA, in its sole discretion:
  - a. A special request application must propose preservation of an Existing Multifamily Development with current income and rent restrictions. The Initial Application must include documentation, acceptable to THDA, in its sole discretion, verifying the current income and rent restrictions.
  - b. Current income and rent restrictions are limited to participation in one of the following programs:
    - i. The Low Income Housing Credit program;
    - ii. The MTBA program; or
    - iii. A program administered by USDA or HUD, AND
  - c. A special request application must propose preservation of a minimum of four hundred (400) Qualified Low Income Units at a single location/site, as determined by THDA, in its sole discretion. The minimum MTBA request for a special request application is forty million dollars (\$40,000,000) and the maximum MTBA request is one hundred million dollars (\$100,000,000).

### **C. Process for Special Request Applications**

1. Special request applications will be reviewed by THDA to determine completeness and eligibility.
  - a. If THDA determines that a Special Request Application is not eligible, the applicant may request, in writing, that the determination be reviewed by the THDA Executive Director and the THDA Board Chair, and the Tax Credit Committee Chair.
2. THDA staff will confirm that sufficient MTBA for the special request application remains available prior to submitting the special request application to the Tax Credit Committee for its consideration.
3. The MTBA Conditional Commitment Letter issued to a special request application will have an expiration date of December 21, 2021.
4. The recipient of a MTBA Conditional Commitment Letter issued for a special request application must notify THDA of its intent to convert the MTBA Conditional Commitment Letter to a MTBA Firm Commitment Letter no less than 65 calendar days prior to the date the applicant wishes to receive the MTBA Firm Commitment Letter.



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

TO: THDA Board of Directors

FROM: Edwin King, Director of Multifamily Programs  
Don Watt, Chief Programs Officer

DATE: October 30, 2020

SUBJECT: TN17-907 Forest Creek Townhomes  
Memphis, Shelby County

The attached letter and supplementary materials request that the owner of the development referenced above (“Forest Creek”) be permitted to exchange \$1,084,401 of 2017 Low-Income Housing Credit (LIHC) for an equal amount of 2021 LIHC. The following points describe the current situation.

If the exchange request is denied, Forest Creek must have a minimum of 179 units (40% of 446) occupied by income-qualified households as of December 31, 2020. If this requirement is not satisfied, federal regulations specify that the allocation will be returned to THDA. To the extent that the development is not 100% occupied by income-qualified households as of December 31, 2020, the investor may be unable to claim the full amount of LIHC for the first and possibly second years of the credit period.

If the exchange request is approved, Forest Creek will return its 2017 allocation, which will then become 2021 LIHC. Forest Creek will receive an allocation of 2021 LIHC, subject to special conditions that may be mandated by THDA. Approval of the exchange could potentially extend the completion deadline for Forest Creek to the end of 2023.

### Background

1. Barry Cohen is the representative of the ownership entity, Forest Creek Townhomes, LLC.
2. Forest Creek was originally awarded an allocation of LIHC of \$1,084,401/yr. in 2015.
3. Forest Creek has 31 buildings and 446 units, all of which will be income restricted at or below 60% of area median income.

4. Early in the construction process in 2016 and 2017, THDA staff noticed that the construction progress lagged behind other monitored developments.
5. In July, 2017, Mr. Cohen requested a LIHC exchange from 2015 to 2017. The THDA Board denied the request because, at the time, no investor was committed to purchasing the LIHC.
6. Later in July, 2017, THDA staff met with Mr. Cohen and discussed ways to keep Forest Creek's construction on track. These included resizing the development, seeking Multifamily Tax-Exempt Bond Authority, and deferring the beginning of the credit period to 2019.
7. Mr. Cohen again requested an exchange in November 2017. The request was approved, with special conditions for two critical milestones:
  - a. The syndication agreement closing must occur on or before April 30, 2018. Failure to do so will result in the immediate recapture of the 2017 LIHC; and
  - b. The construction loan closing must occur on or before June 30, 2018. Failure to do so will result in the immediate recapture of 2017 LIHC.
8. Both special conditions were satisfied.
9. The developer satisfied the requirements of the "10% Test" by the deadline of December 28, 2018.
10. The development satisfied the minimum requirements to be considered "placed in service" in December 2019. Mr. Cohen deferred the beginning of the credit period and provided THDA with the necessary documentation in a timely fashion.
11. The construction progress, as reported by Mr. Cohen, indicates that as of June 30, 2020, Forest Creek was 85% complete with 170 units certified for occupancy.
12. Mr. Cohen reported \$16,725,000 of development costs as of June 30, 2020.
13. THDA staff conducted a construction progress inspection on October 19, 2020. The inspection found:
  - a. 240 units (54% of 446) ready for occupancy, of which 169 (38% of 446) are already leased; and
  - b. The project manager estimates the best-case scenario for 100% completion of construction is late March, 2021.
14. In an email dated October 26, 2020, Mr. Cohen reported the following (as of October 23, 2020):
  - a. 172 units occupied by income-qualified households;
  - b. Another 78 units rent ready;
    - i. The management company is "in the final stages of processing at least another 50 pre-income qualified units";
    - ii. The management company has "another 100 or more pre-income qualified apartment applications on the waiting list. The demand for the apartments is overwhelming. The delay at this point is getting the applications fully processed";
    - iii. The management company has agreed to bring more personnel on from their other properties to help with the processing of applications at Forest Creek;
  - c. The anticipated number of occupied income qualified units as of December 30, 2020 "should be at least 350 units"; and
  - d. At the current pace, 100% of the units should be occupied by income-qualified households by April 30, 2021.
15. The investor has contributed \$5 million thus far.

16. There is a \$14 million construction loan and a \$4.1 million bridge loan, both with Sterling Bank.
17. Forest Creek Townhomes, LLC has a commitment for permanent financing of \$18.1 million.



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# 21st Century Communities, Inc.

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October 22, 2020

Tennessee Housing Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 3rd Floor  
Nashville, TN 37243-0900  
Attn: Felita (Givens) Hamilton, HCCP, MPS  
Allocation Manager

Re: TN 17-907 (Forest Creek Townhomes, LLC)

Dear Ms. Hamilton:

Please accept this letter as our request for a Tax Credit Exchange. Notwithstanding our efforts it does not appear that we will be 100 % completed with the renovation and lease-up by December 2020. For THDA's consideration, I have provided the attached documents, as described below:

1. The list of Reasons for Not Making the Deadline. *Irrespective of the challenges we faced we would have still met the deadline but for the pandemic.*
2. Property inspection report dated October 15, 2020 from Project QA, which confirms the fact that we are 90 % complete. The firm was hired by Sterling Bank, our construction letter.
3. Building Completion Schedule, which shows the aggregate exterior and interior completion percentage of each building as of October 1, 2020.
4. Revised construction loan commitment dated October 5, 2020 from Sterling Bank.
5. Email confirming approval on increase of permanent loan from Specialty Finance Group on behalf of Cedar Rapids Bank & Trust (CRBT).

When completed we will be providing 446 affordable, consisting of mostly large family size townhome style, apartment units for residents of Memphis, Tennessee. They will be near condominium quality (see enclosed photos) and have an average rent of approximately \$ 675 per month. It is my understanding that our project is at least five (5) times the average size of a typical LIHTC development. If we lose our LIHTC tax credit allocation we will no longer be able to proceed as indicated above.

Please let me know if you have any question on the above or the attachments.

Very truly yours,



Barry Cohen  
President and Authorized Representative of  
Forest Creek Townhomes, LLC

## **Reasons for Not Making the Deadline**

1. Delays associated with Arrington Estates of Henderson, L.P.'s participation in our development. This entity is controlled by Dale Lancaster, who was originally recommended to me by THDA, but is no longer in good standing with THDA. There were no other developers willing to participate in our project.
2. Difficulty finding a construction lender and tax credit equity investor for the development. That was primary due to fact that the size of the project (446 apartment units), which is approximately five (5) times greater than the typical LIHTC development, and the high crime rate rating of its Whitehaven, Memphis location.
3. Difficulty finding skillful contractors in Memphis that work on existing multifamily properties. For each trade we had to go through multiple contractors to find one that performed as promised. During the pandemic some of our contractors ceased operations to protect their workers.
4. Unforeseen mold and dry rot conditions that varied in each apartment unit. Also, which was not originally anticipated, had to deal with underground leaking water main lines, damaged roof sheathing and roof framing discovered after removing the existing the roof shingles.
5. Construction planning disruption caused by delays in building inspections, due to the shortage of City of Memphis/Shelby County building inspectors, and the conflicting comments from inspectors depending on which one arrived.
6. Construction funding delays, due to multiple reviews required by the construction lender and the tax credit investor, negatively impacting the willingness of contractors to continue working and for suppliers to process material orders.
7. Materials on backorder, which became more acute due to plant shutdowns during the pandemic.
8. Slowdown in processing resident applications on the waiting list during the pandemic.



**Date:** 15 October 2020

**To:** Sterling Bank  
50 S. Bemiston Ave.  
Clayton, MO 63105

**Attn:** Philip Minden; Philip.Minden@sterbank.com

**From:** Project Quality Assurance, LLC  
PQA Project No. STB004

**Re:** Forest Creek Townhomes  
1340 Winchester Road  
Memphis, TN 38116

**Current Contract Amount: \$18,296,143.29<sup>1</sup>**

**I. Executive Summary - Inspection/Draw Review and Approval Summary**

Inspection Date: 2 October 2020  
Draw # Reviewed: 019 (FCT-SM, LLC)  
Thru period ending: 9/23/20

**Contractor Request this period: \$ 628,811.11 Approved: \$ 628,811.11<sup>1</sup>**  
*With the following comments:*

- 1.0 Project Completion date per contract: 8/31/2020
- 2.0 Is construction currently on schedule: No<sup>2</sup> if no, PQA estimate: Mar 2021
- 3.0 Percent retainage currently held: less than 1% Does it agree with contract? No<sup>3</sup>
- 4.0 Is any retainage being released in current period: NA If yes, \$ \_\_\_\_\_
- 5.0 Contractor draw checked for math errors: Yes
- 6.0 Was the schedule of values revised or modified this period: Yes
- 7.0 Any Change Orders noted this period - if yes, are they executed properly: No
- 8.0 Were unconditional partial lien release waivers received and reviewed from GC and prime subcontractors: Yes
- 9.0 Contractor Contingency Balance Remaining: \$4,333.38
- 10.0 Contract Balance remaining appears sufficient: No<sup>4</sup>
- 11.0 Project is being constructed in general accordance with Plans & Specs.: Yes
- 12.0 Certificate of Occupancy Issued: Not required for this project

**Estimated total percent complete based on Inspection (including Retainage payable): 90%**

**Total Percent Drawn by Contractor (including retainage payable): 92.9%**



**Documentation requested by ProjectQA but not yet received:**

ProjectQA has completed and submitted an upfront document review of the documents received to date. See *Appendix C - Outstanding Issues Relating to Document Review and Cost Analysis.*

**Discussion of Significant Issues:**

<sup>1</sup> The current contract sum is \$18,296,143.29; no change from the previous payment application. ***We recommend payment as requested pending the Bank's acceptance of the Significant Issues noted in this report.***

<sup>2</sup> The Substantial Completion Date listed in Change Order 014 dated July 14, 2020 is August 31, 2020. Based on our site discussion with Jerry Gutierrez, participation in a conference call on Oct. 7, 2020 and receipt of an updated schedule document titled, "Master Unit Tracking Spreadsheet- Projected Release Dates", the building unit work included is now projected to be complete by March 26, 2021; this is a delay of three months from the previously reported completion of December 2020. ***We recommend a complete updated construction schedule be submitted with the next payment application.***

<sup>3</sup> The General Contractor is holding less than 1% retainage on work completed to date. It is our understanding that Fallbrook and Sterling Banks worked out an agreement with Barry Cohen, Owner, for 5% retention to be held on vendors with subcontracts in place.

<sup>4</sup> Based on our participation in a conference call on October 7, 2020 it is our understanding that there will be additional line item re-allocations included in the next payment period, most likely to include increases to the Drywall, Interior Finishes, and Kitchen & Bath line items. It has been discussed previously that there be a realistic estimate of the full budget amount needed to complete the remaining work scope for each line item and final re-allocations be made; there were twelve line item re-allocations this period, however as discussed and noted there are likely some line items that still need to be adjusted. Based on our observation of work in place from the last period to this period it appears the work progress has increased slightly. According to Barry, the amount of re-work needed due to poor quality work has gone down this period. It is our opinion that the re-work costs may still lead to future cost increases on some line items. Barry Cohen, Owner, noted in the previous conference calls that the amount needed to complete the project is still a "moving target" due to ongoing labor issues, and material delivery delays due primarily to COVID-19. This month, there were no additional COVID-19 delay concerns reported by Barry. However, the schedule has now been extended further by three months to March 26, 2021; we believe there may be additional costs needed in order to continue work through this additional three month time period. ***We continue to recommend contracts for the remaining scope of work be submitted in order to confirm the current budgets for each line item is sufficient.***

Does the Sterling Bank, representative need to contact ProjectQA to discuss any of the above issues or information?

Yes  No

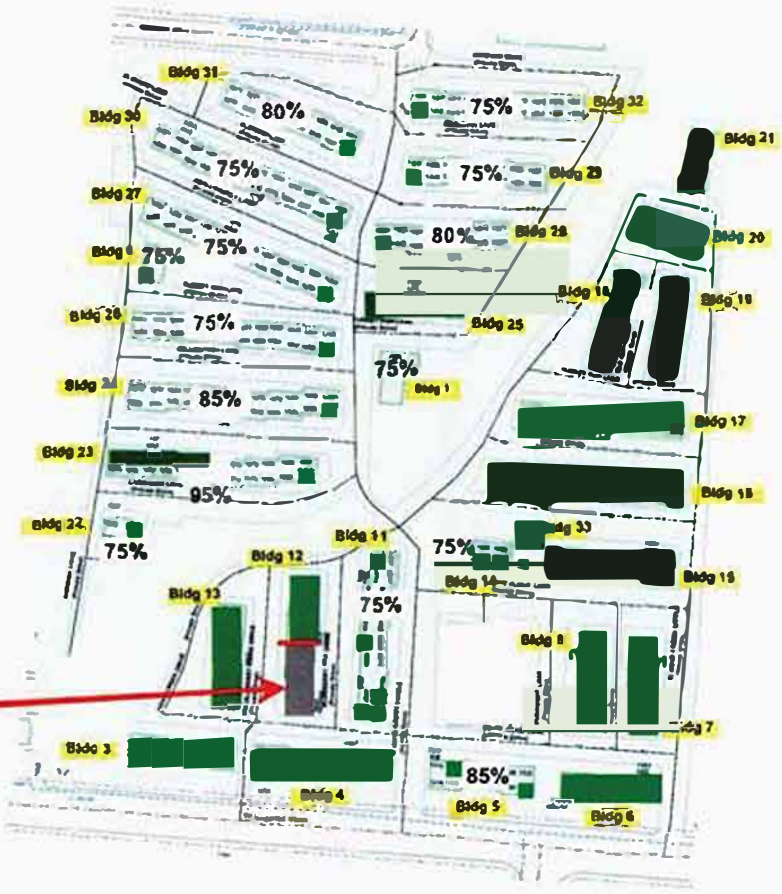
-- End of Executive Summary --



1 Inch = 100 feet

# Winchester Grove Apartments

## Building Completion Schedule



Units effected by the Fire  
 Exterior Complete  
 Interior in progress

**LEGEND**

50% = Exterior work  
 25% = Rough in work  
 25% = Trimout work

■ = Units/bldg's complete

**Legend**

Abandoned Gas Pipe  
 - - - (all other values)

Conduit Indicator  
 - - - No  
 - - - Yes

Gas Main  
 - - - (all other values)

Pressure Group  
 - - - HP  
 - - - GP  
 - - - LP  
 - - - SP  
 - - - MI  
 - - - XX

Winchester Grove Apartments  
 1310 Winchester Rd.  
 Memphis, TN 38116

Disclaimer: BLOW cannot be responsible for any consequences resulting out of the use of the data.











# STERLING BANK

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October 5, 2020

*Forest Creek Townhomes, LLC  
c/o 21<sup>st</sup> Century Communities, Inc.  
ATTN: Barry Cohen  
7065 W. Ann Road, Suite #130-683  
Las Vegas, NV 89130*

*RE: Forest Creek Townhomes  
1340 Winchester Road  
Memphis, TN 38116  
446 LIHTC Units*

*Dear Mr. Cohen:*

*Sterling Bank ("Lender") is pleased to provide you with the following firm commitment for construction financing regarding the above referenced property (this "Commitment"), all of which shall be subject to the terms, conditions, and requirements set forth below and contained in loan and closing documents acceptable to Lender and approved by Lender and its attorneys:*

*Construction Bridge Loan Commitment:*

*Amount: Current loan amount: \$14,000,000.00  
Loan increase: \$ 4,100,000.00  
Total loan amount: \$18,100,000.00*

*Type: Construction Draw*

*Maturity: May 12, 2021*

*Repayment: Interest only; Balance at maturity*

*Rate: 5.75%*

*Origination  
Fee: 1.00%*

*Commitment  
Fee: N/A*

*Security: Subject to Program or Agency*



- A) *Assignment of Borrower's rights and remedies included in the Limited Partnership, including but not limited to, the capital contributions.*
- B) *Modification of the First Leasehold Deed of Trust with assignment of rents on the subject property and improvements to be constructed thereon, legal description to govern, for the purpose of securing the additional loan amount.*
- C) *Modification of the Assignment of Managing Member interest to secure additional loan amount.*

*Borrower: Forest Creek Townhomes, L.L.C.*

*Managing Member: FCT-MM, LLC*

*Guarantor(s): FCT-MM, LLC; 21<sup>st</sup> Century Communities, Inc.; Barry Cohen*

*Insurance: Borrower to maintain insurance coverage on the collateral securing this loan in an amount and form satisfactory to Lender. Said policy shall include an endorsement acceptable to and naming Lender.*

*Title*

*Insurance: Borrower to provide to Lender an endorsement to the title insurance policy on the real property collateral securing this loan in an amount and form satisfactory to Lender. Lender shall be named in the title policy and the policy shall contain no exceptions not previously approved by Lender, which in Lender's opinion shall be considered detrimental to Lender.*

*Pre-payment*

*Penalty: N/A*

*Closing*

*Documents: All loan and closing documents subject to review and approval of Lender and its attorneys.*

*Escrow Disbursement: All funds disbursed in a form and manner acceptable to Lender.*

*Advances under this Commitment subject to:*

- 1) *Approval, execution, and delivery of loan and closing documents acceptable to Lender and approved by Lender and its attorneys.*
- 2) *Credit and economic conditions being acceptable to Lender on an ongoing basis.*
- 3) *Borrower's observance of all requirements stated in loan and closing documents.*

- 4) *Borrower's compliance with the provisions of all applicable program loan documents now or hereafter in effect between Lender, federal and/or state agencies, and Borrower.*
- 5) *Borrower's compliance with any and all provisions, rules, and/or regulations of applicable Federal and/or State Housing Program(s).*

*Other Conditions:*

- A) *This Commitment is non assignable*
- B) *Full and complete adherence with any and all applicable state and/or federal agencies program rules, regulations and/or requirements.*
- C) *Borrower agrees from time to time, upon written request of Lender, to provide current financial statements and current copies of recent Federal income tax returns.*
- D) *Guarantor(s) agree to provide the same financial information as listed above upon written request of Lender.*

*Closing*

*Costs: All closing costs, including but not limited to: insurance, flood letter, recording fees, title insurance, survey, and attorneys' fees, if any, shall be paid by Borrower in advance or at closing.*

*This Commitment is intended for discussion purposes only, and is not intended, and should not be construed, as an attempt to establish 100% of the terms and conditions relating to the loan or credit facility described above. Instead, this Commitment is intended only to be indicative of certain limited business terms and conditions, and how the loan documents may be structured, and shall not preclude negotiations over these or any other terms and conditions. This Commitment does not represent a complete statement of the terms and conditions of the proposed loan to Borrower, it being agreed that such terms and conditions will be set forth in the definitive documents and agreements evidencing, securing, and guaranteeing repayment of such loan, each of which shall be prepared by Lender and/or Lender's counsel, and each of which will be in form and substance as required by Lender in Lender's sole and absolute discretion.*

*This Commitment is provided in response to Borrower's request and supersedes any previous versions issued to Borrower. This Commitment is based upon the financial statements and other diligence materials that Borrower submitted to Lender. If there has been a misstatement or a change of circumstances between the date such information was submitted to Lender and the closing date of the loan contemplated by this Commitment, which Lender, in Lender's sole and absolute discretion deems significant or material, Lender reserves the right to revise this Commitment without liability of any kind to Borrower or anyone acting for or on behalf of either of them.*

*This Commitment expires May 12, 2021, unless extended by the Bank in writing.*

Sincerely,

**Sterling Bank**

By:   
Name: Philip M. Minden  
Title: Executive Vice President

By its signature below, Borrower hereby acknowledges this Commitment, and agrees to the terms, conditions, and limitations set forth above as of October 5, 2020.

**Forest Creek Townhomes, LLC, a Tennessee limited liability company**

By: *FCT-MM, LLC, a Tennessee limited liability company, its Managing Member*

By: *21<sup>st</sup> Century Communities, Inc., a Nevada corporation, its Sole Member*

By:   
Name: Barry Cohen  
Title: President



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**Forest Creek Townhomes, LLC**

1 message

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**Sam D. Kramer** <SKramer@crbt.com>

Mon, Oct 19, 2020 at 10:41 AM

To: Barry Cohen <barry@21stcc.net>

Cc: "Timothy J. White" <TWhite@crbt.com>

Hey Barry,

On July 29<sup>th</sup>, 2020, CRBT approved increasing the permanent loan from \$14,000,000 to \$18,100,000. Please let me know if you have any questions or need anything additional.

Sam

**Sam Kramer**  
Vice President

**Specialty Finance Group**

500 1st Ave NE, Cedar Rapids, IA 52401  
skramer@crbt.com | www.crbt.com

Phone 319.862.2728 | Direct line 319.743.7122 | Fax 319.862.0918

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# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Grants Committee Meeting  
Friday, November 13, 2020 at 11:00 a.m. Central Time  
WebEx Meeting /Call - To join the call Dial  
1-650-479-3208; Code 177 591 9115**

## AGENDA

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- a. Conduct of Electronic Meeting statement
- b. September 15, 2020 meeting minutes
- c. 2020 ESG CARES Act Part II Program Description
- d. 2021 Emergency Solutions Grants Program Description
- e. 2020 HOME Program Description – CHDO Mini-Round
- f. 2021 HOME Program Description – Urban/Rural Round
- g. 2020 Homebuilders Demonstration Grant

### **COMMITTEE MEMBERS**

Austin McMullen  
Tre Hargett  
Joann Massey  
Tennion Reed  
Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY  
GRANTS COMMITTEE MEETING MINUTES  
September 15, 2020

Pursuant to the call of the Chairman, the Grants Committee (the “Committee”) of the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday, September 15, 2020, at 3:00 p.m., via a WebEx call. Staff members were physically present at the THDA Offices located at 502 Deaderick Street, Andrew Jackson Building, 3<sup>rd</sup> Floor, Nashville, Tennessee 37243.

The following Committee members were present via WebEx: Austin McMullen (Chair), Jonathan Rummel (for Secretary of State Tre Hargett), Rick Neal, Katie Armstrong (for Comptroller Justin Wilson).

Recognizing a quorum present, Chair McMullen 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 Mr. Neal, second by Mr. Rummel, and a roll call vote with all members identified as present voting “yes,” motion carried that necessity existed to conduct the Committee meeting in this manner.

Chair McMullen called for consideration of the July 23, 2020, Committee meeting minutes. Upon motion by Mr. Rummel, second by Ms. Armstrong, and a roll call vote with all members identified as present voting “yes,” the minutes were approved.

Chair McMullen called for consideration of the 2021 Winter Round of the Tennessee Housing Trust Fund (THTF) Competitive Grants Program Description and recognized Cynthia Peraza, Director of Community Programs. Ms. Peraza referenced her memo dated August 31, 2020, that describes changes made to the Program Description, including modifying the funding cycle, adjusting the funding selection process for a greater geographic funding distribution, changing the definition of rent levels to be consistent across HUD’s programs, and addressing development fee requirements. Upon motion by Mr. Rummel, second by Mr. Neal, and a roll call vote with all members identified as present voting “yes,” motion carried to recommend that the Board adopt the 2021 Winter Round THTF Competitive Grants Program Description, and authorize the Executive Director or a designee to award 2021 Winter Round THTF Competitive

Grants Program funds to applicants for applications scored by staff based on the rating scale contained in the approved 2021 Winter Round THTF Competitive Grants Program Description.

Chair McMullen next called for consideration of the Hardest Hit Fund Reinstatement Only Program, and again recognized Ms. Peraza. Ms. Peraza referenced her memo dated August 27, 2020, recommending reopening the Hardest Hit Fund Reinstatement Only Program (ROP) to bring eligible borrowers current. She noted that all recommendations are subject to the U.S. Department of the Treasury's approval. Ms. Peraza stated THDA has approximately \$15 million available in both programmatic and administrative funds. Due to the COVID-19 pandemic, the U.S. Department of the Treasury has recommended THDA consider reopening ROP with funding extended through the end of 2021 to assist borrowers for whom \$10,000 or less will bring them current. Upon a motion by Mr. Rummel, second by Mr. Neal, and a roll call vote with all members identified as present voting "yes," motion carried to recommend re-opening ROP on the terms described in the referenced memo.

Chair McMullen next called for consideration of the Community Housing Development Organizations (CHDO) Supplemental Operating Assistance Program Description, and again recognized Ms. Peraza. Ms. Peraza referenced her memo dated August 31, 2020, and noted that the program is to assist HOME program CHDOs address increasing costs and decreasing revenues during the COVID-19 pandemic, and to ensure the CHDOs are able to maintain operations and retain staff capacity. She explained that the program would be funded with \$1million in HOME Funds. Upon a motion by Mr. Neal, second by Ms. Armstrong, and a roll call vote with all members identified as present voting "yes," motion carried to recommend approval of the Community Housing Development Organizations (CHDO) Supplemental Operating Assistance Program Description, to set aside \$1million for the program, to authorize the Executive Director to award funds to eligible CHDOs, and to authorize staff to take all actions determined appropriate to administer the program.

With no further business, the meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved this 13th day of November, 2020



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

TO: THDA Board of Directors  
FROM: Cynthia Peraza, Director of Community Programs  
THROUGH: Don Watt, Chief Program Officer  
DATE: November 4, 2020  
SUBJ: 2020 Emergency Solutions Grants CARES Act Part II Program Description

## **Recommendation:**

Staff recommends the following:

- Adoption of the attached proposed 2020 Emergency Solutions Grants (ESG) CARES Act Part II Program Description (“Program Description”);
- Authorization of the Executive Director or a designee to award 2021 ESG funds to applicants for applications scored by staff; and
- Authorize staff to make any necessary programmatic changes as deemed necessary and approved by the Executive Director or as deemed necessary by the U.S. Department of Housing and Urban Development (HUD) due to COVID-19.

The Program Description contains the following substantial changes and clarifications from the 2020 ESG Program Description:

1. Added CARES Act language that specifies the source of the funding for the program.
2. Added language to define the purpose of the ESG CARES Act funding to help prevent, prepare for, and respond to coronavirus, specifically for individuals and families who are homeless or receiving homeless assistance, and provide additional homeless assistance and homelessness prevention activities to mitigate the impact of coronavirus.
3. Update timetables and due dates as follows:
  - Application Workshops - The week of November 30, 2020
  - Application Launch Date - December 1, 2020
  - Application Due Date - January 15, 2021, 4:00 PM CST
  - Application Award Announcement - Announced as soon as possible  
And/or by February 8, 2021
  - Term of Award Agreements - March 1, 2021- September 30, 2022
4. Removed the minimum and maximum grant amount requirement.
5. Increased the annual income limit under Prevention Activities to 50% AMI.



6. Removed the Set-Aside Allocation.
7. Modified the Allocation of Funds to award funding through each eligible Continuum of Care (CoC) based on a pro-rata share determination based on four factors: homelessness, poverty, population, and unemployment.
8. Added an Eligible Time Period for eligible program costs.
9. Added a Participant Service Prerequisite for Assistance that does not require individuals or families experiencing homelessness to receive treatment prior to receiving ESG assistance.
10. Changed the Application Evaluation Process to remove previous scoring method and replaced it with a threshold review of criteria that requires a compliance and participation with the applicable CoC.
11. Added new eligibility activities allowed through the CARES Act that include:
  - a. Emergency Shelter – (1) Renovation or major rehabilitation of an existing shelter, or conversion of a building to an emergency shelter; (2) the provision of essential services to homeless families and individuals in emergency shelters;
  - b. Rapid Rehousing – (1) Short and Medium Term Rental Assistance; (2) Hotel/Motel Costs to Prevent the Spread of the Coronavirus
  - c. Temporary Emergency Shelters – includes acquisition, new construction, and conversion;
  - d. Training;
  - e. Hazard Pay;
  - f. Handwashing Stations and Portable Bathrooms;
  - g. Landlord Incentives; and
  - h. Volunteer Incentives.
12. Added the option for advancing program funding. THDA will provide its 2021 ESG Grantees with the option to receive the ESG Program funding in advance, in lieu of requesting funds to reimburse their program expenses.
13. Updated other programmatic requirements to align with the most recent HUD and/or CARES Act regulations.

**Background:**

THDA is receiving \$22,438,703 million in Emergency Solutions Grants through the second round of CARES Act funding to implement the 2020 ESGs CARES Act Part II Program to fund eligible activities across Tennessee. THDA may combine these resources with any returned or leftover funds from early funding rounds as determined at the time of award.

Staff will provide information to the Committee and Board regarding 2020 ESGs CARES Act Part II funding awards at the meetings that immediately follow the date of the awards.

**To review a full program description final copy or red-lined copy, please click on the following links:**

[https://thda.org/pdf/3a.-2020-ESG-CV-Part-2-Program-Description\\_Final.pdf](https://thda.org/pdf/3a.-2020-ESG-CV-Part-2-Program-Description_Final.pdf)

[https://thda.org/pdf/3b.-2020-ESG-CV-Part-2-Program-Description\\_Redlined.pdf](https://thda.org/pdf/3b.-2020-ESG-CV-Part-2-Program-Description_Redlined.pdf)



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

TO: THDA Board of Directors  
FROM: Cynthia Peraza, Director of Community Programs  
THROUGH: Don Watt, Chief Program Officer  
DATE: October 27, 2020  
SUBJ: 2021 Emergency Solutions Grants Program Description

## **Recommendation:**

Staff recommends approval of the 2021 ESG Program Description as attached (“Program Description”), authorization of the Executive Director or a designee to award 2021 ESG funds to applicants for applications scored by staff, and authorization of staff to make any necessary programmatic changes as authorized and/or deemed necessary by the U.S. Department of Housing and Urban Development (HUD) due to the Coronavirus (COVID-19).

The Program Description contains the following substantial changes and clarifications from the 2020 ESG Program Description:

1. Updated timetables and due dates as follows:
  - Mid-January 2021 - Application Workshops
  - May 13, 2021 at 4:00 PM CST - Application Due Date for Competitive Allocation
  - May 27, 2021 at 4:00 PM CST - Application Due Date for Set-Aside City Allocation
  - By April 12, 2021 - Application Award Announcement
  - July 1, 2021 - June 30, 2022- Effective dates of all Award Agreements
2. Added the option for advancing program funding. THDA will provide its 2021 ESG Grantees with the option to receive the ESG Program funding in advance, in lieu of requesting funds to reimburse their program expenses.
3. Removed the eligibility requirement to have an office within the Service Area.
4. Adjusted the application scoring as follows:
  - Increased Fiscal Capacity from 10 to 20 points
  - Increased the Coordination with CoC Priorities from 15 to 20 points
  - Removed the Housing Need Score from the Rating Scale

**Background:**

Subject to final approval of the federal budget for 2021, THDA expects to receive approximately \$3 million in Federal FY2021 Emergency Solutions Grants (ESG) resources. Combined with monies remaining from prior year allocations, THDA will make these resources available under this Program Description provided for your consideration.

All applications will be evaluated through THDA's Grants Management System. Scoring is based on the rating scale contained in the Program Description. Funds will be awarded based on application score, first to the applicant with the highest score, and in descending order thereafter until funds are exhausted. Staff will provide information to the Committee and Board regarding the 2021 ESG funding awards at the meetings which immediately follow the date of the awards.

**To review a full program description final copy or red-lined copy, please click on the following links:**

[https://thda.org/pdf/4a.-2021-Emergency-Solutions-Grant-Program-Description\\_Final.pdf](https://thda.org/pdf/4a.-2021-Emergency-Solutions-Grant-Program-Description_Final.pdf)

[https://thda.org/pdf/4b.-2021-Emergency-Solutions-Grant-Program-Description\\_Redlined.pdf](https://thda.org/pdf/4b.-2021-Emergency-Solutions-Grant-Program-Description_Redlined.pdf)



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

TO: THDA Board of Directors  
FROM: Cynthia Peraza, Director of Community Programs  
THROUGH: Don Watt, Chief Program Officer  
DATE: October 28, 2020  
SUBJ: 2020 HOME CHDO Mini-Round Program Description

## **Recommendation:**

Staff recommends approval of the 2020 HOME CHDO Mini-Round Program Description as attached (“Program Description”), and authorization of the Executive Director or his designee to award HOME funds available under the approved Program Description to applications scored by staff based on the rating scale contained in the approved Program Description.

The attached Program Description contains the following more substantive changes and clarifications from the 2018 CHDO-Mini Round Program Description:

1. Up to \$5,000,000 available to CHDOs through competitive applications, and up to 7% of the funded amount may be used for CHDO Operating Assistance.
2. Maximum grant award per CHDO increased to \$1,000,000.
3. Updated applicable schedule as follows:
  - Application Workshops - Mid-January 2021
  - Application Due Date - February 11, 2021 at 11:59 PM CST
  - Application Award Announcement - By March 12, 2021
  - Term of Award Agreements - April 1, 2021 - March 31, 2024
4. Updated the Commitment and Spend Down Requirements.
5. Grant recipients under the 2020 HOME CHDO are ineligible.
6. Updated the HOME Per Unit Subsidy Limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.

7. The following changes were made to the application scoring section:

- **Public Partner Partnership for Neighborhood Redevelopment - 10 Points**  
A total of 10 points will be made available to CHDOs who partner with a local unit of government or a local quasi-governmental entity by means of a MOU or other partnership agreement for the purpose of the development of affordable housing that ties into a larger strategic plan to stabilize a focused area that requires revitalization.
- **Prior Year Unexpended Home Funds Deduction of -5 Points**  
Up to 5 points will be deducted from any application submitted by a CHDO who successfully closed their prior year's HOME award, but have the following amounts of HOME funds uncommitted or expended as of the application due date:
  - Over \$50,000 = -5 Points
  - \$30,000 - \$49,999 = -4 Points
  - \$20,000 - \$29,999 = -3 Points
  - \$10,000 - \$19,999 = -2 Points
  - \$0 - \$9,999 = -1 Point
- Revised the Universal Design scoring criteria to award points for each criteria on an individual basis.

8. Updated other programmatic requirements to align with the most recent HUD regulations.

**Background:**

THDA made over \$14 million of HOME funding available in early 2020 for its 2020 HOME Program-approved activities. Although THDA approved over \$13 million in HOME Program funding, only \$1.7 million was awarded to eligible CHDO applications. THDA is required by HUD to set aside a minimum of 15% of its HOME allocations for housing development activities in which qualified CHDOs are the developers of the housing.

THDA has over \$8 million in unallocated 2019 HOME Program funds that will be used to fund the 2020 HOME CHDO Mini-Round in order to meet the HUD requirement for CHDO set-asides. This provides access to funding for development of affordable housing during a time of uncertainty when funding is limited.

Staff will provide information to the Committee and to the Board regarding 2020 HOME CHDO Mini-Round funding awards at the meetings that immediately follow the date of the awards.

**To review a full program description final copy or red-lined copy, please click on the following links:**

[https://thda.org/pdf/5a.-2020-HOME-CHDO-Mini-Round-Program-Description\\_Final.pdf](https://thda.org/pdf/5a.-2020-HOME-CHDO-Mini-Round-Program-Description_Final.pdf)

[https://thda.org/pdf/5b.-2020-HOME-CHDO-Mini-Round-Program-Description\\_Redlined.pdf](https://thda.org/pdf/5b.-2020-HOME-CHDO-Mini-Round-Program-Description_Redlined.pdf)



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

TO: THDA Board of Directors  
FROM: Cynthia Peraza, Director of Community Programs  
THROUGH: Don Watt, Chief Program Officer  
DATE: November 2, 2020  
SUBJ: 2021 HOME Urban and Rural Program Description

## **Recommendation:**

Staff recommends the following:

- Adoption of the attached proposed 2021 HOME Urban and Rural Program Description (“Program Description”);
- Authorization of the Executive Director or a designee to award 2021 HOME funds to applicants for applications scored by staff; and
- Authorization for staff to make any necessary programmatic changes as deemed necessary by staff and approved by the Executive Director.

The attached Program Description contains the following substantial changes and clarifications from the 2020 HOME Program Description:

1. Updated the Program Description to remove Community Housing Development Organizations (CHDO) Set-Aside and other CHDO references.
2. Updated the Spend Down requirements for organizations funded under past Urban or Rural Matrices.
3. Clarified the approximate funding amounts anticipated to be available under the funding competition. Final amounts will be determined based on Congressional budget approval and amounts left over from prior funding rounds that are made available under this Program Description.
4. Added Manufactured Housing as an eligible activity.
5. Updated the HOME Per Unit Subsidy Limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.

6. Adjusted the minimum threshold points from 95 to 90. This should allow applicants who score higher on the discretionary portion of the application to remain eligible, and then be ranked according to their total score.
7. Adjusted total eligible score from 190 to 150 maximum points.
8. Adjusted the Need and the Not Proportionally Served points from 40 to 20 points.
9. Update timetables and due dates as follows:
  - Application Workshops - Mid-January 2021
  - Application Due Date - February 11, 2021, 11:59 PM CST
  - Application Award Announcement - By March 12, 2021
  - Term of Award Agreements - May 1, 2021- April 30, 2024

**Background:**

THDA anticipates the receipt of approximately \$14 million in federal 2021 HOME funds to implement eligible activities across Tennessee. THDA may combine this 2021 resource with any returned or leftover funds from earlier funding rounds as determined at the time of award.

All available funds will provide resources for homeowner rehabilitation, second mortgage for down payment and closing cost assistance, and the development of housing for sale to low- and moderate-income homebuyers.

All applications will be accepted and evaluated through THDA's Grants Management System. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted subject to all requirements in the approved Program Description.

Staff will provide information to the Committee and Board regarding 2021 HOME funding awards at the meetings that immediately follow the date of the awards.

**To review a full program description final copy or red-lined copy, please click on the following links:**

[https://thda.org/pdf/6a.-2021-HOME-Urban-Rural-Program-Description\\_Final.pdf](https://thda.org/pdf/6a.-2021-HOME-Urban-Rural-Program-Description_Final.pdf)

[https://thda.org/pdf/6b.-2021-HOME-Urban-Rural-Program-Description\\_Redlined.pdf](https://thda.org/pdf/6b.-2021-HOME-Urban-Rural-Program-Description_Redlined.pdf)



# Tennessee Housing Development Agency

Andrew Jackson Building Third Floor  
502 Deaderick St., Nashville, TN 37243

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

TO: THDA Board of Directors  
FROM: Cynthia Peraza, Director of Community Programs  
THROUGH: Don Watt, Chief Program Officer  
DATE: October 30, 2020  
SUBJ: 2021 Building Trades Demonstration Grant to the Tennessee Builders Education Foundation

## **Recommendation:**

THDA staff recommends the following:

- Allocate \$200,000 previously approved for the 2021 Challenge Grant Program to provide funding for a 2021 Building Trades Demonstration Grant. THDA did not award any of the \$500,000 in funding allocated to the 2021 Challenge Grant Program.
- Authorize a \$200,000 2021 Building Trades Demonstration Grant to the Tennessee Builders Education Foundation to support vocational training in building trades, promote the expansion of residential construction and pre-apprenticeship training, and offer certification and career placement for ex-offenders, high school students, and adults participating in partner programs in Shelby, Gibson, Fayette, and Henderson Counties.

## **Background:**

THDA funded a \$450,000 Building Trades Demonstration Grant in March 2019 after the Tennessee Builders Education Foundation, in partnership with The Homebuilders Institute, a 501(c)(3) entity founded by the National Association of Home Builders, presented a proposal to offer vocational training in the building trades in Shelby County Schools to help address the growing decrease in skilled construction labor force. The program was endorsed by the Shelby County Schools System and its curriculum was approved by the state Department of Education's Curriculum Review Panel. THDA recognized that its own program partners involved in homeowner rehabilitation, repairs, and weatherization programs communicated the same struggles in finding skilled trade workers to provide the essential improvements necessary to assist low- and moderate-income families enhance their housing stability.

THDA's initial investment into the program resulted in the enrollment of 151 students across three high schools in Shelby County. This new proposal will provide training to 371 individuals, including 33 ex-offenders.



THDA's initial interest in supporting this initiative stemmed from its statutory charge to support the homebuilding industry in Tennessee. While it is beyond THDA's mission to provide on-going operational support for such a program, and beyond THDA's financial capability to support such projects statewide, THDA saw value in offering this demonstration grant as a model for a future broader vocational training program funded by the state through its education budget. While the intent was to expand initial support through state funding, the financial impact of COVID-19 on the state has decreased opportunities to support this effort at this time. With the encouragement of the Governor's Office, THDA staff supports continued expansion of this effort.