



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

**Committee and Board Meeting Materials
November 15, 2022**



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: Ralph M. Perrey, Executive Director
SUBJECT: September Committee and Board Meetings
DATE: November 1, 2022

THDA Board Members –

We look forward to seeing you in Nashville November 15 for our final meeting of 2022, which also serves as THDA's Annual Meeting. As such, a number of items await your attention, including:

- Election of the Board Vice Chair;
- Establishing the 2023 Board meeting schedule;
- Review of the Official Statement; and
- Annual Information Security Update (new).

Because the single family mortgage finance program is both THDA's founding purpose and principal business, responsible for over 90% of the agency's revenue, we will offer an update and overview of our single family programs. This is especially timely as we expand our financing through the secondary mortgage market and will provide helpful background to those of you who do not work in the mortgage industry.

In addition, the following action items await your review:

- Authorization of Bond Issue 2023-1, reviewed first by the Bond Finance Committee.
- Approval of the 2023 Multifamily Tax Exempt Bond Program Description
- Approval of grant program descriptions for the 2023 HOME Urban/Rural round and the 2023 Emergency Solutions grants.

The Audit & Budget Committee will take up performance evaluations for Director of Internal Audit Gay Oliver. Both the Committee and the full Board will consider the annual evaluation of the Executive Director.

Please feel free to contact me if you have questions about any of the items in your board packet. Please contact Executive Coordinator Britny Booth if you need assistance with travel and lodging. See you on November 15.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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 Meetings Agendas

Tuesday, September 15, 2022 at 10 AM CST
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

SPECIAL PRESENTATION

“Single Family Mortgage Program Overview”

By Lindsay Hall, Chief Operation Officer Single Family Programs

Rhonda Ronnow, Director of Single Family Operations

Steve Fisher, Director of Capital Markets

Trebia Johns, Director of Loan Servicing

COMMITTEE AGENDAS

AUDIT & BUDGET COMMITTEE

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. Annual Performance Evaluation of the Director of Internal Audit (*)
2. Annual Performance Evaluation of the Executive Director (*)
3. Enterprise Risk Management Update
4. Analysis of Disclosure Report for Board Members
5. Analysis of Disclosure Report for THDA Staff

*Materials provided separately



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



BOND FINANCE COMMITTEE

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. Bond Issue 2023-1
2. CSG Contract Extension

GRANTS COMMITTEE

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. 2023 Emergency Solutions Grants Program Description
2. 2023 HOME Urban/Rural Program Description
3. Grant Extension Request – Gallatin Housing Authority – THTF-195-03

TAX CREDIT COMMITTEE

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. 2023 Multifamily Tax Exempt Bond Allocation Program Description
2. 22-801 Purdy Place Exchange Request



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



THDA Board of Directors Board Meeting Agenda
Tuesday, November 15, 2022 at 11 AM CST
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from September 27, 2022 meeting

B. Executive Director's Report

C. Annual Meeting Items:

1. Election of Vice Chair
2. Committee Assignments
3. 2023 THDA Board of Directors Meeting Schedule
4. 2023 Contact Information Update
5. Official Statement Review
6. Annual Information Security Update

D. Board Action Items

1. Annual Performance Evaluation of the Executive Director
2. Bond Issue 2023-1
3. CSG Contract Extension
4. 2023 Emergency Solutions Grants Program Description
5. 2023 HOME Urban/Rural Program Description
6. Grant Extension Request – Gallatin Housing Authority – THTF-195-03
7. 2023 Multifamily Tax Exempt Bond Allocation Program Description
8. 22-801 Purdy Place Exchange Request

E. APPENDIX

1. 2022 MTBA Round 3 and Supplemental Authority Allocations



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Board of Directors Meeting



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 Meeting Agenda

Tuesday, September 27, 2022 at 11 AM CT
Tennessee Room #2, Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

- A. Approval of Minutes from September 27, 2022 meeting
- B. Executive Director's Report
- C. Annual Meeting Items:
 - 1. Election of Vice Chair
 - 2. Committee Assignments
 - 3. 2023 THDA Board of Directors Meeting Schedule
 - 4. 2023 Contact Information Update
 - 5. Official Statement Review
 - 6. Annual Information Security Update
- D. Board Action Items
 - 1. Annual Performance Evaluation of the Executive Director
 - 2. Bond Issue 2023-1
 - 3. CSG Contract Extension
 - 4. 2023 Emergency Solutions Grants Program Description
 - 5. 2023 HOME Urban/Rural Program Description
 - 6. Grant Extension Request – Gallatin Housing Authority-THTF-195-03
 - 7. 2023 Multifamily Tax Exempt Bond Allocation Program Description
 - 8. 22-801Purdy Place Exchange Request
- E. APPENDIX
 - 1. 2022 MTBA Round 3 and Supplemental Authority Allocations



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
September 27, 2022

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday, September 27, 2022, at 11:22 AM CT in the Nashville Room of William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following board members were present in person: Chair, Matt McGauley, Rick Neal, Sara Queirolo (for Treasurer David Lillard), Alex Schuhmann (for Commissioner of F&A Butch Eley), Rob Mitchell, Austin McMullen, and Katie Armstrong (for Comptroller Jason Mumpower). Tennion Reed, Chrissi Rhea and John Snodderly were present telephonically. Those absent were: Secretary of State Tre Hargett, Todd Skelton, and Dan Springer.

Recognizing the need to conduct the meeting with members in person and on the phone, Chair McGauley called upon Chief Legal Counsel, Bruce Balcom, to read the Electronic Meetings 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/Board today require timely action and the physical presences for a sufficient number of members to constitute a quorum is not possible within the time frame in which action is required. Therefore, it is necessary for some members to participate via telephone. Committee/Board members participating by telephone were sent documents relevant to today's meeting.”

With a motion by Mr. McGauley and a second by Mr. McMullen, and a roll call vote with 10 ayes, a motion was approved to conduct the meeting in this manner.

Chair McGauley called the Board meeting to order and asked for consideration of the July 19, 2022, meeting minutes. Upon motion by Mr. McMullen and a second by Mr. Schuhmann, and a roll call vote with 10 ayes, the motion carried and the minutes were approved.

Chair McGauley then recognized Executive Director Ralph M. Perrey for his report. Mr. Perrey shared that:

- Knoxville has been awarded one of four Choice Neighborhoods grants by HUD. This \$30 million in federal funds, leveraged with funds from the City of Knoxville, will enable Knoxville to transform the Western Heights area. Just as THDA supported the South

City Choice Neighborhoods development in Memphis, the Agency will make the same multi-year commitment to Knoxville.

- THDA increased interest rates on our Great Choice mortgage loans this week. They are at 6.375% for loans financed through bond sales. Conventional rates are at 6.875% and 7.25%, depending on whether borrowers take advantage of down payment assistance. Given the tight income requirements on the Freddie Mac conventional product, THDA will see little opportunity to grow conventional business unless the GSE's provide a more flexible set of options for state housing finance agencies.
- While short supply and rising home prices have been the main drag on loan production this year, rapidly rising interest rates are now taking their toll, as well. A homebuyer with THDA's average size mortgage loan (\$210,000), is paying about \$400 per month more this year than they would have paid at last year's interest rates. That \$400 a month is enough to knock a number of potential THDA homebuyers out of the home buying market.
- The Tennessee Homeowner Assistance Fund has paid out over \$10.4 million to 885 homeowners, providing an average of \$14,000 per household to cover over-due mortgage payments. There are currently almost 900 applicants in process.
- On the Rent Relief side, THDA has disbursed not quite \$125 million on behalf of over 26,000 Tennessee households. There is over \$100 million left, some of which will be able to be used for other purposes. We will be reviewing options next month.

At the conclusion of Mr. Perrey's remarks, Chair McGauley then asked for motion to approve the Proposed Budget for Fiscal Year 20213-2024 as presented in the Audit and Budget Committee and outlined in the board materials. Presented as a motion and second from both the Audit and Budget and Bond Finance committees by Mr. McGauley and a roll call vote with 9 ayes the motion carried. Mr. Schuhmann abstained from voting on this action item.

Chair McGauley then asked Mr. McMullen for any recommended actions from the Grants Committee. Mr. McMullen, sighting the in-person or telephonic presence of all voting board members at the Grants Committee meeting asked if there were additional questions or additional discussions on any items present during the Grants Committee. Hearing none, Mr. McMullen presented as a motion and a second from the Grants committee, approval of the following items presented in the Grants Committee and outlined in the board materials:

1. Grant Extension Request - Crossroads Campus – THTF-19F-01
2. Grant Extension Request – Crossroads Campus – NHTF–19-01
3. 2022 THTF Eviction Prevention Pilot Program & Program Description
4. 2022 HOME Rental Development Program & Program Description
5. 2022 ARP-HOME Rental Development Program & Program Description

6. 2022 HOME CHDO Homeownership Development Program & Program Description
7. 2023 Weatherization Infrastructure Bill Grantee Submission Authorization
8. ESG CARES Act Supplemental Funding Distribution Methodology

Upon a roll call vote with 10 ayes, all 8 action items were approved.

Chair McGauley then asked for motion to approve the Project-Based Voucher Pilot Program as presented in the Rental Assistance Committee and outlined in the board materials. Presented as a motion and a second by the Rental Assistance Committee by Mr. McGauley and a roll call vote with 10 ayes, the motion carried.

Chair McGauley then asked for motion to approve 2023 Qualified Allocation Plan and the Amendment to the MTBA program as presented in the Tax Credit Committee and outlined in the board materials. Presented as a motion and a second for both items by the Tax Credit Committee by Mr. McGauley and a roll call vote with 9 ayes, the motion carried. Mr. Mitchell abstained from voting.

With no further business, the meeting was adjourned at 11:35 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 15th of November, 2022



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

2023 THDA Board of Directors Meeting Schedule

- Tuesday, January 24, 2023
- Tuesday, March 21, 2023
- Tuesday, May 23, 2023
- Tuesday, July 25, 2023
- Tuesday, September 26, 2023
- Tuesday, November 14, 2023

*The committee meetings will begin at 10am.

The board meeting will directly follow the committee meetings, starting no earlier than 11 am.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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: Nicole Lucas, Senior Director of Information Technology

SUBJECT: State of Cybersecurity

DATE: October 31, 2022

Pursuant to the revised FTC Standard for Safeguarding Customer Information, Part 314, issued in May of 2022, this memo shall serve as a the agency's written attestation that THDA complies with the guidelines set forth in that document and takes reasonable and careful measures to protect customer data both in transit and at rest. As such, this document will be provided at least annually to THDA's Board of Directors and will also include a brief narrative as the overall status of the agency's Information Security program and any material matters that have occurred in the calendar year.

THDA owns and operates its own independent LAN/WAN infrastructure and systems and has done such since 2007. The primary data center is housed at the agency's main downtown offices in the Andrew Jackson office building located at 502 Deaderick Street in Nashville, TN. A secondary site is located at TierPoint Data Center in Franklin, TN. Critical data and systems are replicated in real-time to the equipment at this site. Additionally, THDA maintains a primary and secondary Internet circuit at the Andrew Jackson and TierPoint locations for the purposes of redundancy and ensuring minimal to no interruption in any telecommunications services. During the calendar year 2022 THDA had no customer-impacting outages and maintained a network up-time of 99.9999%.

Each year since THDA has owned and operated its own network a penetration and/or vulnerability scan is performed by a 3rd party entity, procured either through an ITB process or with a vendor who already holds a State-wide contract for these same services. This year the penetration test was conducted by Dynetics, Incorporated who performs



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



similar services for the State of TN under an active Statewide contract. The results were very favorable and indicate THDA continues to take more than appropriate steps to adequately prevent unauthorized access to systems and protect customer data within the agency's network. The full Executive Summary is attached to this memo.

Jason Ronnow, Assistant Director of Information Technology, serves as the agency's official Information Security Officer and he and his team are tasked with securing the agency's most critical electronic resources, our customer data. To do so, several commercially available network monitoring and logging tools are used, many of which are configured to send real-time alerts based on pre-configured thresholds. Currently the agency's computing environment is still mostly on premise, meaning only a minimal cloud presence. In fact THDA does not host any servers or infrastructure in the AWS or Azure cloud. However, due to a shift in Microsoft's delivery of their email system, agency mail was moved to Microsoft 365 in January of 2022. Attached to this memo is a report from our Cisco email appliances outlining the volume and classification of emails that have been sent to and from the thda.org domain during 2022.

Cybersecurity training is conducted throughout the year, with various methods of communication and reminders sent via email and online training videos. THDA uses an industry-standard vendor to provide the online training services, which also provides extensive reporting and tracking such that we can easily ensure who has or has not completed mandatory training, who has fell victim to phishing emails, etc. Anyone who erroneously clicks a phishing link test or enters their credentials as part of a test must undergo additional training within a week of the incident. Failure to do so means they are reported to their management and appropriate disciplinary action can be taken for non-compliance. The content within all trainings is regularly updated and kept relevant to industry trends and general current threats.

There was, unfortunately, one security incident that occurred during this calendar year that is noteworthy. In the 2nd quarter of 2022 THDA was notified by its mortgage statement vendor, NewCourse Communications, that they had been the victim of a ransomware attack. Over the course of the ensuing months things unfolded to the point there was serious concern around a potential breach of THDA's borrower private information. THDA subsequently engaged its CyberInsurance provider of the situation and were assigned to work with Wilson Elser Moskowitz Edelman & Dicker LLP law firm in late June.

THDA and its assigned breach council continued to monitor the situation and kept in contact with NewCourse and their attorneys on developments with their forensic analysis. On September 13, 2022 Jason Ronnow confirmed that VMLS borrower information was leaked and consisted of the borrower's name, address, Social Security Number, loan



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



number, and all other information contained on their 1098 tax form. This data breach impacted approximately 35,423 borrowers. Wilson Elser have worked on THDA's behalf to ensure that a proper notice goes out to the affected borrowers and that borrowers will have access to identity theft and credit monitoring services for at least twelve (12) months. IDX, the data security incident and recovery services experts for NewCourse, will be providing identity protection services, CyberScan monitoring, a one million dollar (\$1,000,000) insurance reimbursement policy, and fully managed id theft recovery services at the expense of Newcourse. The mailings went out the week of October 17th.

THDA has taken prompt action to mitigate this security incident. The agency issued an Invitation to Bid in August in response to learning that Newcourse data had been compromised, and we are in the final negotiations with a replacement vendor to take over mailings beginning no later than January of 2023. Additionally, while THDA already has an established Vendor Management program, additional measures will be taken going forward for any vendor that processes or houses PII for THDA and all appropriate security protocols, certifications, and attestations will be verified with such vendors on an annual basis and at the outset of any contract or as part of any formal Request for Proposal or Invitation to Bid.

In the upcoming year the agency will be undergoing a SOC II Type I audit and may also start the SOC II Type II audit before the end of 2023. Much of 2022 was spent addressing recommendations and gaps from a Readiness Assessment conducted in 2021. This included updating and reviewing all agency security policies, establishing a Change Management policy and implementing corresponding procedures, preparing to launch an agency-wide Policy Management system, and establishing policy and procedure for Background Checks. A SOC attestation will provide THDA, its business partners, and auditing entities solid assurance that proper internal controls are in place regarding our information systems. In addition, the audit should attest that THDA has met all financial reporting requirements pertaining to internal controls of information systems.

I am always available for any questions you might have and can be contacted via email at nlucas@thda.org, agency phone at 615-815-2250, or my cell phone at 615-238-1815.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Adversarial Simulation Assessment Report

For

**Tennessee Housing Development Agency
(THDA)**

08 August 2022



Table of Contents

1	Executive Summary.....	3
2	Methodology.....	3
3	Limitations and Caveats.....	5
4	Technical Details	5
4.1	Noisy Web Application Vulnerability Scanning (Nikto).....	5
4.2	Web Application Enumeration Brute forcing (Gobuster)	6
4.3	Vulnerability Scanning (NMAP).....	7
4.4	Attempts to access internal resources from provided credentials.....	8
5	Phishing Assessment.....	8
6	Accolades	10
7	Recommendations	10
8	Contact Information.....	10

1 Executive Summary

An Adversarial Simulation (AS) was conducted by Dynetics from May 22 through June 24, 2022, against the infrastructure of the Tennessee Housing Development Agency (THDA), under the requirements of the Rules of Engagement (ROE) agreed upon by both THDA and Dynetics. As part of the assessment, the Dynetics test team executed adversarial (i.e., “hacking”) activities against the external THDA network and performed a social engineering attack through phishing attempts with THDA users.

The multilayered infrastructure defenses implemented by THDA performed well during this assessment. Technical controls such as mature web application security policies, strict spam filtering policies, strict application control policies, and multifactor authentication mechanisms prevented Dynetics testers from gaining a foothold into THDA’s network. Additionally, user security awareness and training prevented any compromise of credentials or THDA network resources during the social engineering phase of the assessment.

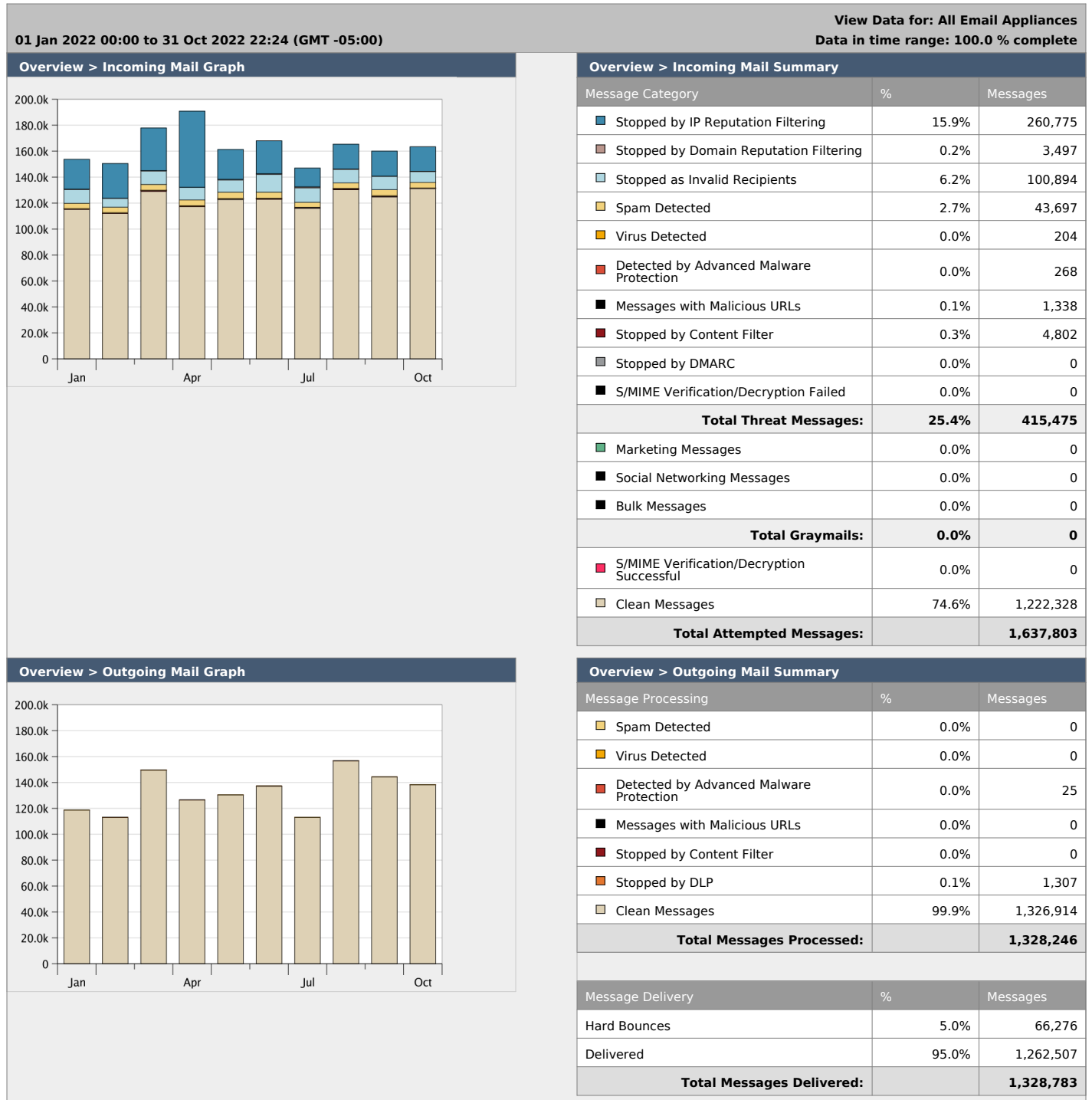
2 Methodology

An Adversarial Simulation (AS), commonly referred to as a “penetration test”, is conducted for an organization after other assessments (e.g., vulnerability, compliance, and controls assessments) have been completed to assess an organization’s security maturity. In our methodology, a Dynetics Elite Ethical Hacker acts as an adversary to test cybersecurity controls within the customer’s infrastructure to identify weaknesses in design and implementation, using various attack methods unique to both the internal and external side of the customer’s infrastructure. Multiple scenarios are executed using “threat-faithful” tactics and techniques employed by today’s adversaries. The primary focus of the exercise is customer detection of the threat and successful response.

All tactics and techniques used by Dynetics are mapped to the MITRE ATT&CK (Adversarial Tactics, Techniques & Common Knowledge) framework to test customer environments consistently and efficiently.

My Email Reports

NV-ESMA-01.thda.local





Audit & Budget Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Audit & Budget Committee Meeting Agenda

Tuesday, November 15, 2022 at 1000 AM CST
Tennessee Room #2 – Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. Annual Performance Evaluation of the Director of Internal Audit (*)
2. Annual Performance Evaluation of the Executive Director (*)
3. Enterprise Risk Management Update
4. Analysis of Disclosure Report for Board Members
5. Analysis of Disclosure Report for THDA Staff

*Materials provided separately

Committee Members:

Treasurer David Lillard (Chair)
Secretary Tre Hargett
Matt McGauley
Austin McMullen
Rick Neal
Chrissi Rhea



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE
September 27, 2022

Pursuant to the call of the Chairman, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, September 27, 2022, at 10:23 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Mathew McGauley (Board Chair); Sara Queirolo (for Treasurer David Lillard); Austin McMullen; and Rick Neal. Other Board Members present were: Katie Armstrong (for Comptroller Jason Mumpower); Robert Mitchell; and Alex Schuhmann (for Commissioner Jim Bryson). In addition, board members who were present but appearing telephonically but not voting were: John Snodderly, Chrissi Rhea and Tennion Reed.

Recognizing a quorum present, Chair McGauley called the meeting to order at 10:23 a.m. Central Time. For the first order of business, Chair McGauley called for consideration and approval of the July 19, 2022, Audit & Budget Committee Meeting Minutes. Upon motion by Mr. Neal, second by Mr. McMullen, and following a vote with all members identified as present voting “yes”, the motion carried to approve the July 19, 2022, minutes.

Chair McGauley indicated the next item for review was the process for the Audit and Budget Committee to conduct the Director of Internal Audit’s annual evaluation and the Board to conduct the Executive Director’s annual evaluation. The evaluations would come to each member as a Survey Monkey Survey. Chair McGauley indicated no action required at this time.

Chair McGauley recognized Mr. Trent Ridley, Chief Financial Officer, to present the THDA Budget for Fiscal Year 2023-2024. Upon completion of the presentation by Mr. Ridley, Chair McGauley called for a motion to approve the proposed budget for FY 2023-2024. Upon motion by Mr. Neal, second by Mr. McMullen and a vote with all members identified as present voting “yes”, the motion carried to approve the THDA Budget for Fiscal Year 2023-2024.

There being no further business, Chair McGauley adjourned the meeting at 10:35 AM CT.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit
Approved this 15th day of November, 2022.



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 Audit and Budget Committee

FROM: Gathelyn Oliver, Director of Internal Audit

SUBJECT: Review of THDA Enterprise Risk Management Report for 2022

DATE: October 31, 2022

Recommendation

Staff recommends the Audit and Budget Committee review the results of the Enterprise Risk Management process for 2022 to ensure that THDA has appropriate internal controls in place. This review should be noted in the Audit and Budget Committee minutes.

Key Points

While the Enterprise Risk Management process and accompanying reports contains a wealth of information, a key 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 and American Rescue Plan Compliance

The CARES Act and the American Rescue Plan were passed in response to the COVID-19 pandemic and have provided significant funding for THDA administered programs. Federally funded programs create significant compliance requirements for THDA. Staff training and program monitoring are in place to ensure compliance. Third party vendors have been contracted with to assist in administering programs. Controls have been developed to mitigate risks. More detail is included in the Community Programs, Single Family Loan Servicing and Mortgage Assistance and Compliance risk assessments.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Secondary Markets

THDA is currently offering a Freddie Mac conventional mortgage product and THDA has received approval to be a Ginnie Mae issuer. Time and effort continue to be allocated to planning, training and preparing for system implementation. THDA leadership continues to plan for and mitigate the inherent risk of entering a new market. 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. THDA also now has a number of external partners/vendors accessing customer Private Information. Annual penetration tests are performed to ensure security risks are addressed. More detail is included in the IT division risk assessment.

Vendor Management

As THDA relies more on third-party providers to support in conducting business activities, the risks that must be assessed and managed to ensure desired outcomes. If a third-party provider fails to perform as contracted or suffers its own unfortunate event or unethical practices. 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.

Background

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, 2022. A copy of the report is included with this memorandum for your review and approval. The supporting spreadsheet schedules were sent to the committee via email as a separate attachment.

Feel free to contact me with any questions or concerns.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

December 2, 2022

The Honorable Jim Bryson, Commissioner
Department of Finance and Administration
State Capitol
Nashville, TN 37243

And

The Honorable Jason Mumpower
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



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 Audit and Budget Committee

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

SUBJECT: Review of Potential Conflicts of Interest Disclosures

DATE: October 31, 2022

Recommendation

Staff recommends the Audit and Budget Committee review the analyses of Potential Conflicts of Interest Disclosures by THDA Staff, THDA Board Members, Voting Representatives, and Staff of Board Members who Deal Directly with THDA. This review should be noted in the Audit and Budget Committee minutes.

Key Points

We reviewed the disclosures made by all THDA staff, THDA Board Members, Voting Representatives, and Staff of Board Members who Deal Directly with THDA for the fiscal year beginning July 1, 2022. 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"). Board members and representatives completed the long form THDA Board Member and Designee Disclosure. The original responses are saved on THDA servers and are open for public inspection, upon written request, during regular THDA business hours.

Background

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. 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 and September 28, 2021 require that in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes.

Feel free to contact me with any questions or concerns.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: Audit and Budget Committee

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

DATE: October 31, 2022

SUBJECT: 2022 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, 2022. This year Board members completed the long form THDA Board Member and Designee Disclosure, (the “Disclosure Form”). 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 and September 28, 2021 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 Credit Program (LIHC), the Tax-exempt Multi-family Bond Authority Program (TEMFBA), the Tax Credit



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



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

The disclosure made by Ms. Tennion Reed represents a direct participation in a THDA program because she received financial assistance from the TN-HAF program. TCA §13-23-128(b) specifically outlines that if THDA members do have direct interest with the agency other than those described in subsection (a), such interest must be disclosed in writing and set forth in the official minutes of the agency, and such member must refrain from participation in any discussion or activity by the agency in connection with such business or contract.

None of the other 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 and September 28, 2021. 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	Jim Bryson	Tre Hargett
David Lillard	Austin McMullen	Rob Mitchell
Jason Mumpower	Chris Mustain	Rick Neal
Sara Queirolo	Chrissi Rhea	Todd Skelton
Sandi Thompson		

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.

Austin McMullen	Jason Mumpower	Chrissi Rhea
Todd Skelton		

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 3y, 6a and 6c) 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).



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Katie Armstrong	Tre Hargett	Chrissi Rhea
Todd Skelton		

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.

INDIRECT INTERESTS

4. (Questions 2, 3b, 3e, and 3h) 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, 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.
5. (Question 10) Mr. Austin McMullen disclosed possible indirect interests due to his being employed by a law firm that may represent THDA clients involved in THDA programs. Mr. McMullen is not aware of any specific relationships.
6. (Questions 3s) Mr. John Snodderly disclosed indirect interests due to his position with the LaFollette Housing Authority. Indirect interest in this category includes the LaFollette Housing Authority receiving rent relief for residents through the CVRR program. 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 2022 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. Jim Bryson – Personal banking relationships with financial institutions that may be THDA Originating Agents.
3. Mr. Tre Hargett – Personal banking relationships with financial institutions that may be THDA Originating Agents.
4. Mr. David Lillard – Personal banking relationship with financial institutions that may be THDA Originating Agents.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



5. Mr. Matt McGauley – None.
6. 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.
7. Mr. Rob Mitchell – Personal banking relationship with financial institutions that may be THDA Originating Agents.
8. Mr. Jason Mumpower – Personal banking relationship with financial institutions that may be THDA Originating Agents. Family member owns a real estate title company.
9. Mr. Chris Mustain – Personal banking relationship with financial institutions that may be THDA Originating Agents.
10. Mr. Rick Neal - Employed by a financial institution that may be a THDA Originating Agent. Employer is an investor and finances developments utilizing LIHTC, TEMFBA and CITC provided by THDA.
11. Ms. Sara Queirolo – Personal banking relationship with financial institutions that may be THDA Originating Agents.
12. Ms. Tennion Reed – Received mortgage assistance through the TN HAF Program.
13. 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.
14. Mr. Alex Schuhmann – None.
15. Mr. Todd Skelton - Family members are employed as licensed Realtors and could have clients that obtain THDA loans. Personal banking relationships with financial institutions that may be THDA Originating Agents. Personal and professional relationships with THDA board members and certain developers and nonprofits that may participate in THDA programs.
16. Mr. John Snodderly – Employed by a housing authority that receives CVRR payments for some residents.
17. Daniel Springer - None
18. Ms. Sandi Thompson – Personal banking relationship with financial institutions that may be THDA Originating Agents.

SUMMARY OF PROGRAM DISCLOSURES



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Mr. Rick Neal disclosed indirect and incidental interests in LIHTC, TEMFBA, CITC and PBCA.

Ms. Tennion Reed disclosed direct allowable interest in TN HAF.

Mr. John Snodderly disclosed indirect allowable interests in CVRR.

GLO/BB



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: Audit and Budget Committee

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

DATE: October 19, 2022

SUBJECT: 2022 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, 2022. 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 and September 28, 2021.

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

NO OUTSIDE EMPLOYMENT DISCLOSED



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



The following individuals disclosed no outside employment as of the date of their respective 2022 Disclosure Form:

Aaron Toran	Aaron Walker	Abdulkhalik Abdi	Adeel Farooqi
Alba Jofre	Aleisha Carr	Alex Wycoff	Alina Truta
Allison Moore	Amara Mattingly	Amy Newport	Angel Cooper
Angela Hall	Angela Martinez	Anita Lilly	Ann Salyers
Antoria Gore	Ashley Willis-Griffin	Belinda Williams	Berih Awala
Beverly Fears	Bill Lord	Breanna Luckadoo	Briana Gardner
Brianna Schoonover	Bridget Jackson	Britny Booth	Bruce Balcom
Carol Buyna	Caroline Miller	Carolyn Owens	Cassandra Ramsey
Cathey McClung	Cathy Salazar	Cherelle Hooper	Cheri Ballinger
Christina Wetzler	Christopher Marlin	Christy Hollingsworth	Chuck O'Donnell
Chuck Pickering Jr.	Clarissa Wyatt	Connie Smith	Connie Stone
Coresa Ramey	Craig Stevens	Crystal Stafford	Cynthia Buntin
Dallisa Kilcrease	Dani Brickman	Danna Wall Wright	Dareyl Adams
De' Antonio Johnson	Debra Murray	Debra Perkins	DeJuana Lyons
Denisha Buckner	Derrica McGill	Dharthia Chunduru	Dodi Hopkins
Don Watt	Donna Calahan	Donna Duarte	Ed Clawson
Ed Yandell	Eric Alexander	Eric Crabtree	Eric Hall
Erica Holloway	Erin Hardy	Erin Lord	Evelyn Finch
Evie Stocking	Fabiola Caferri	Felisha Nichols	Fredina Martin
Gary Goad	Haley McClain	Harry Symlar	Hayden Harville
Heather Reynolds	India Whatley	Iyona Toran	Jailyn Waugh
Jaime Fox	Jaime Talley	Janice Williams	Janiya Pillow
Jasmyn Howse	Jason Candido	Jason Mathews	Jason Ronnow
Java'e Bazemore	Jawon Lauderdale	Jayna Johnson	Jenia Tortora
Jeremy Heidt	Jeremy Lenckus	Jessica Davis	Jodi Smith
Joe Bethel	Joe Brown	Joshua Thomas	Juanita Hamilton
Julie Burnette	Julie Ezell	Justine Oti-Obilor	Kadija Bean
Kala Snyder-Banister	Karen Copeland	Karen Davis	Kathleen Norkus
Katie Ferguson	Katrina Brewer	Keisha Smith-Hill	Kelly Dobbs
Kelly Murph	Kenya Forrest-Douglas	Kenyatta Mundy	Kenyell Chalmers
Kenyell Peebles	Kerry Maloney	Kevin Rogers	Kim Davenport
Kimberly Otts	Kristy Allen	Kyle KasaKaitas	Kyle Kokes
LaMar Brooks	Langston Glass	LaToyia Moore	LeAnn Blankman
Leslie Frierson	Leslie Stephens	Linda Jones	Lindsay Kent
Lisa Shockley	Lisa Stover	LiSandra Vaughns	Lori Cannon
Lynn Stocker-Schmidt	Mandy Garman	Maree Emberton	Mario Benitez
Marquisha Griffin	Marva Hemphill	Mary Crutcher	Meg Palmer
Megan Webb	Melissa Clouatre	Melissa Staley	Mia Billingsley
Michael Kokodynsky	Michelle Lines	Monica Rutherford	Montrice Brown-Miller
Nadia Roldan	Narkeshia Stanton	Natasha McLaurine	Nicholas Roberson
Nicole Lucas	Nneka Onyirioha	Pam Norris	Patricia Matlock
Patrick Carmichael	Patrick Harrell	Precious Edmonds	Quentin Peters
Ralph M Perrey	Ranata Mattison	Rashia Holmes	Rebecca Scott
Rebekah Bicknell	Reggie Woodard	Rhonda Ellis	Rhonda Groves
Ricardo Moore	Robert Cline	Robert Kirtz	Robert Lucas
Ross Johnson	Russell Catron	Ruth Brown	Sandra Poarch
Sara Mosher	Sara Trice	Sarah Black	Sarah Turner-Brooks
Sarita Hafford	Scott Holden	Selena Jenkins	Semoine Pearson
Shameka Young	Shana Dotson	Shannon Ward	Sharayah Carter



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Sharon Putnam	Sheila Gunsell	Shelby Walls	Sheila Crunk
Sheniece Daphness	Sherri Demonbreun	Sierra Searcy	Stella Williams
Steve Fisher	Tammy Walker	Tasha Overton	Tasheka Verser
Taveion McCutcheon	Terry Montgomery	Tim Robichaud	Timothy James
T'Keyah Chandler	Tomas Rivera-Colon	Toni Shaw	Tonisha Howard
Tonja Wheeler	Tony White	Toumie Parrot	Trebia Johns
Trent Ridley	Trish Moon	Vanessa Dowdy	Wendee Luman
William Hereford	Yvonne Hall		

INCIDENTAL INTERESTS

- (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 2022 Disclosure Form:

Alfreda Wilcox	Alonzo Davis	Amber Martin	Beth Pugh
Charity Williams	Christa Lannom	Courtney Carney	Cynthia Peraza
Daniel Morgan	Darrell Robertson	Denise Hutchinson	Donessa Rhodes
Doreen Graves	Dwayne Hicks	Emily Kelley	Felita Hamilton
Gay Oliver	Gwendolyn Coffey	Harriet Nolen-Bonds	Heather Johnson
Hillary Craig	Hulya Arik	Janie Pekanyande	Jeboria Scott
Josh McKinney	Julie Ridenour	Katie Moore	Kendra Love
Kimberly Green	Krystian Sanders	LaFonda Rogers	Larisa Stout
Laura Swanson	Lindsay Hall	Lisa Webb	Mike Costa
Nekishia Potter	Nicole Drinkwater	Nikki Finley	Rachel Agee
Rebecca Anderson	Regina Frasier	Rhonda Ronnow	Sarah Sisler
Shari Messer	Shawn Jackson	Sherry Folk	Stephanie Bounds
Stephen Chinique	Tanya Jackson	Tara Hereford	Ted Kindig
Velma Jackson	Wayne Beard	Wendy Weaver	Wes Bunch
Yasmine Owens	Zelinka 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.

- (Question 4, 5, 10, & 17) 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	Larisa Stout		
-------------------	--------------	--	--

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.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



3. (Questions 8) The following individual 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:

Toni Shaw			
-----------	--	--	--

According to the Staff Disclosure Policy, the disclosures made by the individual 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 13) The following individuals disclosed that they have THDA loans:

Angel Cooper	Eric Crabtree	Erin Hardy	India Whatley
Jessica Davis	Meg Palmer	Timothy James	William Hereford

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 10, 17) Ms. Danna Wall Wright disclosed that she has a close friend at Royal Properties that manages Lexington Square Apartments, a PBCA property. She also disclosed that she has a close friend that works for Envolve Property Management that oversees LIHC properties. The staff member should refrain from discussion with other staff and participation in matters relating to these entities.
3. (Question 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. His license is active only to be used to stay on top of market conditions and changes in the industry as it relates to his duties.
5. (Questions 17) Ms. Erin Lord disclosed her step-mother, Ms. Kristin Lord, is an Executive Assistant at Murfreesboro Housing Authority.
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.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



7. (Question 12) 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. (Question 12) Ms. Rhonda Ronnow disclosed she has her NMLO 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 NMLO license.
9. (Question 12) 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. (Question 4) Ms. Karen Copeland disclosed that she has applied for and been approved for assistance with the Homeowner's Assistance Fund (HAF) program.
11. (Question 4) Ms. LaFonda Rogers disclosed she has rental property and a tenant in the rental property received COVID-19 Rent Relief through KCDC.

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:

Aaron Toran	Bill Lord	Darrell Robertson	Denise Hutchinson
Erin Lord	Iyona Toran	Jason Ronnow	Nicole Lucas
Rhonda Ronnow	Robert Lucas	Tanya Jackson	Tara Hereford
Toni Shaw	William Hereford		

2. (Question 4 & 14) The following individuals disclosed that relatives or close associates have THDA loans:

Leslie Frierson	Rebekah Bicknell	Ruth Brown	Tara Hereford
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 5, 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:

Amber Martin	Christy Hollingsworth	Lori Cannon	Mary Crutcher
--------------	-----------------------	-------------	---------------



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Narkeshia Stanton	Velma Jackson	Yvonne Hall	
-------------------	---------------	-------------	--

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.

4. (Questions 5, 12, & 17) The following individuals disclosed that family members own stock in, or are employed by financial institutions that may be THDA Originating Agents, or who otherwise may do business with THDA:

Dwayne Hicks	Gathelyn Oliver	Katie Moore	Meg Palmer
Michelle Lines	Patricia Matlock	Rebekah Bicknell	
Yvonne Hall			

These individuals should have no direct responsibility for originating or servicing loans from family members' financial institutions if the family members are directly responsible for origination functions. Other THDA staff members should handle these loans.

5. (Questions 5, 12, & 17) The following individuals disclosed that family members are Realtors, builders, contractors or otherwise involved in housing that could be sold to persons obtaining or attempting to obtain financing through THDA:

Ashley Willis-Griffin	Gathelyn Oliver	Katie Moore	Larisa Stout
Patricia Matlock	Rebekah Bicknell	Yvonne Hall	

Under the Staff Disclosure Policy, these interests are considered indirect, therefore, specific disclosure and non-participation is required.

6. (Questions 4, 5, 11, & 17) The following individuals disclosed other indirect interests of a family member as noted:

Ms. Hulya Arik – Husband, Murat Arik, is the Director for the Business & Economic Research Center (BERC) at MTSU. The center has a contract to prepare Quarterly Tennessee Housing Market Report for THDA. Ms. Arik is not involved with any activities related to this contract.

Mr. Josh McKinney – Wife, Becky McKinney, has joined Holston Habitat for Humanity as a member of the board.

Ms. Yvonne Hall – Sister is employed by HomeSource of East TN and works in the rental department.

Mr. Bruce Balcom – Stepson, Wolfgang Wozniak, resides in Ryman Lofts, a tax credit property.

Ms. Dallisa Kilcrease – Sister-in-law resides in Trevecca Towers.

Ms. Lindsay Kent – Parents received assistance from the COVID Rent Relief Program.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Ms. Amy Newport – Husband, Michael Newport, is a Parole Hearings officer for the Board of Parole. THDA processes TDOC funding for ex-offenders in the Re-Entry Housing Program (RHP).

Ms. LeAnn Blankman – Her brother-in-law received funds from the COVID Rent Relief Program.

Mr. Bill Lord – Spouse, Kristin Lord is the Executive Administrative Assistant, Murfreesboro Housing Authority.

Under the Staff Disclosure Policy, these interests are considered indirect, therefore, specific disclosure and non-participation is required.

One employee, Ms. Chasidy Richardson, is out of the office on extended leave. The disclosure will be requested upon return to work.

FEDERAL PROGRAMS

As noted above, several THDA staff members disclosed interests of family members under the Section 8 Program that may rise to the level of a conflict under the Section 8 regulations for which a waiver may be needed. A determination will be made as to whether a waiver is needed and, if so, one will be requested.

GLO/BB



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Bond Finance Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Bond Finance Committee Meeting Agenda

Tuesday, November 15, 2022 at 1005 AM CST
Tennessee Room #2 – Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. Bond Issue 2023-1
2. CSG Contract Extension

Committee Members:

Matt McGauley (Chair)
Commissioner Jim Bryson
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
September 27, 2022

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, September 27, 2022, at 10:35 AM CT at the William R. Snodgrass Tennessee Tower, Nashville Room, 312 Rosa Parks Blvd; Nashville, TN 37243.

The following Committee members were present in person: Mathew McGauley (Board Chair); Sara Queirolo (for Treasurer David Lillard); Alex Schuhmann (for Commissioner Jim Bryson); and Katie Armstrong (for Comptroller Jason Mumpower). Other Board Members present were: Robert Mitchell; Rick Neal; and Austin McMullen. In addition, board members who were present but appearing telephonically were: John K. Snodderly; Chrissi Rhea and Tennion Reed.

Recognizing a quorum present, Chair McGauley called the meeting to order at 10:35 a.m. Central Time. For the first order of business, Chair McGauley called for consideration and approval of the July 19, 2022, Bond Finance Committee Meeting Minutes. Upon motion by Mr. Schuhmann, second by Ms. Armstrong, and following a vote with all members identified as present voting “yes”, the motion carried to approve the July 19, 2022, minutes.

Chair McGauley indicated the next item for consideration was the Proposed Budget for Fiscal Year 2023-2024. Chair McGauley asked if there were any questions regarding the proposed budget. Seeing no further discussion, Chair McGauley called for a vote to approve the Proposed Budget for FY 2023-2024. Upon motion by Ms. Armstrong, second by Ms. Queirolo and a vote with Mr. Schuhmann abstaining from the vote and all remaining members identified as present voting “yes”, the motion carried to approve the Proposed Budget for Fiscal Year 2023-2024.

There being no further business, Chair McGauley adjourned the meeting at 10:37 AM CT.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 15th day of November, 2022.



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 Bond Finance Committee, THDA Board of Directors

FROM: Bruce Balcom, Chief Legal Counsel

SUBJECT: Bond Issue 2023-1

DATE: November 15, 2022

Recommendation

Approval of the Plan of Financing by the Bond Finance Committee, with recommendation to the Board to approve, and subsequent Board approval, of the Authorizing Resolution, including the form of the Supplemental Resolution, and the Reimbursement Resolution.

Key Points

It is anticipated that THDA will need new bond proceeds sometime around March 1, 2023. Pricing will occur sometime around that date with the expectation of closing before the end of April.

Background

Attached please find the following documents in connection with the requested authorization of the THDA bond issue, Issue 2023-1:

1. Memo from CSG Advisors Incorporated ("CSG") recommending authorization in the maximum principal amount of \$200,000,000 for a bond issue under the General Residential Finance Program Bond Resolution adopted in 2013. Staff expects this bond issue to be priced at the earliest in February 2023 and closed not later than June 2023. The final size and structure will be determined by the Authorized Officer.
2. THDA Plan of Financing for Issue 2023-1 Residential Finance Program Bonds, which the Bond Finance Committee will be asked to approve.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



3. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing the Issuance and Sale of Residential Finance Program Bonds, Issue 2023-1, that includes the form of Supplemental Resolution for Issue 2023-1 and that authorizes the referenced bond issue and delegates authority to the Authorized Officer to determine all final terms and conditions. The Bond Finance Committee will be asked to recommend this resolution and the transaction to the THDA Board of Directors. The full supplemental resolution can be found on line at: <https://thda.org/pdf/2023-1-Form-of-Supplemental-Resolution.pdf>
4. Resolution of the Board of Directors of the Tennessee Housing Development Agency Authorizing Reimbursement of THDA from Proceeds of Issue 2023-1 in an amount not to exceed \$50,000,000. The Bond Finance Committee will be asked to recommend this resolution to the Board of Directors.

COMPLIANCE WITH THDA DEBT MANAGEMENT POLICY

Issue 2023-1 complies with the Tennessee Housing Development Agency Debt Management Policy adopted on November 28, 2011, as amended (the “Debt Management Policy”). In particular, Issue 2023-1 complies with the Debt Management Policy as follows:

Part III - by allowing THDA “...to maintain a steadily available supply of funds to finance its mortgage loan programs at cost levels that provide competitive, fixed interest rate mortgage loans that benefit low and moderate income families, while maintaining or improving THDA’s overall financial strength and flexibility...”

Part VIII - the issuance of this debt will not cause THDA to exceed the statutory debt limit contained in TCA Section 13-23-121, assuming the bill currently on the Governor’s desk is not vetoed.

Part X - the factors and items listed to be considered in planning, structuring and executing a bond issue have been and will be considered as planning, structuring and executing this bond issue moves forward.

Part XIV - serial bonds, terms bonds and PAC bonds are being considered for the structure of the bond issue.

Parts XV – authorization of a potential refunding component is expected to result in present value savings and/or preserve volume cap and will further THDA program objectives of providing competitive, fixed interest rate mortgage loans that benefit low and moderate income families.

Parts XVIII, XIX, XX and XXI are not applicable as authorization requested for Issue 2023-1 does not include interest rate and forward purchase agreements, conduit debt, or variable rate debt.



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

[THDA.org](https://thda.org) - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



MEMORANDUM

TO: THDA Board of Directors and THDA Bond Finance Committee

FROM: Tim Rittenhouse, David Jones, and Eric Olson

SUBJECT: Bond Issue Authorization Recommendation

RE: Residential Finance Program Bonds, Issue 2023-1

DATE: October 31, 2022

Executive Summary

- CSG recommends that the THDA Board of Directors and THDA Bond Finance Committee authorize a \$200 million Issue 2023-1 under the Residential Housing Finance Program Bond Resolution as new money bonds to fund THDA's qualified Great Choice mortgage loan pipeline as well as potentially its non-qualified mortgage loan pipeline. The exact issue size will be evaluated closer to the bond sale date based on THDA's mortgage pipeline and interest rates at the time.
- Issue 2022-3 closed on October 27, 2022, and 32% of the initial lendable proceeds have already been committed.
- Issue 2023-1, if authorized, is expected to be sold sometime in early 2023 and could include both non-AMT bonds and potentially taxable bonds to fund THDA's non-qualified conventional loan production.

Background

On October 27th, THDA closed its \$160 million Residential Finance Program Bonds, Issue 2022-3 (Non-AMT). 32% of the funds initially available for purchasing new loans have been obligated.

Once the Issue 2022-3 proceeds are fully originated, THDA would purchase mortgage loans using available THDA funds, expecting that such advances will be reimbursed with proceeds of Issue 2023-1. Based on current projections, staff expects THDA has sufficient available funds on hand to continue purchasing mortgage loans through the anticipated closing of Issue 2023-1, assuming a closing sometime in the first few months of 2023.

THDA's outstanding Homeownership Program Bonds, Issue 2013-1 and Issue 2013-2 are optionally redeemable at par on January 1, 2023. These bonds may be refunded by Issue 2023-1 anytime under a

common plan of finance with the “new money” portion of the Issue 2023-1 transaction, however, based on current bond rates, neither issue is economically beneficial to refund. As the anticipated date of pricing draws closer for the Issue 2023-1 bonds, the merits of refunding the Issue 2013-2 bonds will be further evaluated.

Proposed Sizing and Structure

Authorizing a bond issue of not to exceed \$200 million is expected to allow THDA to continue purchasing mortgage loans through the spring of 2023 and perhaps beyond. The ultimate size of the issue will depend on mortgage loan demand until pricing, on interest rates, whether a refunding of the Issue 2013-2 bonds is beneficial, and on an assessment of negative reinvestment costs (the cost of investing bond proceeds at lower interest rates than the bond interest rate before the proceeds can be used to purchase mortgage loans).

After Issue 2022-3, THDA has unused volume cap carried forward from 2020 totaling approximately \$474 million that must be used by December 31, 2023. Including potential replacement refunding of non-AMT bonds, Issue 2023-1 is expected to mostly consist of non-AMT bonds, given the amount of 2020 carry forward volume cap that will expire if not used. In addition to non-AMT bonds to fund THDA’s qualified loan production, the structure will be evaluated as to whether it would be advantageous to include taxable bonds to fund THDA’s non-qualified conventional loans. THDA currently sells all of its non-qualified loan production into the to-be-announced (“TBA”) market, however, prices for loans in the TBA market have been drastically affected by the rise in rates and the Federal Reserve’s reduction of its mortgage-backed security holdings. Funding non-qualified loans with taxable bonds could allow THDA to significantly lower non-qualified mortgage loan rates for non-first-time homebuyers. We plan to explore the possibility of including taxable bonds in the Issue 2023-1 structure.

Based on current market conditions and investor appetite, structuring Issue 2023-1 to include planned amortization class bonds (“PACs”) to be sold at a premium would significantly lower the issue’s bond yield. PACs are often priced at a premium and most frequently designed with an expected five-year average life, assuming future prepayment speeds over a broad range. Prepayments up to 100% PSA would be directed first to redeeming the PACs until they are completely retired. Due to the projected short and stable average life and the high coupon on the PACs, institutional investors accept much lower yields than for conventional term bonds with the same maturity.

A possible concern with the use of PACs is that actual prepayments could occur at a sustained speed slower than 100% PSA, causing the PACs to remain outstanding longer than projected and potentially extending the period during which THDA would pay the high coupon on these bonds. However, THDA’s average historical prepayment speeds as well as recent prepayment speeds are greater than 150% PSA. Also, if the actual sustained prepayment speed is less than 100% PSA, at its option THDA could choose to redeem the PACs up to 100% PSA experience with other available funds in order to maintain the short average life of the PACs.

Three alternative bond structures are shown in Exhibit A and summarized below. In each case after calculating an estimated bond yield, the spread for tax compliance purposes between the mortgage loan yield and the bond yield was determined. Then, the amount of zero participation loans needed to achieve a tax-exempt yield spread of 1.125% was computed, based on current bond market interest rates and THDA’s mortgage rates.

- **Scenario 1** shows a level-debt issue with no PAC bonds and a tax-exempt yield spread of 1.477%. \$11.275 million of zero participation loans would be created to bring the issue down to 1.125% spread.

- **Scenario 2** includes PAC bonds, with the PAC bond repayments spread throughout the overall maturity structure of the issue. The lower yield on the PAC reduces the overall bond yield by approximately 0.09%. This results in an aggregate yield spread of 1.562%. \$13.90 million of zero participation loans would be created to bring the issue down to 1.125% spread.
- **Scenario 3** also includes PAC bonds, but with the scheduled PAC repayments fully back-loaded within the overall maturity structure of the issue. Compared to Scenario 2, this lowers the overall bond yield by 0.06%. This results in an aggregate yield spread of 1.626%. \$15.81 million of zero participation loans would be created to bring the issue down to 1.125% spread.

Each of the scenarios summarized above and listed in Exhibit A assumes mortgage rates of 6.75% and 6.25%, respectively, for future Great Choice and Homeownership for the Brave loan originations, without funding any existing pipeline of loans at past rates. Throughout 2022, both bond rates and mortgage rates have increased quite rapidly and remain subject to additional adjustments until the pricing date of the bonds and beyond. For these preliminary scenarios, we have not shown any premium non-callable serial bonds, however we will evaluate their benefits in subsequent analysis.

With the recent issuance of the Issue 2022-3 bonds and based on current lending rates, THDA has approximately \$84 million in zeros that can be used to subsidize new bond issues, such as Issue 2023-1. The amount of zero participation loans that THDA accumulated helps mitigate for THDA the risk of higher bond rates on future transactions, particularly with fewer economic refunding opportunities over the next few years than in the recent past as well as higher current interest rates that could reduce the attractiveness of economic refunding opportunities.

As the financing is developed, production needs will be refined, and as the proposed pricing date approaches, CSG will continue to evaluate the benefits of including PACs and other premium or discount bonds, or super-sinker bonds, to assess if further refinement of the structure could offer improvement in the pricing of Issue 2023-1.

Issuing the Issue 2023-1 Bonds under the 2013 General Resolution avoids a state moral obligation pledge on the bonds.

Method of Sale

In the current market for housing bonds THDA will continue to benefit from offering its bonds via negotiated sale, rather than by competitive bid. Factors favoring a negotiated sale include:

Retail Sales / In-State Selling Group – THDA has enjoyed strong demand for its bonds among Tennessee retail investors with retail buyers often helping to set prices for institutions. Underwriting syndicate members with strong in-state marketing and distribution networks for bonds to retail investors have been an important component of support for THDA's issues. Bonds not subject to the AMT have been and are expected to continue to appeal to retail investors. The presence of selling group members, who only earn a fee on bonds they sell, helps assure that competitive forces work in THDA's interest during a negotiated sale. When housing bonds are sold via competitive bid, the winning bidder has little time or incentive to market bonds to retail investors or to involve smaller Tennessee-based broker-dealers. THDA's practice of elevating a top-performing member of the selling group to co-manager status on the next offering has reinforced retail support.

Market Volatility – A competitively bid bond issue requires that the timing and, to a significant extent, the final bond structure be established well in advance of the bid date. Continued market volatility makes it unlikely THDA could structure its bonds to obtain the lowest possible cost of debt in advance of pricing.

A negotiated sale provides flexibility to price on shorter notice, to adjust the bond structure through the pricing period in response to market factors and investor indications, or to delay or accelerate the pricing as conditions warrant.

Complexity and Credit – While investors are familiar with bonds issued by housing finance agencies, a negotiated sale provides greater opportunity to communicate with investors about the more complex structure, program experience, and the credit features of THDA’s bonds.

Bond Structure – Though Issue 2023-1 is expected to be relatively straightforward for a traditional housing bond, it may be desirable to make changes to the structure close to the time of the bond sale in order to cater to the interests of certain investors, such as those interested in the PACs, to add additional maturities or features, or to use bonds priced at a premium or discount (such as lockout premium serial bonds as recently utilized). A negotiated sale facilitates greater flexibility to make structural changes, as reflected in a number of THDA’s offerings in which negotiated long-dated serial bonds allowed THDA to realize savings versus the higher cost of an intermediate term bond.

Pricing Oversight – THDA’s policies and practices for negotiated bond sales – including the review of co-manager price views, consensus scales, comparable pricings, historic and current spreads, other current market data, and concurrent monitoring by the Division of State Government Finance and CSG – provide THDA with the basis for confirming that its bonds are priced fairly at time of sale. In advance of the offering CSG also provides a pre-pricing memo with information related to general bond market conditions, the housing bond market, and projected interest rate levels based on recent housing bond issues, previous THDA offerings, and pending statistical releases. In order to manage incentives for the syndicate members and investors, CSG also advises on syndicate rules and procedures, proposed holdbacks of specific maturities, and allotments of bonds.

Current Market Conditions

Economic news in 2022 has largely been dominated by escalating concerns about inflation. At 8.3% in September, the CPI continues to soar near its highest level in 40 years. To combat such inflation, the Federal Reserve is rapidly raising the federal funds rate, including by 0.75% (the largest single-meeting jump in decades) in July, August, and September. Consensus expectations are that the Fed will increase short-term rates by more than 400 basis points in 2022. As important as these increases in the short-term federal funds rate are, the Fed’s indication of its intent to sell off some of its balance sheet holdings of US Treasuries and MBS is further raising long-term rates. Despite the increased rate environment, the overall fixed income markets and the municipal bond market have continued to function and provide access to markets for bond issuers.

Recommendations

CSG Advisors recommends that the THDA Board of Directors and THDA Bond Finance Committee:

- Authorize the sale and issuance of Residential Finance Program Bonds, Issue 2023-1, with a par amount not to exceed \$200 million;
- Delegate to the Authorizing Officer authority to:
 - Establish the principal amount of Issue 2023-1;
 - Establish the structure, sub-series and pricing schedule of Issue 2023-1, including the potential issuance of taxable bonds to fund THDA's non-qualified loan production;
 - Approve fixed-rate serial and term bonds in any combination with maturities no longer than 32 years; and
 - Refund any combination of bonds that are optionally callable, based upon projected benefits under market conditions at the time of sale.
- Based on current market conditions and for the reasons described above, authorize Issue 2023-1 via a negotiated sale; and
- Select Raymond James to serve as book-running senior manager for Issue 2023-1, in view of the continuing value they have provided as a member of THDA's underwriting syndicate. (See our Underwriter Recommendation Memo for additional information.)

EXHIBIT A:
PRELIMINARY STRUCTURING ANALYSIS

EXHIBIT A: STRUCTURING SCENARIOS

Tennessee Housing Development Agency Issue 2023-1

As of 10/28/22, for Bond Authorization Recommendation Memo

		1		2		3	
				PAC			
		No		Throughout		PAC Fully	
Key Structuring Variables		PAC		Maturity		Backloaded	
Great Choice Loan Rate		6.75%		6.75%		6.75%	
Including PAC Bonds		No		Yes		Yes	
PAC Bond Maturity Years		N/A		2023 - 2054		2049 - 2054	
Bond Series and Amounts							
New Money	Non-AMT	200,000,000		200,000,000		200,000,000	
Bond Structure (at full yield spread)							
Non-AMT	Coupon / Yield						
Par Serials	3.100% - 4.800%	50,520,000	25%	33,830,000	17%	48,960,000	24%
7/1/2038 Term	4.950%	16,350,000	8%	10,950,000	5%	15,835,000	8%
7/1/2043 Term	5.200%	33,390,000	17%	22,360,000	11%	32,315,000	16%
7/1/2048 Term	5.350%	43,290,000	22%	29,000,000	15%	41,925,000	21%
7/1/2053 Term	5.400%	56,450,000	28%	37,810,000	19%	6,315,000	3%
1/1/2054 PAC Term	6.00% / 4.64%	-	0%	66,050,000	33%	54,650,000	27%
Total		200,000,000	100%	200,000,000	100%	200,000,000	100%
Yields If No Loan Participations In or Out							
Mortgage Yield		6.634%		6.634%		6.634%	
Bond Yield		5.157%		5.071%		5.008%	
Yield Spread		1.477%		1.562%		1.626%	
GC Loan Rate to Achieve 1.125% Yield Spread		6.39%		6.30%		6.24%	
Loan Particip. to Achieve 1.125% Yield Spread							
0% Loans (Consumed) from Past Issues		(5,305,000)		(5,305,000)		(5,305,000)	
0% Loans Created from 2023-1		16,580,000		19,205,000		21,115,000	
Net Zero Percent Loans (Consumed) / Created		11,275,000		13,900,000		15,810,000	
New Volume Cap Needed							
2023-1 (Non-AMT)		200,000,000		200,000,000		200,000,000	
Plus PAC Premium		-		3,897,611		3,235,280	
Total		200,000,000		203,897,611		203,235,280	
Added Ratings Stress from Backloaded PAC		Not applicable		Not applicable		19,300,000	

MEMORANDUM

TO: THDA Bond Finance Committee, Division of State Government Finance, and THDA

FROM: David Jones, Tim Rittenhouse, and Eric Olson

SUBJECT: Underwriter Recommendation
Residential Finance Program Bonds, Issue 2023-1

DATE: October 31, 2022

Background

In January 2018, THDA's Bond Finance Committee selected the current underwriting team consisting of co-senior managers Citigroup, Raymond James, and RBC; co-managers JP Morgan and Wells Fargo, with a third co-manager position to be filled by a selling group member based on performance on THDA's prior bond issue. In October 2020, the Bond Finance Committee extended the team's term through calendar year 2021, and to accommodate the current underwriter selections, the recent underwriting team is expected to be used for Issue 2023-1.

The purpose of this memo is to recommend firms to serve on THDA's Issue 2023-1 as:

1. book-running senior manager; and
2. elevated selling group member.

1. Book-Running Senior Manager

Table 1 shows the firms that served as book-running senior managers on THDA's recent bond issues.

TABLE 1: BOOK-RUNNING SENIOR MANAGERS, RECENT THDA BOND ISSUES

Bond Issue	Par Amount of Bonds Issued	Book-Running Senior Manager
2020-1	\$ 200,000,000	Citigroup Global Markets
2020-2	108,500,000	Raymond James
2020-3	145,000,000	RBC Capital Markets
2020-4	145,000,000	Citigroup Global Markets
2021-1	149,990,000	Raymond James
2021-2	99,990,000	RBC Capital Markets
2021-3	170,000,000	Citigroup Global Markets
2022-1	175,000,000	Raymond James
2022-2	149,990,000	RBC Capital Markets
2022-3	160,000,000	Citigroup Global Markets

Rather than select the book-running senior manager based on a fixed rotation, following the 2018 underwriter selection by the Bond Finance Committee, the book-running senior manager is selected from among the two firms who did not serve as the senior book-running manager on the last bond issue, based on criteria as determined by the Bond Finance Committee in consultation with the Comptroller's Office and CSG. As always, the Bond Finance Committee reserves the right to adjust the rotation or the factors to be considered at any time and for any reason. Measures of a senior manager's performance include, but are not limited to, the following:

- Bond distribution performance,
- Pricing aggressiveness,
- Ultimate execution of the sale,
- Flexibility,
- Ability to attract new investors,
- Secondary market support,
- Idea generation,
- Syndicate management,
- Willingness to underwrite unsold bonds,
- Offering of additional credit resources (lines of credit, etc.)

Raymond James continues to perform very well when selected as the book-running senior manager, evidenced by aggressive pricing of Issue 2022-1, the last issue Raymond James senior-managed for THDA. When senior managing prior issues, the firm has shown a willingness to work the order book diligently, price bonds aggressively, and underwrite unsold bonds when necessary. In recent months, Raymond James continues to successfully manage and achieve good pricing results for other housing finance agencies.

Given their continued performance as an underwriter of municipal housing bonds, we recommend that Raymond James serve as book-running senior manager for Issue 2023-1.

2. Elevated Selling Group Member

The following table shows the retail performance of each selling group member for Issue 2022-3, including Wiley Brothers - Aintree which acted as the third co-manager.

TABLE 2: RETAIL ORDERS AND ALLOTMENTS BY MEMBER: ISSUE 2022-3 (thousands)

Selling Group Member	Retail Orders	Final Allotments
Wiley Brothers - Aintree	\$ 14,550	\$ 11,495
RW Baird	10,220	6,590
Duncan Williams	1,250	1,250
UBS	950	850
FHN Financial	100	100
Total	\$ 27,070	\$ 20,285

Excluding member orders.

Based on final retail allotments on Issue 2022-3, Wiley Brothers - Aintree qualified to be the selling group member elevated to co-manager for THDA's Issue 2023-1.

A summary of the orders and final allotments for each of the last three bond issues is provided as Exhibit A.

**EXHIBIT A: SUMMARY OF FINAL ORDERS AND ALLOTMENTS,
LAST THREE BOND ISSUES**

THDA UNDERWRITER PERFORMANCE SUMMARY – 2022-1, 2022-2, and 2022-3 (\$ thousands)

	2022-1 (RJ lead, Baird co) 175,000		2022-2 (RBC lead, Baird co) 149,990		2022-3 (Citi lead, Wiley co) 160,000		Combined 2022-1 to 2022-3 484,990	
	Orders	Allot- ments	Orders	Allot- ments	Orders	Allot- ments	Orders	Allotments
Citigroup								
Tennessee Retail	375	375	1,755	1,030	10,320	5,185	12,450	6,590
National Retail	2,505	2,080	11,970	4,190	6,905	4,470	21,380	10,740
Net Designated	0	0	0	0	299,385	86,435	299,385	86,435
Member	15,000	0	0	0	0	9,955	15,000	9,955
Total	17,880	2,455	13,725	5,220	316,610	106,045	348,215	113,720
Raymond James								
Tennessee Retail	9,835	8,755	12,200	8,290	24,755	18,420	46,790	35,465
National Retail	7,270	5,350	9,580	850	8,740	3,280	25,590	9,480
Net Designated	356,690	151,500	14,535	3,150	8,000	1,000	379,225	155,650
Member	0	560	20,000	0	10,000	0	30,000	560
Total	373,795	166,165	56,315	12,290	51,495	22,700	481,605	201,155
RBC Capital Markets								
Tennessee Retail	0	0	11,920	5,375	0	0	11,920	5,375
National Retail	600	600	46,575	7,050	1,730	1,280	48,905	8,930
Net Designated	0	0	688,170	103,250	12,000	1,500	700,170	104,750
Member	31,000	0	0	0	29,560	0	60,560	0
Total	31,600	600	746,665	115,675	43,290	2,780	821,555	119,055
J.P. Morgan								
Tennessee Retail	0	0	800	585	780	510	1,580	1,095
National Retail	2,215	1,700	3,940	1,115	7,130	3,790	13,285	6,605
Member	8,000	0	5,000	0	3,000	0	16,000	0
Total	10,215	1,700	9,740	1,700	10,910	4,300	30,865	7,700
Wells Fargo								
Tennessee Retail	300	300	800	540	2,150	2,150	3,250	2,990
National Retail	1,405	1,005	2,395	905	2,375	1,740	6,175	3,650
Net Designated	0	0	10,250	1,250	0	0	10,250	1,250
Member	10,000	0	10,000	0	10,000	0	30,000	0
Total	11,705	1,305	23,445	2,695	14,525	3,890	49,675	7,890
Duncan-Williams								
Tennessee Retail	750	750	4,950	2,810	1,250	1,250	6,950	4,810
Total	750	750	4,950	2,810	1,250	1,250	6,950	4,810
Bancroft								
Total					0	0	0	0
FHN Financial								
Tennessee Retail	100	100	750	750	100	100	950	950
Member	0	0	4,000	0	0	0	4,000	0
Total	100	100	4,750	750	100	100	4,950	950
Fifth Third								
Total					0	0	0	0
Robert W. Baird & Co.								
Tennessee Retail	1,325	1,325	3,075	2,285	10,220	6,590	14,620	10,200
National Retail	0	0	200	200	0	0	200	200
Total	1,325	1,325	3,275	2,485	10,220	6,590	14,820	10,400
UBS								
Tennessee Retail					200	200	200	200
National Retail					750	650	750	650
Total					950	850	950	850
Wiley Bros-Aintree								
Tennessee Retail	600	600	8,200	6,365	14,550	11,495	23,350	18,460
Member	0	0	0	0	8,000	0	8,000	0
Total	600	600	8,200	6,365	22,550	11,495	31,350	18,460
TOTAL								
Tennessee Retail	13,285	12,205	44,450	28,030	64,325	45,900	122,060	86,135
National Retail	13,995	10,735	74,660	14,310	27,630	15,210	116,285	40,255
Net Designated	356,690	151,500	712,955	107,650	319,385	88,935	1,389,030	348,085
Member	64,000	560	39,000	0	60,560	9,955	163,560	10,515
Total	447,970	175,000	871,065	149,990	471,900	160,000	1,790,935	484,990

TENNESSEE HOUSING DEVELOPMENT AGENCY
PLAN OF FINANCING
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2023-1
November 15, 2022

Pursuant to TCA Section 13-23-120(e)(4):

AMOUNT:

The bonds may be sold in one or more series to be known as Residential Finance Program Bonds, Issue 2023-1 (the “Bonds”), to be issued under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the “General Resolution”).

The aggregate principal amount of the Bonds shall not exceed \$200,000,000. The actual aggregate principal amount shall be determined by the Authorized Officer appointed by the THDA Board of Directors (the “Authorized Officer”) upon the recommendation of the Financial Advisor, Executive Director, Assistant Secretary of the Bond Finance Committee and approved by THDA’s Bond Counsel and may take into account the following limitations and other factors:

- (1) the amount of Bonds which may be issued pursuant to the Act and the total amount of bonds outstanding under the General Resolution; and
- (2) the amount of Bonds which may be issued to refund bonds or notes outstanding under the General Resolution, the General Homeownership Program Bond Resolution (the “1985 Resolution”); or under the General Housing Finance Resolution (the “2009 Resolution”) to provide economic savings, additional opportunities for interest rate subsidies with respect to THDA Program Loans or as a result of prepayments, proceeds on hand, excess revenues, or maturing principal; and
- (3) the amount of Bonds that may be issued, the proceeds of which are necessary to reimburse THDA for Program Loans financed from available THDA funds prior to the availability of proceeds from the Bonds; and
- (4) the amount of Bonds which may be issued, the proceeds of which are necessary to meet demand for Program Loans; and
- (5) the availability of THDA’s funds, subject to the review of the Authorized Officer, for the purpose of providing for the payment of the costs of issuance of the Bonds, paying capitalized interest with respect to the Bonds, funding the Bond Reserve Fund, providing additional security for the Bonds, and achieving a lower rate of interest on the Program Loans; and
- (6) the amount of resources (loans and cash) available under the 1985 General Resolution to over collateralize the Bonds, if needed, to improve yield, reduce the amount of other subsidies and to increase the program asset debt ratio under the General Resolution.

APPLICATION
OF PROCEEDS:

Proceeds of the Bonds will be applied to (i) redemption and payment at maturity of certain of THDA's bonds or notes outstanding under the General Resolution, the 1985 Resolution, and/or the 2009 Resolution; (ii) finance Program Loans by the direct purchase thereof; and (ii) other uses as specified below in approximately the following amounts:

- 90% for single-family first lien mortgage loans,
refinancing outstanding bonds;
- 8% for bond reserve;
- 1% for capitalized interest; and
- 1% for cost of issuance and underwriter's
discount/fee.

DATE, METHOD AND
TERMS OF SALE:

The sale of the Bonds will take place by competitive or negotiated sale, including private placement, and will occur no later than June 30, 2023. THDA will prepare for the sale with the aid of its financial advisor, CSG Advisors Incorporated, and its bond counsel, Kutak Rock.

MATURITIES:

The Bonds may be any combination of tax-exempt and/or taxable long and/or short term serial, term, and/or discounted or premium bonds as may be determined by the Authorized Officer. The Bonds shall have a maturity not to exceed 34 years from the date of original issuance.

BOND INTEREST RATES:

The interest rates on the Bonds shall be fixed long term rates and shall not result in a net interest cost in excess of 9% per annum.

REDEMPTION TERMS:

The Bonds may be subject to redemption prior to maturity on such terms as are to be determined by the Authorized Officer.

LOAN INTEREST RATES AND
COST OF ADMINISTRATION:

Unless otherwise permitted under the Internal Revenue Code, the blended effective interest rate on Program Loans financed with proceeds of tax-exempt Bonds (including any transferred loans upon the refunding of any outstanding bonds) will not exceed 112.5 basis points over the yield on such tax-exempt bonds, as calculated in accordance with the Internal Revenue Code, from which all of THDA's costs of administration for the Bonds may be paid. The minimum spread necessary to finance the Issue 2023-1 Program Loans may be as low as 60 basis points.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING THE ISSUANCE AND SALE OF
RESIDENTIAL FINANCE PROGRAM BONDS, ISSUE 2023-1
November 15, 2022

WHEREAS, pursuant to the Tennessee Housing Development Agency Act (the “Act”), the Bond Finance Committee of the THDA Board of Directors (the “Committee”), on November 15, 2022, approved a plan of financing for Residential Finance Program Bonds, Issue 2023-1 (the “Bonds”) in an aggregate par amount not to exceed \$200,000,000 (the “Plan of Financing”); and

WHEREAS, the Plan of Financing provides for the Bonds to be issued as additional series of long term and/or short term tax-exempt and/or taxable bonds, with fixed interest rates, under the General Residential Finance Program Bond Resolution adopted by THDA on January 29, 2013, as amended (the “General Resolution”) and to be sold by competitive or negotiated sale, all at the election of the Authorized Officer; and

WHEREAS, THDA on January 25, 2022, adopted a Housing Cost Index, as defined in Section 13-23-103(7) of the Act, which shows that, as of January 10, 2022, primary housing costs exceed 25% of an average Tennessee household’s gross monthly income; and

WHEREAS, pursuant to Section 147 of the Internal Revenue Code of 1986, as amended (the “Code”), THDA must conduct a public hearing regarding the issuance of the Bonds and submit the results of the public hearing to the Governor of the State of Tennessee for approval; and

WHEREAS, THDA proposes to distribute a preliminary official statement (the “Preliminary Official Statement”) to prospective purchasers and has proposed to make available to the respective purchasers a final official statement (the “Official Statement”) with respect to the Bonds; and

WHEREAS, the Board wishes to authorize the Authorized Officer to proceed with the issuance and sale of the Bonds to provide funds for THDA’s programs in accordance with the Plan of Financing and this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY AS FOLLOWS:

1. The Secretary of the Committee, or in the absence of the Secretary of the Committee, an officer designated by the Secretary of the Committee is appointed as the authorized officer (the “Authorized Officer”) and is authorized to sell the Bonds and to fix the details of the Bonds in accordance with the Plan of Financing and this Resolution.

2. The issuance and sale of the Bonds, in an aggregate par amount not to exceed \$200,000,000, with the final terms, all as determined by the Authorized Officer pursuant to the Plan of Financing and upon the recommendation of THDA’s Financial Advisor, and the Executive Director, with the approval of THDA’s Bond Counsel, is hereby authorized.

3. The resolution titled “A Supplemental Resolution Authorizing the Sale of Residential Finance Program Bonds, \$_____ Issue 2023-1A” (Non-AMT), and \$_____ Issue 2023-1B (Federally Taxable), (the “Supplemental Resolution”), in the form attached hereto, is adopted, subject to the provisions contained herein.

4. THDA is authorized and directed to conduct a public hearing prior to the issuance of the Bonds, to the extent required by the Code, with reasonable public notice and to submit the results of the public hearing to the Governor to obtain the Governor’s written approval.

5. The Authorized Officer is authorized to (a) select the manner of sale; (b) designate multiple series or sub-series, as needed; (c) designate AMT, non-AMT or taxable components; (d) designate fixed interest rates; (e) approve a final structure for the Bonds; (f) approve a final principal amount or amounts, not to exceed a par amount of \$200,000,000; (g) authorize bond insurance, if determined necessary; (h) determine

all other final terms of the Bonds, in accordance with this Resolution, the Plan of Financing and the Supplemental Resolution; (i) approve the final version of the Supplemental Resolution, with such additional changes, substitutions, deletions, additions, completions or amendments therein as determined by the Authorized Officer, upon the recommendation of the Executive Director with the approval of Chief Legal Counsel of THDA and Bond Counsel, as the Authorized Officer shall determine to be necessary or appropriate to establish the final terms of the Bonds and their manner of sale; (j) select the senior bookrunning manager and the rotating co-manager upon the recommendation of the Financial Advisor and THDA staff; and (k) award the Bonds in accordance therewith. At the discretion of the Authorized Officer, the Bonds may include new volume cap and any combination of amounts needed to refund all or any part of bonds or notes outstanding under the General Resolution, under the General Homeownership Program Bond Resolution or under the General Housing Finance Resolution, including, without limitation, to produce proceeds for new mortgage loans or to produce economic savings or opportunities for interest rate subsidies. In addition, the Authorized Officer, at their discretion, may elect to transfer resources from the General Homeownership Program Bond Resolution and/or the General Housing Finance Resolution to the General Resolution in connection with the issuance of the Bonds upon recommendation of the Executive Director or Secretary of the Committee with the approval of Bond Counsel, Financial Advisor and Chief Legal Counsel.

6. The Assistant Secretary of the Committee, with the assistance of Bond Counsel, the Financial Advisor, and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare a Preliminary Official Statement and a final Official Statement for printing and distribution in connection with the issuance and sale of the Bonds.

7. The Assistant Secretary of the Committee, with the assistance of Bond Counsel and the Executive Director and Chief Legal Counsel of THDA, is authorized to prepare all documents determined to be necessary or appropriate for the competitive sale of all or any portion of the Bonds or all documents, including, without limitation, a purchase agreement or purchase agreements in a form appropriate for a negotiated sale, including a private placement, of all or any portion of the Bonds, as determined to be necessary or appropriate, for a negotiated sale of all or any portion of the Bonds.

8. The Authorized Officer is hereby authorized to execute (i) the proposal submitted by the lowest bidder or bidders in the event of a competitive sale of all or any portion of the Bonds or (ii) purchase agreements in the event of a negotiated sale, including a private placement, of all or any portion of the Bonds, the form of which has been approved by the Authorized Officer, upon the recommendation of the Financial Advisor and Bond Counsel, and (iii) to deliver the Bonds as appropriate.

9. The Authorized Officer, and the Chair, the Vice-Chair, the Executive Director, the Director of Finance and the Chief Legal Counsel of THDA and other appropriate officers and employees of THDA are hereby authorized to do and perform or cause to be done and performed, for or on behalf of THDA, all acts and things (including, without limitation, execution and delivery of documents) that constitute conditions precedent to the issuance and sale of the Bonds or that are otherwise required to be done and performed by or on behalf of THDA prior to or simultaneously with the issuance and sale of the Bonds.

10. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Supplemental Resolution, as the context indicates.

11. This resolution shall take effect immediately.

This Resolution was adopted by the affirmative vote of no fewer than eight (8) members of the THDA Board of Directors at its meeting on November 15, 2022.

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
AUTHORIZING REIMBURSEMENT OF THDA
FROM PROCEEDS OF ISSUE 2023-1

November 15, 2022

WHEREAS, the Tennessee Housing Development Agency (“THDA”) is financing mortgage loans for eligible borrowers to purchase single family residences in compliance with the Internal Revenue Code of 1986, as amended (the “Code”), and the General Residential Finance Program Bond Resolution, (the “2013 General Resolution”); and

WHEREAS, THDA expects to use its own funds to continue its mortgage loan programs prior to the availability of proceeds from the issuance of the General Residential Finance Program Bonds, Issue 2023-1, if and when issued and sold (the “Bonds”), through the direct purchase of eligible mortgage loans; and

WHEREAS, THDA will continue to commit and purchase mortgage loans prior to the closing date for the Bonds (the “Closing”); and

WHEREAS, THDA expects that up to \$50,000,000 in mortgage loans may be purchased prior to Closing; and

WHEREAS, it is in the best interest of THDA to reimburse itself from the proceeds of the Bonds for THDA funds expended to purchase mortgage loans prior to the Closing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THDA THAT:

1. Use of proceeds from the Bonds in an amount not to exceed \$50,000,000 shall be used to reimburse THDA for the actual amounts expended to purchase mortgage loans made to eligible borrowers who purchased single family residences in accordance with the requirements of the Code and the 2013 General Resolution.
2. This resolution shall take effect immediately.



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, Bond Finance Committee

FROM: Bruce Balcom, Chief Legal Counsel
Sandi Thompson, Director, Division of State Government Finance

SUBJECT: Extension of Financial Advisor Contract

DATE: October 31, 2022

Recommendation

Staff recommends THDA exercise its option to extend its contract with CSG Financial Advisors for an additional 12 months.

Key Points

The current contract with CSG expires December 31, 2022. This is the end of the first 12 month extension of the contract, which also provides for an extension of one additional 12 month period. Historically THDA has extended its contract with its financial advisors for the full term provided for in the contract.

Background

The current financial advisor contract commenced January 1, 2019 with a three year term subject to up to two 12 month extensions at THDA's option. Historically THDA has extended this contract to its full term (5 years) unless there were issues or concerns with the services provided by the financial advisor. CSG has provided THDA with excellent customer service and financial advice the past four years. Given the historical precedent, and the good working relationship between THDA and CSG, staff is recommending the Bond Finance Committee and the Board extend the contract an additional 12 months as provided for in the contract. The terms and conditions, including pricing for services, will be the same as for 2022.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



AMENDMENT #2 TO CONTRACT
BETWEEN THE STATE OF TENNESSEE, COMPTROLLER OF THE TREASURY AND CSG ADVISORS
INCORPORATED

WHEREAS, the Comptroller of the Treasury (the "Comptroller") and CSG Advisors Incorporated("CSG") entered into a contract for the provision of financial advisory services related to Tennessee Housing Development Agency debt ("CSG Contract"); and

WHEREAS, the CSG Contract provides for a term covering the period January 1, 2019, to December 31, 2022; and

WHEREAS, the CSG Contract provides for an additional extension of one year; and

WHEREAS, the Comptroller and CSG wish to extend the term of the CSG Contract as set forth herein; and

WHEREAS, in consideration of the mutual promises herein contained, the Comptroller and CSG have agreed and do hereby amend the CSG Contract as follows:

1. In Section B. 1, the sentence "This Contract shall be effective for the period beginning January 1, 2019, and ending on December 31, 2022." shall be deleted and replaced in its entirety by the sentence "This Contract shall be effective for the period beginning January 1, 2019, and ending on December 31, 2023."
2. In Section C.1, the maximum liability for Contract Year 2023 shall be \$337,000. The sentence "The maximum amount which can be billed during the Contract Period specified in Section B. 1 is the total of One Million Three Hundred Forty Five Thousand Seven Hundred Fifty Dollars (\$1,345,750)." Shall be deleted and replaced in its entirety by the sentence "The maximum amount which can be billed during the Contract Period specified in Section B. 1 is the total of One Million Six Hundred Eighty-Two Thousand Seven Hundred Fifty Dollars (\$1,682,750)."
3. In Section C.3(b)(1), the fees for debt transactions as described therein shall remain the same for Contract Year 2023.
4. In Section C.3(b)(2), the fees for cash flow analysis during Contract Year 2023 shall be the same as the fees described for Contract Year 2022.
5. In Section C.3(b)(3), the fees for general debt management, planning and other services shall remain the same for Contract Year 2023.
6. All other terms and conditions of this Agreement are hereby ratified and affirmed.

IN WITNESS WHEREOF, the Parties have signed this amendment by their duly authorized representatives on the dates indicated below.

CSG ADVISORS INCORPORATED

STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY

By: _____

By: _____

Date: _____

Date: _____



Grants Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Grants Committee Meeting Agenda

Tuesday, November 15, 2022 at 1010 AM CST
Tennessee Room #2 – Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. 2023 Emergency Solutions Grants Program Description
2. 2023 HOME Urban/Rural Program Description
3. Grant Extension Request – Gallatin Housing Authority – THTF-195-03

Committee Members:

Austin McMullen (Chair)
Secretary Tre Hargett
Comptroller Jason Mumpower
Rick Neal
Tennion Reed



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE MEETING MINUTES
September 27, 2022

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 27, 2022, at 10:37 AM CT in the Nashville Room of William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following committee members were present in person: Chair Austin McMullen, Katie Armstrong for Comptroller Jason Mumpower, Matt McGauley, and Rick Neal. On the phone, but not voting: Tennion Reed. Those absent were: Secretary of State Tre Hargett.

Recognizing a quorum present, Chair McMullen called the Grants Committee meeting to order and asked for consideration of the July 19, 2022, meeting minutes. Upon motion by Mr. Neal and a second by Ms. Armstrong the motion carried and the minutes were approved.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the two extension requests from Crossroads Campus – 2019 Fall THTF Competitive Grants 19F 01 and NHTF 19-01 – to June 30, 2023, as outlined in the memos dated August 30 and August 22, 2022, from herself and Don Watt, Chief Programs Officer as found in the board packet. Mr. Neal asked Ms. Peraza if she felt that Crossroads Campus would be able to meet this new deadline offered in this proposal to the Committee. Ms. Peraza said she did -- Crossroads Campus only requested a two month extension and THDA was recommending the Committee and Board grant a longer extension for both requests. Ms. Peraza requested approval to grant both extensions as presented and outlined in the board materials. Mr. McMullen called for separate votes on each extension request. Upon motion by Mr. Neal and a second by Ms. Armstrong the motion to approve Crossroads Campus Extension request for THTF 19F-01 was carried. Upon another motion by Mr. Neal and second by Ms. Armstrong the motion to approve Crossroads Campus Extension request for NHTF 19-01 was carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the 2022 Eviction Prevention Pilot Program and Program Description, as outlined in the memo of the same name dated September 9, 2022, from herself and Don Watt, found in the board packet. This program specifically grants \$100,000 from the THTF to the Foundation of Greater Chattanooga to help prevent evictions and reduce homelessness in Hamilton County. Ms. Peraza asked the committee to approve the 2022 Eviction Prevention Pilot Program and Program Description as presented and outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the 2022 HOME Rental Development Program and Program Description, as outlined in the memo of the same name dated September 15, 2022, from herself and Don Watt, found in the board packet. This program allots \$6 million for CHDOs, PHAs and Nonprofit Developers to apply for grants ranging from \$300,000 to \$1.5 million for affordable rental development of 11 units or less. Ms. Peraza asked the committee to approve the 2022 HOME Rental Development Program and Program Description as presented and outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the 2022 HOME ARP Rental Development Program and Program Description, as outlined in the memo of the same name dated September 9, 2022, from herself and Don Watt, found in the board packet. This program allots \$15 million for eligible Nonprofit Developers to apply for grants ranging from \$500,000 to \$2.5 million for affordable rental development for vulnerable populations. Ms. Peraza asked the committee to approve the 2022 HOME ARP Rental Development Program and Program Description as presented and outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the 2022 HOME CHDO Homeownership Development Program and Program Description, as outlined in the memo of the same name dated September 15, 2022, from herself and Don Watt, found in the board packet. This program allots \$3.2 million for CHDOs to apply for competitive grants ranging from \$250,000 to \$1 million for the development of affordable single family housing for sale to low income and extremely low income families. Ms. Peraza asked the committee to approve the 2022 HOME CHDO Homeownership Development Program and Program Description as presented and outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the 2023 Weatherization Infrastructure Bill Grantee Plan Submission Authorization, as outlined in the memo of the same name dated September 6, 2022, from herself and Don Watt, found in the board packet. This approval would authorize the Agency to submit THDA's plan to the Department of Energy. Ms. Peraza asked the committee to approve the 2023 Weatherization Infrastructure Bill Grantee Plan Submission as presented and outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

Chair McMullen recognized Cynthia Peraza, Director of Community Programs, to present the Emergency Solutions Grant – Cares Act Reallocation Methodology, as outlined in the memo of the same name dated September 5, 2022, from herself and Don Watt, found in the board packet. This reallocation methodology will use 90% of the \$577,731 received in a third allocation to assist grantees, with the remained allotted to administrative costs. Ms. Peraza asked the committee to approve the Emergency Solutions Grant – Cares Act Reallocation Methodology as presented and

outlined in the board materials. Upon motion by Mr. Neal and a second by Ms. Armstrong, the motion carried.

With no further business, Chair McMullen asked for a motion to adjourn. Upon motion by Mr. Mustain and a second by Mr. McGauley the meeting was adjourned at 10:55 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director
Approved this 15th of November, 2022

DRAFT



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
Don Watt, Chief Program Officer

SUBJECT: 2023 Emergency Solutions Grants Program Description

DATE: October 7, 2022

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2023 Emergency Solution Grants (ESG) Program Description as attached (“Program Description”);
- Authorization of the Executive Director or a designee to award 2023 ESG funds to applicants for applications scored by staff. 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;
- Allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director or instructed by the U.S. Department of Housing; and
- Allow the Assistant Chief Legal Counsel to make nonsubstantial changes and substantial changes if needed to comply with federal requirements.

Staff will provide information to the Committee and Board regarding associated funding awards at the Board Meeting that immediately follows the date of the awards.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Program Changes

The changes proposed for the 2023 ESG Program Description include:

1. Updated timetables and due dates as follows:

- Application Due Date - March 16, 2023 at 4:00pm
- Set-Aside Application Due Date - March 31, 2023 at 4:00pm
- Award Announcement - May 1, 2023
- Contract Dates: - July 1, 2023 through June 30, 2024

2. Maximum Grant Amount:

Due to the high demand of ESG funds, the maximum amount of an ESG Grant is being reduced from \$150,000 to \$125,000 to help fund additional grantees.

3. Application Tie Breaker Review Process:

In the event of a tied score under the ESG Funding Matrix, THDA will follow the following tiebreaker review process to select the agency who will receive funding. The application with the highest score for the following categories will be selected in this order, until the tie is broken.

1. Fiscal Capacity Score;
2. Agency Capacity Score;
3. CoC Score; and
4. Program Design.

Background:

Subject to final approval of the federal budget for 2023, THDA expects to receive approximately \$3 million in Federal FY2023 ESG resources. Combined with monies remaining from prior year allocations, THDA will make these resources available under this Program Description provided for your consideration.

The Redlined Program Description is available online at: https://thda.org/pdf/2023-ESG-Program-Description_Redlined.pdf



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

[THDA.org](https://thda.org) - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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
Don Watt, Chief Program Officer

SUBJECT: 2023 HOME Urban and Rural Program Description

DATE: October 7, 2022

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2023 HOME Urban and Rural Program Description as attached ("Program Description");
- Authorization of the Executive Director or a designee to award 2023 HOME funds to applicants for applications scored by staff. 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;
- Allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director or instructed by the U.S. Department of Housing; and
- Allow the Assistant Chief Legal Counsel to make nonsubstantial changes and substantial changes, as needed to comply with federal requirements.

Staff will provide information to the Committee and Board regarding associated funding awards at the Board Meeting that immediately follows the date of the awards.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



Program Changes:

The changes proposed for the 2023 HOME Program Description include:

1. Updated timetables and due dates as follows:

- Application Due Date - May 12, 2023 at 4:00pm CDT
- Award Announcement - June 9, 2023
- Contract Dates: - July 1, 2023 through June 30, 2026

2. Maximum Grant Amount:

The maximum amount of a HOME Urban and Rural Grant is being increased from \$500,000 to \$700,000 to help cover the rising costs of building materials.

3. Prior Year Unexpended HOME funds deduction:

Applicants that have administered a HOME grant in prior years, 2018 to present, who have successfully closed, but did not commit or expend 100% of the HOME grant funds awarded will be subject to a point deduction. The maximum number of points that can be deducted under this category is 7. The amount of points deducted is contingent upon the balance of HOME grant funds left uncommitted or spent.

The balance of unspent HOME funds will be subject to the following deductions:

- \$100,000 and Over - 7 Points
- \$60,000-\$99,999 - 3 Points
- \$30,000 - \$59,999 - 2 Points
- \$0 - \$29,999 - 1 Point

Background:

THDA will have approximately \$5 million available for the rehabilitation of affordable housing through the HOME Urban and Rural Program. Staff is proposing the attached Program Description for the 2023 HOME Urban Rural Program.

Staff will provide information to the Committee and Board regarding awards made under the 2023 HOME Urban Rural Program at the meeting immediately following the date of the awards.

The Redlined Program Description can be found online at: https://thda.org/pdf/20b-2023-HOME-Urban-Rural-Program-Description_Redlined.pdf



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

[THDA.org](https://thda.org) - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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: THDA Board of Directors

FROM: Cynthia Peraza, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: Grant Extension Request – Gallatin Housing Authority – HTF – 19S - 03

DATE: October 14, 2022

Recommendation

Staff recommends the approval of an extension request of the Tennessee Housing Trust Fund Competitive Grant for the Gallatin Housing Authority for a period of nine months, extending their contract through September 30, 2023, as further described below.

Background

THDA awarded a \$500,000 grant to the Gallatin Housing Authority under the 2019 Spring Tennessee Housing Trust Fund Competitive Grants Program. The grant is being used to help construct sixteen (16) units of affordable rental housing for the elderly in Gallatin, TN. Four (4) of the sixteen (16) units will be designed for elderly persons with disabilities and will be ADA compliant. The Gallatin Housing Authority will set aside 50% of the units for households with incomes at or below 50% the area median income (AMI) and 25% of the units will be set aside for households with incomes at or below 30% of AMI.

The extension is requested to allow additional time to secure a general contractor. The housing authority has secured a civil contractor to begin the site's infrastructure. Completion of the infrastructure is anticipated by March 30, 2023 and the project completion is anticipated to occur by or before September 30, 2023.

This is the second extension request the Gallatin Housing Authority has made for this grant. The first extension granted expires on December 31, 2022, and was due to substantial price increases brought on by the COVID -19 pandemic. THDA has reserved \$247,047 in construction gap funds to assist with the construction cost increases.



Andrew Jackson Building Third Floor - 502 Deaderick St. - Nashville, TN 37243
THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA
THDA is an equal opportunity, equal access, affirmative action employer.





401 NORTH BOYERS AVE • P.O. Box 1923 • GALLATIN, TENNESSEE 37066-1923
PHONE 615.452.1661 • Fax / TDD 615.452.5601

September 7, 2022

Ms. Cynthia Peraza, Director of Community Programs
Tennessee Housing Development Agency
Community Programs Division
Andrew Jackson Building
502 Deaderick St., Third Floor
Nashville, TN. 37243

RE: Request for Second Time Extension: THDA Housing Trust Fund Grant HTF-19S-03
ID: 62-6002559, Gallatin Housing Authority

Dear Ms. Peraza:

The Gallatin Housing Authority wishes to request an amendment to its first-time extension to complete the construction of all buildings and the site's infrastructure for Red River Court. Herein are the known factors that have occurred following the advertising and bidding of this THTF project.

We are pleased to report that GHA has secured a civil contractor (Lubin Enterprises, Inc.) to begin the site's infrastructure scope of work as of September 6, 2022. Lubin Enterprises has a completion date of March 30, 2023, to complete only the infrastructure portion of Red River Court. This does not include the eight duplex buildings. GHA like most PHA's has experienced a funding gap to start its building component because of escalating construction costs. Now that THDA has reserved up to \$247,047.00 in additional THTF resources to meet the existing funding gap associated with Red River Court, we are profoundly grateful and will utilize these funds specifically for the total completion of this development.

We are now asking for an additional nine-month time extension for management and administration in securing a general contractor to construct the eight duplex buildings. I am available if you need any additional information, please contact me at 615-452-1661 ext-4.

Your kind consideration regarding the above time extension request is appreciated.

Sincerely,

Michael A. Bates, MPSM, HDFP, EDEP
Executive Director, GHA/SCHA

THTF-GRANT-19S-03 TIME EXTENSION



Tax Credit Committee



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

Tax Credit Committee Meeting Agenda

Tuesday, November 15, 2022 at 1015 AM CST
Tennessee Room #2 – Tennessee Towers
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243

A. Approval of Minutes from September 27, 2022 meeting

B. Action Items

1. 2023 Multifamily Tax Exempt Bond Allocation Program Description
2. 22-801 Purdy Place Exchange Request

Committee Members:

John Snodderly (Chair)
Matt McGauley
Commissioner Jim Bryson
Secretary Tre Hargett
Treasurer David Lillard
Rob Mitchell



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE MEETING MINUTES
September 27, 2022

Pursuant to the call of the Chairman, the Tax Credit Committee (the “Committee”) of the Tennessee Housing Development Agency (THDA) Board of Directors (the “Board”) met in regular session on Tuesday September 27, 2022, at 11:04 AM CT in the Nashville Room of William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following committee members were present in person: Acting Chair, Matt McGauley, Rob Mitchell, Alex Schuhmann (for Commissioner of F&A Jim Bryson), Sara Queirolo (for Treasurer David Lillard). On the phone but not voting: John Snodderly. Absent was Secretary of State Tre Hargett.

Recognizing a quorum present, Chair McGauley called the Tax Credit Committee meeting to order and asked for consideration of the September 27, 2022 meeting minutes. Upon motion by Mr. Mitchell and a second by Mr. Schuhmann, the motion carried and the minutes were approved.

Chair McGauley recognized Don Watt, Chief of Programs, to present the 2023 Qualified Allocation Plan for approval. He referenced the memo of the same name dated September 12, 2022, from himself, as well as the Public Comments and Response to Public Comments discussing each point highlighted in the board materials. Mr. Watt highlighted 2 new changes to the QAP since the last board meeting – establishing the credit allocation maximum for 9% tax credits and a 15% increase to the total development cost limits for 4% tax credits. Upon motion by Mr. Schuhmann and a second by Mr. McGauley, the 2023 QAP was approved with one abstention by Mr. Mitchell.

Chair McGauley recognized Don Watt, Chief of Programs, to present the Amendment to the 2022 MTBA program for approval. He referenced the memo of the same name dated September 21, 2022, from himself, and highlighted the additional \$100 million in volume cap received from ECD and how the remaining MTBA volume cap would be allocated and made available to developers. Upon motion by Mr. Mitchell and a second by Mr. Schuhmann, the Amendment to the 2022 MTBA program was approved.

Chair McGauley recognized Don Watt, Chief of Programs, to discuss the proposed potential changes to the 2023 MTBA program description. He referenced the memo of the same name dated September 12, 2022, from himself and presented in board materials.

With the discussion concluded and no further business, the meeting was adjourned at 11:21 AM CT.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved this 15th of November, 2022



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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
SUBJECT: Summary of Substantive Changes in the Draft Multifamily Tax-Exempt Bond Authority
Program Description for 2023
DATE: October 31, 2022

Recommendation

Staff recommends and requests approval of the Draft Multifamily Tax-Exempt Bond Authority (“MTBA”) Program Description for 2023 (“Draft 2023 PD”) as posted to the THDA website on October 10, 2022 and modified as described herein.

Background

Staff have been working with stakeholders through the process of creating the Draft 2023 PD. The following points summarize the major substantive changes incorporated into the current Draft 2023 PD. Page numbers refer to the footer page numbers in the Draft 2023 PD available [here](#).

Key Points

1. Section 2, page 7: definition of Other Sources of Funds modified.
2. Section 2, page 10: definition of Supplemental MTBA added.
3. Section 3, pages 12-14: language modified to conform to the Low-Income Housing Credit (“LIHC”) 2023 Qualified Allocation Plan (“2023 QAP”).
4. Section 3.D.2.e, page 14: language added requiring an applicant’s first MTBA development in Tennessee to be completed before an allocation to a second MTBA development may be made.
5. Section 5.B, page 19: language added to prohibit transfer of MTBA between developments.
6. Section 5.C, page 19: language regarding calculation of developer fee clarified.
7. Section 8.C, page 23: language regarding Other Sources of Funds modified.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



8. Section 9, pages 24-25: language regarding priority order for 2023 allocations modified.
9. Section 10.B.2, page 26: language regarding grant funds added.
10. Section 13, page 31: language regarding requests for Supplemental MTBA added.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
SUBJECT: Staff Summary of and Response to Public Comments on Draft Multifamily Tax-Exempt Bond
Authority Program Description for 2023
DATE: October 31, 2022

Recommendation

This item is for informational purposes.

Background

This document represents staff's response to select repeated comments on the Draft Multifamily Tax-Exempt Bond Authority ("MTBA") Program Description for 2023 ("Draft 2023 PD") and is not meant to be a replacement for the comments themselves (14 submissions in total). All comments as originally submitted available here.

Key Points

- Other Sources of Funds – Comments encouraged THDA to modify this proposed change to allow funds from the [Amazon Housing Equity Fund](#) ("AHEF") to count toward points in Section 8.C.3. of the Draft 2023 PD.
 - Response – Staff's position is to include the proposed change as drafted. The intent of the Other Sources of Funds scoring criterion is to provide an incentive for applicants to include *firmly committed grant funds* in the sources of funds for a proposed development. Examples include grants from THDA, grants from local governments, and grants from philanthropic organizations. Typically, grant funds are not required to be repaid unless an event of noncompliance with the terms of the grant occurs. In 2022, staff reviewed several applications listing AHEF as a source of funds. The AHEF funds were neither firmly committed nor structured as a grant.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



- First Development Placed In Service Before Second Development Allocated Requirement – Comments encouraged THDA to abandon this proposed change.
 - Response – Staff’s position is to modify the proposed change such that the requirement for the first development is that sale of the bonds has closed.
- Priority Order for 2023 Allocations – Staff received one comment favoring the prioritization of rehabilitation and multiple comments encouraging prioritization of new construction.
 - Response – Staff’s position is to modify the proposed priority order for round 1 and round 2 as follows:
 Group 2: eligible Initial Applications proposing rehabilitation of existing housing that IS currently income/rent restricted housing;
Group 3: eligible Initial Applications proposing new construction of public housing;
 Group 4: eligible Initial Applications proposing rehabilitation of existing housing that IS NOT currently income/rent restricted.
Group 5: eligible Initial Applications proposing new construction outside a QCT;
 Group 6: eligible Initial Applications proposing rehabilitation of public housing;
 Group 7: eligible Initial Applications proposing new construction in a QCT and covered by a CCRP;
 Group 8: eligible Initial Applications proposing new construction in a QCT not covered by a CCRP.
- Maximum Amount of MTBA Per Development – Comments encouraged THDA to remove these limits.
 - Response – Staff’s position is to refrain from removing these limits and propose that staff be given authority to waive these limits, at their sole discretion.

Copies of all submitted comments can be found online at: <https://thda.org/pdf/ALL-COMMENTS-DRAFT-2023-PD.pdf>



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

[THDA.org](https://thda.org) - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





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: Eric Alexander, Director of Multifamily Programs
Don Watt, Chief Programs Officer
SUBJECT: 22-801 Purdy Place Exchange Request
DATE: October 31, 2022

Recommendation

Staff recommends and requests approval for a change in project site, a return of \$1,702,310/yr. of Low-Income Housing Credit ("LIHC"), and a subsequent new allocation of an equal amount of LIHC to the project with the new site.

Background

1. As detailed in the following request, Purdy Place encountered circumstances beyond the development team's reasonable anticipation or control. As a result, the proposed development would have been unable to satisfy federally mandated deadlines for progress and completion.
2. Purdy Place has submitted a new application with updated information.
3. The return of LIHC and subsequent allocation of LIHC will not adversely affect the amount of LIHC otherwise available for allocation in the competitive cycle.
4. Section 42(m)(1)(A)(iv) of the Internal Revenue Code of 1986, as amended, allows an allocation of LIHC to be made outside the "established priorities and selection criteria of the housing credit agency" provided that "a written explanation is available to the general public".
 - a. Staff have determined that this memo and the following request constitute a written explanation, and that this written explanation is available to the general public.



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

THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.





Appalachian Home and Health

October 31, 2022

Ms. Felita Hamilton
Multifamily Programs Division
Allocation Manager
Tennessee Housing Development Agency
Andrew Jackson Building, Third Floor
502 Deadrick Street
Nashville, TN 37243

RE: TN22-801 Purdy Place Apartments, McNairy County, TN

Dear Felita:

Purdy Place Apartments was successful in receiving an award of LIHTC in the 9% program in 2020. It received an exchange to 2022's credits earlier this year. The development will consist of 64 units of new construction rental housing units in one of the THDA determined rural counties most in need of affordable housing within Tennessee.

We have encountered site problems and are requesting a site change. The site we originally optioned had both water and sewer available. We were working with the city to develop the property, when just before closing the land, the local utility director for the town of Selmer indicated the water pressure was not sufficient to provide adequate fire suppression. The rating was acceptable under the State's suppression ratings, but the local director indicated he wanted a higher rating. We offered to install pressure pumps to increase the rating and worked to try to provide other possible solutions to the problem, but his only acceptable solution was the installation of an onsite water tower. The price of the tower to meet his requirements was \$1.5M to \$2M. The site could not withstand the increased development cost, and we have been forced to find an alternative site.

We have located and secured control of a replacement site at New Bethel Road, Selmer, TN that meets all of the requirements of the original site. We have uploaded the option to purchase the new site, the title commitment, current zoning letter, new market study, and new appraisal in THDA's THOMAS system to allow you sufficient information to approve our request to change sites from 3001 Purdy Road, Selmer, TN to New Bethel Road, Selmer, TN. All other information from the 2022 carryover application remains the same.

We very much appreciate your patience and assistance with the site change. This is not something we could have anticipated, and suspect NIMBY was a part of the issue we encountered. The initial site is a good location in McNairy County, and we certainly hate to change sites, but we don't want to lose the opportunity to develop a similar tax credit development in McNairy County. Please let me know if we can furnish you with any additional information regarding this request. Please contact Phillip Vaughn at phillip.vaughn@vaughndevelopment.com or myself at appalachianhomehealth@gmail.com if you need any additional information.

Cordially,

Brad Sharp
Executive Director



Appendix

Round Three MTBA Authority Allocations To be Made as of 11/02/2022														
THDA #	Previous TN #	Development Name	Type of Transaction	County	Firm Commitment Letter To Be Issued	PD Score	New Constr	Acquisition Rehab	Rehab	Total Units	LIHTC Units	MKT Units	Contact Name	Contact Email
22-630		Ewing Heights	Supplemental	Davidson	\$8,000,000.00	N/A	X			180	180	0	Joshua Haston	jhaston@ldgdevelopment.com
22-632		Lakeview at Westland	Supplemental	Knox	\$1,500,000	N/A	X			72	72	0	Craig Cobb	craigc@dominiondg.com
22-633		Tilman Cove (supplemental)	Supplemental	Shelby	\$3,000,000	N/A	X			219	219	0	Hunter Nelson	hunter@elmingtoncapital.com
22-634	05-221	Chippington Tower Apartments I & II	Supplemental	Davidson	\$2,500,000	N/A		X		425	425	0	Michael J. Rodgers	mrodgers@lhp.net
22-636		MH Strategies II	Supplemental	Shelby	\$4,450,000.00	N/A		X		421	421	0	Jennifer Croxton	jcroxton@knightdev.co
22-638		Ironwood Apartments	Supplemental	Wilson	\$2,700,000	N/A	X			186	186	0	Ryan Rodgers	rrodgers@pedcor.net
22-639		Shelby House	Supplemental	Davidson	\$4,000,000	N/A	X			195	195	0	Evan Holladay	evan@holladayventures.com
22-640		Stone Bridge Lofts	Supplemental	Davidson	\$7,000,000	N/A	X			311	311	0	Evan Holladay	evan@holladayventures.com
22-641		Loudon Gardens Apartments	Supplemental	Loudon	\$805,000	N/A		X		50	50	0	Michael J. Rodgers	mrodgers@lhp.net
22-642	06-207	Westview Tower	Supplemental	Knox	\$738,000	N/A		X		240	240	0	Michael J. Rodgers	mrodgers@lhp.net
22-643	02-202	Memphis Towers Supplemental 3	Supplemental	Shelby	\$3,000,000	N/A			X	296	296	0	Tom Mignogna	tmignogna@mhmltd.com
22-635		Ben Allen Ridge	New-QCT-CCRP	Davidson	\$34,900,000	10.1475	X			238	238	0	Phillip Vaughn	Phillip.Vaughn@vaughndevelopment.com
				Total	\$72,593,000					2833	2,833	0		
22-644		Washington Square Apartments	New-QCT-CCRP	Shelby	\$15,260,545	0.0000	X			144	143		Carl Mabry	mabrycarl91@gmail.com
22-631	07-207	Ridgebrook Apartments	Rehab. Existing Income/Rent Restriction	Knox	\$25,000,000	11.4769		X		144	144		Michael Arman	mike@sdghousing.com
				Total Available for Round Three	\$86,031,698									
				Round Three Firm Commitments To Be Issued	\$72,593,000									
				Remaining Authority	\$13,438,698									
*The gray shaded are the firm commitment letters to be issued														
**The total amount available for Round Three was due to a correction from Round Two														