



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

**Committee Meeting Materials  
September 2020**



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## THDA Board of Directors Committee Meeting Materials

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

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

- 1. Grants Committee Meeting – Tuesday, September 15 at 3:00 p.m. CT**
  - a. Conduct of Electronic Meeting Statement
  - b. July 23, 2020 meeting minutes
  - c. 2021 Winter Round of the THTF Competitive Grants Program Description
  - d. Hardest Hit Fund Reinstatement Only Program
  - e. HOME CHDO Operating Assistance Program
- 2. Audit & Budget Committee Meeting – Friday, September 18 at 9:30 a.m. CT**
  - a. Conduct of Electronic Meeting Statement
  - b. November 19, 2019 meeting minutes
  - c. Executive Director and Internal Audit Director Evaluation Process
  - d. FY2021-2022 Budget Proposal
- 3. Bond Finance Committee Meeting – Friday, September 18 at 9:30 a.m. CT**
  - a. Conduct of Electronic Meeting Statement
  - b. July 17, 2020 meeting minutes
  - c. FY2021-2022 Budget Proposal
  - d. Bond Underwriter Extension
- 4. Lending Committee Meeting – Friday, September 18 at 11:30 a.m. CT**
  - a. Conduct of Electronic Meeting Statement
  - b. July 20, 2020 meeting minutes
  - c. Ginnie Mae Application
  - d. Sale of Second Mortgages



# 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  
DATE: September 9, 2020  
SUBJ: THDA Board of Directors

THDA Board members –

We look forward to welcoming you for our virtual meeting on September 22 and for the committee meetings the week before. This will be the first meeting for new board members Joann Massey, Matt McGauley and Tennion Reed.

In hopes of making it easier for you to plan for these virtual meetings in the future, I would like to suggest holding the dates of November 12-13 for committee meetings leading up to the final board meeting of the year on November 17. If those dates pose a problem for you, please let me know.

Information on action items are included in this packet. Additional information items will be included in the Appendix section of the packet you receive prior to the board meeting itself.

Awaiting your action in September:

- Adoption of THDA's budget proposal for Fiscal Year 2021-22, the fiscal year starting next July 1. This is the first required step in the budget process. Following board approval, the budget is subject to review by the Department of Finance & Administration and the Tennessee General Assembly. CFO Trent Ridley will offer a briefing on the budget. This will be heard initially at a joint meeting of the Audit & Budget Committee and the Bond Finance Committee September 18 at 9:30am CDT.
- We ask your formal approval for THDA to proceed with seeking to become a Ginnie Mae MBS issuer. This starts a two year review and approval process to allow THDA to sell its government-backed loans (FHA, RD, VA) into the secondary market. This will be on the Lending Committee agenda September 18 at 11:30am CDT, along with our proposal to sell some of our Down Payment Assistance Second Mortgages to banks with CRA needs.
- Grants Committee, September 15 at 3pm CDT, has several action items, including recommending permission to restart the HHF Reinstatement Only Program, a move suggested by the US Department of the Treasury. Also, we ask approval to increase the amount of operating assistance THDA provides to Community Housing Development Organizations (CHDO) participating in the HOME program.

As always, please feel free to contact me directly with any questions about the meeting or any items on the agenda or in the packet.



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Grants Committee Meeting  
Tuesday, September 15, 2020 at 3:00 p.m. Central Time  
WebEx Meeting /Call - To join the call Dial  
1-650-479-3208; Code 133 367 7939**

## AGENDA

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- a) Conduct of Electronic Meeting Statement
- b) July 23, 2020 meeting minutes
- c) 2021 Winter Round of the THTF Competitive Grants Program Description
- d) Hardest Hit Fund Reinstatement Only Program
- e) HOME CHDO Operating Assistance Program

### **COMMITTEE MEMBERS**

Austin McMullen, Chair

Tre Hargett

Mike Hedges

Rick Neal

Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY  
GRANTS COMMITTEE MEETING MINUTES  
July 23, 2020

Pursuant to the call of the Chairman, the Grants Committee of the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Thursday, July 23, 2020, at 1:00 p.m. Central Time via WebEx Call.

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

Recognizing a quorum present, Chair McMullen called the meeting to order and recognized THDA Chief of Staff Stephaine Bounds, who read the following notice:

“Certain Board members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Board today require timely action and the physical presence of a sufficient number of Board members to constitute a quorum is not possible within the timeframe in which action is required. Therefore, it is necessary for some members to participate via telephone. Board members participating by telephone were sent documents relevant to today’s meeting.”

Upon motion by Mr. Neal, second by Mr. Krenson, and a roll call vote with all Committee members identified as present voting yes, motion carried that a necessity existed to conduct the meeting in this manner.

Chair McMullen then called for consideration of minutes from the January 29, 2020, meeting. Upon motion by Ms. Armstrong, second by Mr. Rummel, and with a roll call vote with all Committee members identified as present voting yes, motion carried to approve the January 29, 2020 minutes.

Chair McMullen then recognized Cynthia Peraza, THDA Director of Community Programs, who referenced a memo dated July 14, 2020, from herself and Don Watt, Chief Program Officer, that describes the proposed THDA application to the U.S. Department of Health and Human Services (HHS) for the LIHEAP Program Year 2021 funds by the federal deadline of September 1, 2020. She explained that staff anticipates approximately \$65,000,000 will be received, with approximately \$6,500,000 available for administrative costs and \$58,500,000 available for program costs. Upon motion by Mr. Neal, second by Ms. Armstrong, and a roll call vote with all Committee members identified as present voting yes, motion carried to recommend approval of the THDA LIHEAP Program Year 2021 application to the Board.

Chair McMullen then recognized Ms. Peraza, who referenced her memo dated July 14, 2020, describing the Bright Futures Bridge Subsidy Pilot Program, together with a proposed program description, to assist with housing opportunities for youth transitioning out of foster care. Upon motion by Mr. Krenson, second by Ms. Armstrong, and a roll call vote with all Committee members identified as present voting yes, motion carried to recommend to the Board authorizing \$2,000,000 in 2020 HOME funds for the pilot program, approving the proposed program description for the Bright Futures Bridge Subsidy Pilot Program and authorizing the Executive Director to award funds to in compliance with the referenced program description.

Chair McMullen again recognized Ms. Peraza who referenced her memo dated July 14, 2020, proposing modifications to the 2017, 2018, 2019 and 2020 HOME Program Descriptions to include manufactured housing as an eligible housing type. Ms. Peraza provided an overview of the proposal. Upon motion by Mr. Neal, second by Ms. Armstrong, and a roll call vote with all Committee members identified as present voting yes, motion carried to recommend approval of proposed modifications to the 2017, 2018, 2019 and 2020 HOME Program Descriptions as described in the referenced memo.

Chair McMullen again recognized Ms. Peraza, who referenced her memo dated July 14, 2020, proposing modifications to the Hardest Hit Fund (HHF) Program. She provided a summary of the proposed modifications. Upon motion by Mr. Rummel, second by Ms. Armstrong, and a roll call vote with all Committee members identified as present voting yes, motion carried to recommend to the Board that \$4,500,000 be moved from the HHF Administrative Budget to the HHF Blight Elimination Program, that the HHF Program end date be extended to December 31, 2021, and that staff be authorized to make changes as required by the U.S. Department of Treasury.

Chair McMullen again recognized Ms. Peraza, who referenced her memo dated July 14, 2020, requesting approval of a grant extension for the City of Boliver, to June 30, 2021. She explained that THDA awarded a \$321,000 grant to the City of Boliver from the 2015-2016 HOME Program and, in the past year, work was on pace to allow the majority of the grant to be expended by the June 30, 2020 contract end date. She noted that production slowed due to COVID-19. Mr. Perrey explained that the City of Boliver made a timely request and that longer extensions have been granted due to COVID-19 related issues. Upon motion by Mr. Neal, second by Mr. Krenson, and a roll call vote with all Committee members identified as present voting yes, the motion carried to recommend the referenced extension to the Board.

Chair McMullen then referenced the following additional materials provided to Committee members:

1. Tennessee Housing Trust Fund Competitive Grants Program Changes
2. 2020 HOME Program Awards
3. 2020 Emergency Solutions Grants Program Awards
4. 2020 Spring Round Tennessee Housing Trust Fund Competitive Grants Program Awards Summary
5. 2020 National Housing Trust Fund Program Awards
6. Creating Homes Initiatives-2 Funding Recommendations
7. THDA COVID-19 Supplemental Funding from two Continuum of Care

Chair McMullen noted that the above listed materials were for informational purposes only and no Board action was need. With no comments, questions or further business, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey,  
Executive Director

Approved the 15<sup>th</sup> day of September, 2020



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors  
**FROM:** Cynthia Peraza, THDA Community Programs Director  
Don Watt, THDA Chief Program Officer  
**DATE:** August 31, 2020  
**SUBJECT:** 2021 Winter Round of the Tennessee Housing Trust Fund (THTF) Competitive Grants Program Description

### **Recommendation:**

THDA staff recommends the following:

- Adopt the attached 2021 Winter Round of the THTF Competitive Grants Program Description; and,
- Authorize the Executive Director or a designee to award 2021 Winter Round THTF Competitive Grants Program funds to applicants for applications scored by staff based on the rating scale contained in the approved Program Description in descending order, subject to all requirements in the approved Program Description.

### **Background:**

THDA has available approximately \$3.3 million for the construction and rehabilitation of affordable rental housing through the 2021 Winter Round of the THTF Competitive Grants Program. Staff is proposing the attached program description for the 2021 Winter Round. To view the documents in full see the attached links:

2021 REDLINED THTF Winter Competitive Grants Program Description

[https://thda.org/images/GC-1.0-a.-2021-THTF-Winter-Competitive-Grants-Program-Description\\_Redlined.pdf](https://thda.org/images/GC-1.0-a.-2021-THTF-Winter-Competitive-Grants-Program-Description_Redlined.pdf)

2021 FINAL THTF Winter Competitive Grants Program Description

[https://thda.org/images/GC-1.0-b.-2021-THTF-Winter-Competitive-Grants-Program-Description\\_FINAL.pdf](https://thda.org/images/GC-1.0-b.-2021-THTF-Winter-Competitive-Grants-Program-Description_FINAL.pdf)

The changes proposed for the 2021 Winter Round Program Description, beyond updating the spend-down requirements for prior year grant recipients and application due dates, include:

- Modifying the funding cycle from Fall and Spring to Winter and Summer;
- Adjusting the funding selection process to achieve a greater geographic funding distribution across the state. Under this proposal, THDA first will fund the highest scoring project in each of the Grand Divisions and then, the highest scoring projects from all applications remaining. This methodology is currently used for the National Housing Trust Fund Program; and,
- Clarifying the Rent Levels to read, “The tenant portion of rent in any rental property assisted with Competitive Grants funds may not exceed 30% of gross monthly income for rent”.

To implement the 2021 Winter Round, THDA will observe the following schedule:

- Application Workshops - October 2020
- Application Due Date - December 10, 2020 at 11:59 PM
- Application Award Announcement - February 15, 2021
- Award Agreement Dates - March 1, 2021 – February 29, 2024

Staff will provide information to the Committee and Board regarding awards made under the 2021 Winter Round of the THTF Competitive Grants Program at the meeting that immediately follows the date of the awards.





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**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors  
**FROM:** Cynthia Peraza, THDA Community Programs Director  
Don Watt, THDA Chief Program Officer  
**DATE:** August 27, 2020  
**SUBJECT:** Hardest Hit Fund Reinstatement Only Program

### **Recommendation:**

THDA staff recommends:

- Reopening the Hardest Hit Fund Reinstatement Only Program (ROP);
- Approving the modified ROP Term Sheet (as detailed below); and,
- Authorizing staff to make any necessary changes as required by the U. S. Department of the Treasury.

All recommendations are subject to the U. S. Department of the Treasury's approval.

### **Background:**

THDA has administered the Hardest Hit Fund Program (HHF) since 2010. The HHF Program was developed by the U. S. Department of the Treasury to help prevent foreclosures and stabilize neighborhoods in states that were negatively impacted by the mortgage crisis that occurred in 2010.

As of the second quarter of 2020, THDA has disbursed approximately \$270,000,000 in HHF Program funds that have provided mortgage loan assistance to more than 7,400 homeowners, down payment assistance to 5,448 homebuyers, and funds to demolish almost 100 blighted properties across the state. THDA has approximately \$15 million available in HHF program and administrative funds. Due to the coronavirus (COVID-19) pandemic, the U. S. Department of the Treasury has extended the use of HHF program funds to December 31, 2021.

Based on the extension of the HHF Program deadline, and the growing need to aid homeowners during the COVID-19 pandemic, the U.S. Department of Treasury recommends that THDA consider re-opening the ROP for Tennesseans who will be in need of mortgage loan assistance.

Many homeowners are currently in a forbearance plan with their servicer. Although this is a good temporary solution for most, it is short-lived and not always an option for every homeowner. At the end of the forbearance plan, the mortgage arrearage will become due. The homeowner must be in a position to qualify for a junior lien or a loan modification, and, if not qualified, must repay the outstanding monthly loan payment balance to bring the mortgage loan current. Without the ROP, the chances are high that a homeowner will end up right back where they started, in a delinquent status. Additionally, escrow payments and shortages are not deferred or included in a forbearance. This creates a huge problem for many homeowners who could barely afford their current monthly mortgage loan payment. The escrow adjustments can increase the monthly mortgage loan payment enough for homeowners at increased risk of delinquency or foreclosure.

The attached Term Sheet describes the proposed terms of the ROP and highlights the following changes from the prior iteration of ROP:

- Add Unemployment as a qualifying hardship;
- Revise the hardship date from January 1, 2020 to March 1, 2020;
- Increase the Post-Assistance housing ratios from 38% to 45%;
- Increase maximum household income to \$98,760 per year;
- Increase the maximum unpaid mortgage balance to \$300,000;
- Decrease the Maximum Household Assistance to \$10,000; and,
- Update the Program Start Date to October 2020 and End Date to June 2021.

**SCHEDULE B-5**

**Tennessee Housing Development Agency  
HHF Reinstatement Only Program (HHF-ROP)  
Summary Guidelines**

<b>1. Program Overview</b>	<p>The Tennessee Housing Development Agency (THDA) Hardest Hit Fund Reinstatement Only Program (ROP) will provide assistance to homeowners who have fallen behind on their mortgage loans and or are in imminent danger of losing their home to foreclosure due to a qualified hardship that occurred after they acquired their home.</p> <p>Loan proceeds will be used to pay all mortgage loan and mortgage-related expenses to Servicer (e.g., escrowed property taxes and homeowner insurance) to bring the homeowner's mortgage loan(s) current, subject to maximum assistance criteria described in Section 9. Homeowners may receive assistance to bring their mortgage loan current through the month the reinstatement payment is made.</p>
<b>2. Program Goals</b>	<p>To prevent foreclosures and preserve homeownership by providing reinstatement assistance to homeowners who have been impacted by an involuntary loss of income that caused them to become delinquent on their mortgage loan(s).</p>
<b>3. Target Population / Areas</b>	<p>This program will be available in all Tennessee counties.</p>
<b>4. Program Funds (Excluding Administrative Expenses)</b>	<p>Not applicable. Program Funds may be disbursed under any program included in Schedule B.</p>

<p><b>5. Borrower Eligibility Criteria</b></p>	<p>In order to be eligible for assistance under ROP, homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Maximum household income not to exceed \$98,760.</li> <li>• Asset test: homeowner must not have more than 6 months of principal, interest, taxes, and insurance (PITI) in reserves (excludes retirement accounts).</li> <li>• Homeowner must be a U. S. citizen or a permanent resident alien.</li> <li>• Homeowner has experienced an eligible financial hardship of involuntary loss of income equal to or greater than 20% due to a divorce, death of a spouse, or temporary loss of wages which occurred after the purchase of the home and after March 1, 2010.</li> <li>• Post-Assistance: homeowner’s monthly PITI must not exceed 45% of household income.</li> <li>• Homeowner is required to complete and sign a financial hardship affidavit with appropriate documentation as to the cause of the hardship, as specified in the program guidelines.</li> <li>• Homeowner is required to complete a budgeting/housing counseling session before closing.</li> </ul> <p>Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. The ROP funds will be allocated on a first-come/approved, first-served basis.</p>
<p><b>6. Property / Loan Eligibility Criteria</b></p>	<p>The property must be an existing single-family home or condominium (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>Tennessee owner-occupied, primary residences only.</p>
<p><b>7. Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Homeowner has a total unpaid principal balance &gt; \$300,000.</li> <li>• Homeowner has received assistance through other HHH funded programs.</li> <li>• Homeowner is in “active” bankruptcy.</li> </ul>

<b>8. Structure of Assistance</b>	<p>ROP assistance is structured as a 0% interest, non-recourse, deferred-payment, forgivable, subordinate mortgage loan with a ten (10) year term. A forgiveness clause will reduce the loan amount by 20% per year for every year the homeowner stays in the home in years 6 through 10. At the end of the ten (10) years, the note will be considered satisfied and the homeowner may request to release the lien securing the note.</p> <p>The mortgage loan will be evidenced by a promissory note and secured by a deed of trust on the property in favor of THDA. Borrowers will be required to sign and acknowledge the program guidelines pursuant to a written agreement.</p> <p>Loan funds are due and payable if the property is sold, refinanced or no longer owner occupied and there are sufficient equity proceeds available (unless otherwise prohibited under applicable federal law).</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.</p>
<b>9. Per Household Assistance</b>	Up to \$10,000.
<b>10. Duration of Assistance</b>	ROP assistance is provided as a one-time disbursement per mortgage loan.
<b>11. Estimated Number of Participating Households</b>	Based on the maximum amount of ROP assistance, THDA anticipates assisting approximately 1,000 homeowners.
<b>12. Program Inception / Duration</b>	<p>The program will began serving Tennesseans across the state October 15, 2020.</p> <p>All funds are expected to be committed by June 30, 2021. Any recaptured funds will be used to fund HHF Programs through June 30, 2021 or until funding is fully reserved, whichever comes first.</p>
<b>13. Program Interactions with Other HFA Programs</b>	None.
<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	None.



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors  
**FROM:** Cynthia Peraza, THDA Community Programs Director  
Don Watt, THDA Chief Program Officer  
**DATE:** August 31, 2020  
**SUBJECT:** 2020 CHDO Supplemental Operating Assistance Program Description

### **Recommendation:**

THDA staff recommends the following:

- Adopt the proposed 2020 CHDO Supplemental Operating Assistance Program Description, attached to this memo;
- Authorize a \$1,000,000 set aside for the CHDO Supplemental Operating Assistance program;
- Authorize the Executive Director to award funds to eligible CHDOs; and,
- Authorize staff to take all actions determined appropriate by the Executive Director to initiate and administer the CHDO Supplemental Operating Assistance program.

### **Background:**

Administering a HOME project requires an organizationally strong and financially capable entity. Nonprofit organizations often rely on private financial contributions and other donations to supplement their budget. The COVID-19 pandemic has added a layer of restrictions, caused increases in operational costs, and limited opportunities for a CHDO to raise funds to cover both regular and unexpected expenses.

In order to help address these increasing costs and decreased revenues during this pandemic, and to ensure that CHDOs are able to maintain operations and retain staff capacity to develop housing using the HOME funds already awarded, additional HOME funds can be set aside for the CHDO Supplemental Operating Assistance Program for eligible CHDOs that have an open HOME grant within year 2018, 2019, or 2020.

A CHDO may request up to \$125,000 under the CHDO Supplemental Operating Assistance Program to help with the administrative costs of operating the organization. Operating expenses are separate from development funds and are funded from the set-aside for CHDO operating expenses from the annual HOME allocations.

Funding under the CHDO Supplemental Operating Assistance Program may be used for the following:

1. Reasonable and necessary costs for the operation of the CHDO.
2. Eligible costs including, but not limited to, salaries, wages, other employee compensation and benefits, employee education, training, travel, rent; utilities, communication costs, taxes, insurance, equipment, materials, and supplies. Additional guidance is available under 24 CFR § 92.208.
3. Coronavirus (COVID-19) related operating expenses including, but not limited to, the purchase of personal protective equipment for use by staff and volunteers, the cost of hygiene supplies, no-touch soap or trash receptacles, and other costs necessary to maintain a safe working environment.

Funds will be awarded through a non-competitive application process open to the eight CHDOs awarded HOME development funding under the identified program years. THDA will award the \$1,000,000 equally between the eight CHDOs. The application period will close on December 3, 2020, and contracts will be awarded for a January 1, 2021 funding start.



**HOUSING GRANT APPLICATION  
HOME PROGRAM FOR FISCAL YEAR 2020  
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION  
SUPPLEMENTAL OPERATING ASSISTANCE**

**Program Description  
Tennessee Housing Development Agency**

The Tennessee Housing Development Agency (THDA) administers a portion of the federally funded HOME program to promote the production, preservation and rehabilitation of single family housing for sale to low-income households through a competitive application process for nonprofit organizations designated by THDA as Community Housing Development Organizations (CHDO). The purpose of this Program Description is to explain the requirements and the application process for Supplemental Operating Assistance being made available to eligible CHDOs.

The program description and application link are available at [www.thda.org](http://www.thda.org). Once at the THDA website, click on BUSINESS PARTNERS and then Grant Administrators for the links to the HOME program. Click on HOME for the link to the 2020 HOME Program Descriptions, application and the application attachments. If you have questions, please call Bill Lord at (615) 815-2018.

**The HOME Program**

This program is governed by Title 24 Code of Federal Regulations, Part 92, as amended. Those regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply.

**A. ELIGIBLE APPLICANTS**

The State of Tennessee, through THDA will accept applications for the CHDO Supplemental Operating Assistance only from CHDO non-profit organizations. To be eligible, the non-profit organizations must:

1. Meet one of the two following criteria:
  - a. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).

Or

  - b. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).



2. Be an active state-designated CHDO administrating a grant for the HOME Program fiscal year 2018, 2019, or 2020.
3. Provide a Budget form that clearly demonstrates a need for and used of additional operating expense funds.
4. Be in compliance with all other THDA programs in which they participate and have no outstanding findings for any THDA program.

#### **B. ALLOCATION OF FUNDS & ELIGIBLE ACTIVITIES**

THDA will set-aside \$1,000,000 for CHDO Supplemental Operating Expenses. A CHDO may request up to \$125,000 of Supplemental CHDO operating expenses to help with the administrative costs of operating the organization.

1. The term “Operating expenses” means the reasonable and necessary costs for the operation of the CHDO.
2. Eligible costs include, but are not limited to, salaries, wages, other employee compensation and benefits, employee education, training, travel, rent; utilities, communication costs, taxes, insurance, equipment, materials, and supplies. Additional guidance is available under 24 CFR § 92.208.
3. Coronavirus (COVID-19) related operating expenses are considered eligible costs. Examples of eligible COVID-19 related costs include, but are not limited to, the purchase of personal protective equipment for use by staff and volunteers, the cost of hygiene supplies, no-touch soap or trash receptacles, and other costs necessary to maintain a safe working environment.

#### **C. PROHIBITED ACTIVITIES**

1. Provide project reserve accounts, or operating subsidies;
2. Provide assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing);
3. Carry out activities authorized under 24 CFR Part 968 (Public Housing Modernization);
4. Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages);
5. Pay for any cost that is not eligible under 24 CFR 92.208(a);
6. Cover any costs that are duplicative of expenses authorized and incurred under an existing CHDO Operating Expense agreement.

#### **D. CHDO DESIGNATION AND CAPACITY**

In accordance with 24 CFR 92.300(a), THDA must certify that the organization meets the definition of “community housing development organization” and must document that the organization has capacity to own, develop, or sponsor housing each time it commits funds to the organization.

As a result, at time of application to THDA for the CHDO Supplemental Operating Assistance funds applicants must:

1. Meet the requirements for CHDO designation as stipulated at 24 CFR 92.300.
2. Have a demonstrated capacity to successfully carry out housing projects assisted with HOME funds. A CHDO undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employee(s) with housing development experience who will work on projects assisted with HOME funds. Paid staffing may be documented by providing copies of the most recent W-2 or a minimum of two (2) months of current wage statements or copies of payroll checks, as applicable, issued by the nonprofit entity for each staff member. For its first year of funding as a CHDO, a CHDO may satisfy this requirement through a contract with a qualified consultant who has housing development experience to train appropriate key CHDO staff. A CHDO that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR 92.300(a)(2). A CHDO does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated or cost allocated by another organization, or by hiring a consultant beyond the initial year of operation.

#### **E. PROCUREMENT**

A CHDO that receives Supplemental Operating Assistance must keep the solicitation of bids for goods and services as well as professional services contracts open and competitive. CHDOs that receives Supplemental Operating Assistance must follow their procurement policies and meet all state and federal requirements. At a minimum, CHDOs that receives Supplemental Operating Assistance must comply with 2 CFR 200.318 – 326 General Procurement Standards.

#### **F. CONTRACT TERM**

Contracts for CHDO Supplemental Operating Assistance will begin January 1, 2021 and will end June 30, 2023. All costs must be incurred during the contract term.

#### **G. APPLICATION PROCESS**

Applications for the CHDO Supplemental Operating Assistance will be available through THDA's Grants Management System (GMS) on a non-competitive process. The application will be made available October 19, 2020 through December 3, 2020. All applications for CHDO Supplemental Operating Assistance must be received by THDA on or before 11:59 PM CST on Thursday, December 3, 2020. THDA will evaluate funding requests in concert with program requirements.



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Audit & Budget Committee Meeting**  
**Friday, September 18, 2020 at 9:30 a.m. Central Time**  
**WebEx Meeting /Call - To join the call Dial**  
**1-650-479-3208; Code 133 639 2421**

## AGENDA

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- a. Conduct of Electronic Meeting Statement
- b. November 19, 2019 meeting minutes
- c. Executive Director and Internal Audit Director Evaluation Process
- d. FY2021-2022 Budget Proposal

### **COMMITTEE MEMBERS**

David Lillard, Chair  
Tre Hargett  
Mike Hedges  
Austin McMullen  
Chrissi Rhea

TENNESSEE HOUSING DEVELOPMENT AGENCY  
AUDIT & BUDGET COMMITTEE  
November 19, 2019

Pursuant to the call of the Chair, the Audit & Budget Committee of the Tennessee Housing Development Agency Board of Directors met on Tuesday, November 19, 2019, at 9:00 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Committee members were present: Secretary of State Tre Hargett (Chair), Board Chair Mike Hedges, Dorothy Cleaves, Kevin Bradley (for State Treasurer David Lillard), Austin McMullen, and Chrissi Rhea. Other Board members present were: John Snodderly, Comptroller Justin Wilson, and Erin Merrick.

Recognizing a quorum present, Chair Hargett called the meeting to order and asked for approval of the September 24, 2019 minutes. Upon motion by Chair Hargett and second by Ms. Cleaves, the minutes were unanimously approved.

Chair Hargett recognized Gay Oliver, THDA Director of Internal Audit, to discuss the disclosure analysis reports for THDA Board members and THDA staff. Ms. Oliver noted that THDA's enabling legislation, the THDA Conflict of Interest Policy, the Board Disclosure Policy and the Staff Disclosure Policy require Board members, their representatives and all THDA staff to disclose annually any direct or indirect involvement in activities that do or could involve THDA or THDA programs including the federally funded programs. She added that (1) disclosure forms were received from all Board members, Board designees and all THDA staff; (2) the original Board disclosure forms are located at THDA offices and are available for public inspection upon request; and (3) staff disclosures were completed electronically and are available for public inspection upon request.

Ms. Oliver noted that she and Bruce Balcom, THDA Assistant Chief Legal Counsel, reviewed all Board and staff disclosures and the analysis revealed incidental and indirect interests, but no prohibited interests or prohibited conflicts of interest. Ms. Oliver explained that even if no conflict of interest exists, the Code of Conduct applies and Board members and THDA staff should refrain from any activity that would give the appearance of impropriety or a conflict of interest. The consensus of the Committee was to accept the reports and recommend that the Board approve them for inclusion in the minutes.

Chair Hargett recognized Ms. Oliver to present an update on the Enterprise Risk Management (ERM) analysis. Ms. Oliver pointed out that the Financial Integrity Act requires that a system of internal controls be established and maintained. She noted that the ERM Report documents whether THDA's system of accounting and administrative controls complies with the statute. She explained that each THDA division director conducted a self-assessment of the division, listing the objectives, identifying any risks and assessing the risks in terms of likelihood and magnitude of impact on THDA, if the risks were to occur. She also noted that if a control activity was not in place or not efficient, the division director developed a Management Action Plan to mitigate the risk and ensure controls operate effectively. She further explained that Internal

Audit staff also conducted face-to-face meetings with each THDA division director to discuss their risk assessments and to assess any potential risks associated with future projects. She indicated that the Director of Internal Audit and the Executive Director reviewed each division's ERM. Ms. Oliver added that necessary documentation will be presented to the Commissioner of Finance and Administration and the Comptroller by December 31, 2019.

Ms. Oliver next presented the Fiscal Year 2019 Internal Audit Summary. She noted that the report provided to the Committee highlights the monitoring and investigative activities of the Internal Audit Division conducted during the fiscal year ending June 30, 2019. She explained that the THDA audit plan is submitted to the Comptroller's office each year and that staff submits copies of audit reports to the Committee as they are completed. Ms. Oliver indicated that for the last fiscal year, Internal Audit issued 26 review reports, 15 investigative reports on various issues, 12 mortgage servicing quality control reports, and 3 compilation reports.

Chair Hargett recognized Trent Ridley, THDA Chief Financial Officer, to provide the Fiscal Year 2019 Financial Audit Summary. Mr. Ridley noted that staff has been meeting with State Audit regarding the audit of THDA's financial statements and, to date, there are no indications of findings or exceptions. He indicated that State Audit's review of the Hardest Hit Fund program is on track to be completed on or before December 31, 2019, also with no indications of audit findings or exceptions.

Chair Hargett recognized Wayne Beard, THDA Director of Finance, to present a summary of the Five Year Financial Plan (the "Plan"). Mr. Beard referenced the memo and supporting documentation included in the Board packet. Mr. Beard addressed the following:

- In FY 2019, \$23.3 million of bonds were refunded resulting in bond interest expense reduction;
- Outstanding debt that carries the State's moral obligation pledge has been reduced to 6.34% of total bonds outstanding;
- Over \$649 million in mortgage loans were purchased in FY 2019;
- Overall program asset-to-debt ratio across all THDA Bond Resolutions at June 30, 2019, was 1.16.

He noted the Plan estimates average annual production for the next five years of \$440 million and uses \$72 million of the zero percent bond proceeds over that time; with less than \$50 million of bonds with the State's moral obligation outstanding five years from now. He indicated that the Plan provides for net withdrawals of \$164.8 million for down payment assistance, \$41.5 million for the THDA Housing Trust Fund, and \$24.4 million for New Start Program loans over the next five years. No Board action was required.

Chair Hargett called for consideration of the annual performance evaluation for the Director of Internal Audit. After Ms. Oliver left the room, Chair Hargett reviewed the procedure and noted that the Committee is charged with determining the employment and salary of THDA's Director of Internal Audit. He added that all Committee members participated in evaluating Ms. Oliver. Chair Hargett noted that the average overall evaluation was advanced performance. Upon motion by Chair Hargett and second by Mr. McMullen, the Committee approved the advanced performance rating for Ms. Oliver, approved a salary increase to \$110,000 (one hundred

ten thousand dollars), with a further salary adjustment and one-time bonus to be the same as provided to THDA staff who receive the same rating, effective January 1, 2020. No Board action is required as annual evaluation of the Director of Internal Audit is within the sole purview of the Audit and Budget Committee.

Chair Hargett called for consideration of the annual performance evaluation for the THDA Executive Director. After Mr. Perrey left the room, Chair Hargett reviewed the evaluation procedure. Upon motion by Chair Hargett, second by Mr. Hedges, the Committee recommended an advanced performance rating for Mr. Perrey with a recurring salary adjustment and one-time bonus to be the same as provided to THDA staff who received the same rating, effective January 1, 2020.

With no other issues or business to come before the Committee, the meeting adjourned.

Respectfully submitted,

Gathelyn Oliver  
Director of Internal Audit

Approved this 18<sup>th</sup> day of September, 2020.

STATE OF TENNESSEE



DAVID H. LILLARD, JR.  
STATE TREASURER

TREASURY DEPARTMENT

615.741.2956  
David.Lillard@tn.gov

STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0225

MEMORANDUM

**TO:** THDA Audit and Budget Committee  
THDA Board of Directors

**FROM:** David H. Lillard, Jr., State Treasurer  
Audit and Budget Committee Chair, 2020

A handwritten signature in blue ink, appearing to read "David H. Lillard, Jr.", positioned to the right of the "FROM:" field.

**DATE:** September 18, 2020

**SUBJECT:** Executive Director Performance Evaluation Process

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Item 24 of the Audit and Budget Committee (“ABC”) Charter and the Amended and Restated By-Laws of THDA requires the ABC to, “Develop and carryout a process for annually evaluating the performance of the THDA Executive Director and make recommendations in connection therewith to the THDA Board.” The attached document outlines the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2019-September 30, 2020. The proposed process and timeline are intended to be consistent with previous evaluations and the process and timeframe utilized agency-wide by THDA, with minor adjustments.

The ABC will be asked to review and finalize this process at the September meeting. Under the proposed timeline, the final evaluation and compensation determination by the Board would occur at the November meeting.

Attachment

**Executive Director**  
**Performance Evaluation and Compensation Review Process**  
**THDA Audit and Budget Committee**  
**For the Period October 1, 2019-September 30, 2020**

Pursuant to Item 24 of the Audit and Budget Committee (“ABC”) Charter, the ABC is charged with developing and carrying out a process for annually evaluating the performance of the THDA Executive Director and making recommendation in connection therewith to the Tennessee Housing Development Agency (“THDA”) Board. Below is the proposed process and timeline for conducting the evaluation of the Executive Director for the period October 1, 2019 – September 30, 2020, which is consistent with the performance evaluation schedule to be used for THDA staff.

1. Following the September Board meeting, the ABC Chair and Vice Chair will:
  - a. Request the Executive Director’s year-end self-assessment. The self-assessment should include three to five goals for major initiatives during the performance period, and how they were met as well as a self-assessment of performance relative to the THDA competencies and guiding principles and management of staff and agency operations.
2. In mid-October, the Internal Audit Director will email the Board the following:
  - a. Executive Director Performance Evaluation Survey, which will be structured consistently with the evaluation process used for THDA staff
  - b. Executive Director’s Year-End Self-Assessment
  - c. Expectations of participation by Board members in the evaluation process
3. By the end of October, the following will occur:
  - a. Board responses will be due to the Internal Audit Director.
  - b. The Internal Audit Director and the THDA Human Resources Director will update salary survey data, to include Southeast Housing Finance Agencies’ Executive Director salaries; Tennessee Commissioner salaries; Executive Director Compensation Data and Salary history.
  - c. The Internal Audit Director will include the Executive Director Performance Evaluation on the November board agenda as the final item.
  - d. The ABC Chair, Vice Chair, and THDA Board Chair will meet with the Executive Director for presentation of the self-assessment.
4. Prior to the November Board meeting:
  - a. The Internal Audit Director will compile the survey results and comments received into a summary document and provide to the THDA Board Chair and the ABC.
  - b. The Internal Audit Director will share salary data with the THDA Board Chair and the ABC.
5. At the November ABC meeting:
  - a. The ABC will review the summary and create a final evaluation.
  - b. The ABC will review the salary data and make a compensation recommendation.



6. At the November Board meeting:
  - a. The THDA Board Chair will request that staff and the Executive Director leave the room prior to the agenda item.
  - b. The ABC and the Board Chair will present the final evaluation and compensation recommendation (including effective date) to the Board. The compensation adjustment, if any, will be considered by the THDA Board of Directors.
7. Following the November meeting:
  - a. The ABC Chair, Vice Chair, and THDA Board Chair will have a meeting with the Executive Director to present the final evaluation.
  - b. The Internal Audit Director will file the final signed evaluation with the Human Resources Director.
8. By December 1:
  - a. The Human Resources Director will submit a memorandum from the THDA Board Chair regarding the compensation recommendation, which will be effective January 1, the date that any performance raises are effective for the rest of THDA.

STATE OF TENNESSEE



DAVID H. LILLARD, JR.  
STATE TREASURER

TREASURY DEPARTMENT

615.741.2956  
David.Lillard@tn.gov

STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0225

MEMORANDUM

**TO:** THDA Audit and Budget Committee

**FROM:** David H. Lillard, Jr., State Treasurer  
Audit and Budget Committee Chair, 2020

A handwritten signature in blue ink, appearing to read "David H. Lillard, Jr.", positioned to the right of the "FROM:" field.

**DATE:** September 18, 2020

**SUBJECT:** Internal Audit Director Performance Evaluation Process

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Item 23 of the Audit and Budget Committee (“ABC”) Charter and the Amended and Restated By-Laws of THDA requires the ABC to, “Employ, establish the salary for and terminate (when deemed necessary) the Internal Audit Director, who shall serve at the pleasure of the ABC.” The attached document outlines the proposed process and timeline for conducting the evaluation of the Internal Audit Director for the period October 1, 2019-September 30, 2020. The proposed process and timeline are intended to be consistent with previous evaluations and the process and timeframe utilized agency-wide by THDA, with minor adjustments.

The ABC will be asked to review and finalize this process at the September meeting. Under the proposed timeline, the final evaluation and compensation determination by the Board would occur at the November meeting.

Attachment

## **Director of Internal Audit**

### **Performance Evaluation and Compensation Review Process**

#### **For the Period October 1, 2019-September 30, 2020**

Tennessee Code Annotated Section 13-23-112(h)(1)(C) authorizes the Tennessee Housing Development Agency (“THDA”) Audit and Budget Committee (“ABC”) to determine the employment and salary of THDA’s Director of Internal Audit. Below is the proposed process and timeline for conducting the evaluation of the Director of Internal Audit for the period October 1, 2019-September 30, 2020, which is consistent with the performance evaluation schedule to be used for THDA staff.

1. Following the September Board meeting, the ABC Chair will:
  - a. Request the Director of Internal Audit’s year-end self-assessment. The self-assessment should include at least three to five goals for major initiatives during the performance period, and how they were met as well as a self-assessment of performance relative to the THDA competencies and guiding principles and management of staff and agency operations.
2. In mid-October, the ABC Chair will:
  - a. Email the ABC Committee the self-assessment and a request for feedback on the Director of Internal Audit’s performance, including a Director of Internal Audit Performance Evaluation Survey.
  - b. Request feedback from the Executive Director on the Director of Internal Audit’s performance.
  - c. Review salary information regarding THDA staff and other state agencies’ directors of internal audit.
  - d. Request that the Director of Internal Audit Performance Evaluation be included on the November ABC agenda.
3. Prior to the November ABC meeting:
  - a. The ABC Chair will review the feedback from ABC members and the Executive Director and develop a summary document.
  - b. The ABC Chair and Vice Chair will meet with Director of Internal Audit for presentation of the self-assessment.
4. At the November ABC meeting:
  - a. The ABC Chair will present the summary and salary data to the ABC. The ABC will review the summary and salary data and create a final evaluation and make a compensation recommendation. Board action is not required.
5. Following the November meeting:
  - a. The ABC Chair will file the signed evaluation with the Human Resources Director.
6. By December 1:
  - a. The Human Resources Director will submit a memorandum from the ABC Chair regarding the compensation recommendation, which will be effective January 1, the date that any performance raises are effective for the rest of THDA.



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors

**FROM:** Trent Ridley, Chief Financial Officer  
Joe Brown, CPA, Contoller

**DATE:** September 8, 2020

**SUBJECT:** Proposed Budget for Fiscal Year 2021-2022

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Staff respectfully requests board approval of THDA's Comprehensive Budget with authorization to make adjustments as required by the Department of Finance and Administration.

Attached is THDA's "**Comprehensive Budget**" that details expenses and revenues for both the state and bond programs, and estimates net operating income for Fiscal Year 2021. THDA is required to submit the budget proposal to the Department of Finance and Administration by September 25, 2020. The proposed Budget is to be reviewed by the Audit and Budget Committee and the Bond Finance Committee, prior to review by the Board. The following are highlights of the budget submitted for Board approval:

1. **Current Year "Estimated" Budget FY21** –Revenues and expenses are projected to be \$571.2.2 million and \$570.2 million respectively, of which \$442.2 million is the State Budget. Operating revenues and expenses are projected to be \$168.6 million and \$157.9 respectively for an Operating Income of \$10.7 million. **Net Operating Income** is projected to be reduced by \$5.6 million in the current year, due to board-approved Single Family Loan Programs (SFLP) changes designed to make our mortgages more affordable. One major SFLP change is going to THDA-paid lender compensation rather than borrower-paid and going to 15-year, amortizing DPA loans with interest rates equal to the first mortgage. Lender compensation, which is projected to be \$11.1 million, will be offset by revenue from Mortgage-Backed Securities sales, additional interest income from the MRB first mortgages, interest from all DPA loans, and servicing fees. While the initial impact of the SF loan program changes is negative, annual revenues are expected to grow and outstrip the lender compensation over time. **Grants** include \$62.3 million "non-recurring" funds for Cares Acts to help address COVID-19-related housing issues.
2. **FY22 Recommended Comprehensive Budget** – The **State Budget** decrease to \$377.9 million, due to \$64.2 million of non-recurring grants (Cares Act and AG Mortgage Settlement). Regarding the **Comprehensive Budget**, Net Operating Income is projected to increase to \$14.3 million, which reflects a \$3.6 million incremental pick up from the SFLP changes. Operating Income will be used to fund the \$10 million HTF grants.

If you have any questions regarding the comprehensive budget or need additional information, please do not hesitate to contact Trent Ridley at (615) 815-2012 or via e-mail at [tridley@thda.org](mailto:tridley@thda.org).

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
FY21-22 COMPREHENSIVE BUDGET  
EXECUTIVE SUMMARY**

	ACTUAL FY20	ESTIMATED FY21	SF PROG CHANGES	ADJUSTED FY21	NON RECUR FY 21	SF PROG CHANGES	RECOMMENDED FY22		
							STATE	MRB	TOTAL
EMPLOYEE SALARIES	17,270,100	20,655,800	-	20,655,800	-	-	20,655,800	-	20,655,800
EMPLOYEE BENEFITS	6,272,300	7,410,300	-	7,410,300	-	-	7,410,300	-	7,410,300
<b>TOTAL PAYROLL</b>	<b>23,542,400</b>	<b>28,066,100</b>	<b>-</b>	<b>28,066,100</b>	<b>-</b>	<b>-</b>	<b>28,066,100</b>	<b>-</b>	<b>28,066,100</b>
TRAVEL	411,300	1,112,600	-	1,112,600	(536,200)	-	576,400	-	576,400
PRINTING & DUPLICATING	27,000	171,100	-	171,100	(71,500)	-	94,200	5,400	99,600
COMMUNICATIONS	636,800	744,000	-	744,000	(178,800)	-	216,100	349,100	565,200
MAINTENANCE	3,300	8,000	-	8,000	-	-	8,000	-	8,000
PROFESSIONAL SERVICES	4,609,900	6,762,400	711,500	7,473,900	(1,501,400)	333,500	1,336,000	4,970,000	6,306,000
SUPPLIES	297,800	820,200	-	820,200	(536,200)	-	182,000	102,000	284,000
RENTALS & INSURANCE	109,700	165,000	-	165,000	(35,800)	-	129,200	-	129,200
STAFF TRAINING	154,500	1,043,600	-	1,043,600	(714,900)	-	328,700	-	328,700
TECHNICAL GRANTS	-	-	-	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-	-	-	-
COMPUTER RELATED	1,170,200	1,329,300	-	1,329,300	-	-	127,300	1,202,000	1,329,300
STATE PROVIDED SERVICES	2,022,000	3,301,300	-	3,301,300	-	-	3,301,300	-	3,301,300
OTHER PROGRAM EXPENSES	13,832,800	11,080,900	87,000	11,167,900	-	123,000	-	11,290,900	11,290,900
LENDER COMPENSATION	-	-	11,103,000	11,103,000	-	1,103,000	-	12,206,000	12,206,000
INTEREST EXPENSE	81,688,500	85,100,000	519,500	85,619,500	-	173,500	-	85,793,000	85,793,000
MORTGAGE SERVICE FEES	-	-	-	-	-	-	-	-	-
ISSUANCE COSTS	4,996,400	5,000,000	-	5,000,000	-	-	-	5,000,000	5,000,000
DEPRECIATION	1,239,800	800,000	-	800,000	-	-	-	800,000	800,000
<b>TOTAL OTHER EXPENDITURES</b>	<b>111,200,000</b>	<b>117,438,400</b>	<b>12,421,000</b>	<b>129,859,400</b>	<b>(3,574,800)</b>	<b>1,733,000</b>	<b>6,299,200</b>	<b>121,718,400</b>	<b>128,017,600</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>134,742,400</b>	<b>145,504,500</b>	<b>12,421,000</b>	<b>157,925,500</b>	<b>(3,574,800)</b>	<b>1,733,000</b>	<b>34,365,300</b>	<b>121,718,400</b>	<b>156,083,700</b>
<b>OPERATING REVENUES</b>									
FEDERAL ADMIN. FEES	15,027,600	19,706,600	-	19,706,600	(3,574,800)	-	14,631,800	1,500,000	16,131,800
INVESTMENT INCOME	5,976,500	6,020,000	-	6,020,000	-	88,000	20,000	6,088,000	6,108,000
TAX CREDIT FEES	1,592,800	3,100,000	-	3,100,000	-	-	3,100,000	-	3,100,000
OTHER CURRENT SERVICES	2,077,400	1,300,000	4,378,000	5,678,000	-	2,431,000	-	8,109,000	8,109,000
MULTIFAMILY BOND AUTH FEES	8,192,700	1,800,000	-	1,800,000	-	-	-	1,800,000	1,800,000
THDA OPERATING FUND	-	-	-	-	-	-	14,613,500	(14,613,500)	-
MORTGAGE INTEREST	119,643,000	127,900,000	2,442,000	130,342,000	-	2,845,000	-	133,187,000	133,187,000
HOUSING PROGRAM FUND	-	2,000,000	-	2,000,000	-	-	2,000,000	-	2,000,000
<b>TOTAL OPERATING REVENUES</b>	<b>152,510,000</b>	<b>161,826,600</b>	<b>6,820,000</b>	<b>168,646,600</b>	<b>(3,574,800)</b>	<b>5,364,000</b>	<b>34,365,300</b>	<b>136,070,500</b>	<b>170,435,800</b>
<b>REVENUES LESS EXPENDITURES</b>	<b>17,767,600</b>	<b>16,322,100</b>	<b>(5,601,000)</b>	<b>10,721,100</b>	<b>-</b>	<b>3,631,000</b>	<b>-</b>	<b>14,352,100</b>	<b>14,352,100</b>
<b>GRANT ACTIVITY:</b>									
SECTION 8 PAYMENTS	238,913,400	276,710,600	-	276,710,600	(9,500,200)	-	267,210,400	-	267,210,400
HOME GRANTS	9,186,000	9,571,500	-	9,571,500	-	-	9,571,500	-	9,571,500
WEATHERIZATION	2,623,000	2,600,000	-	2,600,000	-	-	2,600,000	-	2,600,000
LIHEAP	70,582,000	72,699,700	-	72,699,700	(17,699,700)	-	55,000,000	-	55,000,000
EMERGENCY SOLUTIONS GRANT	2,971,000	34,049,000	-	34,049,000	(31,492,000)	-	2,557,000	-	2,557,000
NATIONAL HOUSING TRUST FUND	4,420,300	-	-	-	-	-	-	-	-
HOUSING COUNSELING PROGRAM	78,400	-	-	-	-	-	-	-	-
AG MORTGAGE SETTLEMENT PROGRAM	1,140,900	1,938,600	-	1,938,600	(1,938,600)	-	-	-	-
HOUSING TRUST FUND	7,781,900	10,000,000	-	10,000,000	-	-	6,500,000	3,500,000	10,000,000
TECHNICAL GRANTS	148,400	175,000	-	175,000	-	-	175,000	-	175,000
HARDEST HIT FUND	6,551,100	6,000,000	-	6,000,000	-	-	-	6,000,000	6,000,000
APPRAISAL GAP PROGRAM	11,200	-	-	-	-	-	-	-	-
<b>TOTAL GRANT PAYMENTS</b>	<b>344,407,600</b>	<b>413,744,400</b>	<b>-</b>	<b>413,744,400</b>	<b>(60,630,500)</b>	<b>-</b>	<b>343,613,900</b>	<b>9,500,000</b>	<b>353,113,900</b>
STATE APPROPRIATION	-	-	-	-	-	-	-	-	-
FEDERAL REVENUE	328,884,900	395,630,800	-	395,630,800	(58,691,900)	-	336,938,900	-	336,938,900
HARDEST HIT FUND	7,022,700	6,000,000	-	6,000,000	-	-	-	6,000,000	6,000,000
PRIVATE CONTRIBUTIONS	-	-	-	-	-	-	-	-	-
THDA BOND RESOLUTIONS	-	-	-	-	-	-	6,675,000	(6,675,000)	-
HOUSING PROGRAM FUND	-	1,938,600	-	1,938,600	(1,938,600)	-	-	-	-
<b>TOTAL COLLECTIONS</b>	<b>335,907,600</b>	<b>403,569,400</b>	<b>-</b>	<b>403,569,400</b>	<b>(60,630,500)</b>	<b>-</b>	<b>343,613,900</b>	<b>(675,000)</b>	<b>342,938,900</b>
<b>COLLECTIONS LESS PAYMENTS</b>	<b>(8,500,000)</b>	<b>(10,175,000)</b>	<b>-</b>	<b>(10,175,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,175,000)</b>	<b>(10,175,000)</b>
OVERALL AGENCY EXPENDITURES	479,150,000	559,248,900	12,421,000	571,669,900	(64,205,300)	1,733,000	377,979,200	131,218,400	509,197,600
OVERALL AGENCY FUNDING	488,417,600	565,396,000	6,820,000	572,216,000	(64,205,300)	5,364,000	377,979,200	135,395,500	513,374,700
<b>OVERALL REVENUES LESS EXPENDITURES</b>	<b>9,267,600</b>	<b>6,147,100</b>	<b>(5,601,000)</b>	<b>546,100</b>	<b>-</b>	<b>3,631,000</b>	<b>-</b>	<b>4,177,100</b>	<b>4,177,100</b>
<b>PERSONNEL: FULL TIME POSITIONS</b>	<b>290</b>	<b>309</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>309</b>

<b>ACCOUNT 70800 (PROFESSIONAL SERVICES, INDUSTRY &amp; BUSINESS DEVELOPMENT)</b>
<b>FISCAL YEAR 2021-2022</b>

Description	Actual FY20	Budget FY21	Proposed FY22
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<b>GENERAL BUSINESS AND PROGRAM SUPPORT</b>			
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Attorney General Foreclosure Prevention Counseling	152,700	152,700	152,700
Temporary Services (IT, VMLS, Other)	402,351	402,400	402,400
Volunteer Mortgage Loan Servicing	488,554	488,600	488,600
Section 8 - Portability Payments	519,000	519,000	519,000
Section 8 - (Background Checks, Inspections, Rent Comp Reviews)	431,037	431,000	431,000
LIHEAP Partner Training and Technical Assistance	146,500	146,500	146,500
Capital Markets Administration	95,000	95,000	95,000
Single Family Program Changes - Raymond James TBA Fees	-	711,500	1,045,000
Covid 19	-	1,501,400	-
Other	123,378	140,600	140,600

<b>SUB-TOTAL</b>	<b>2,358,520</b>	<b>4,588,700</b>	<b>3,420,800</b>
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<b>INFORMATION TECHNOLOGY</b>			
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Agency Infrastructure Maintenance and Support	233,070	233,000	233,000
Application Development and Thelma 2.0	616,950	616,950	616,950
Multifamily Software Development	219,360	351,500	351,500
Software Development	301,620	484,700	484,700

<b>SUB-TOTAL</b>	<b>1,371,000</b>	<b>1,686,150</b>	<b>1,686,150</b>
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<b>ADVERTISING SERVICES (OBJECT 086)</b>			
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Great Choice Ad Campaign	428,400	661,000	661,000
Classified Ads, Public Notices, Advertising	37,400	89,000	89,000

<b>SUB-TOTAL</b>	<b>465,800</b>	<b>750,000</b>	<b>750,000</b>
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<b>INDUSTRY AND BUSINESS DEVELOPMENT - (Dues, Memberships, Sponsorships, Outreach)</b>			
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National Council of State Housing Agencies (Dues)	37,200	40,000	40,000
Tennessee Housing Conference	154,000	134,000	134,000
Industry Development and Outreach (Sponsorships)	178,680	220,000	220,000
Various Publications, Subscriptions & Memberships	44,700	55,000	55,000

<b>SUB-TOTAL</b>	<b>414,580</b>	<b>449,000</b>	<b>449,000</b>
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<b>TOTAL PROFESSIONAL SERVICES &amp; DUES</b>	<b>4,609,900</b>	<b>7,473,900</b>	<b>6,306,000</b>
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<b>ACCOUNT 71000 (RENTALS AND INSURANCE)</b>
<b>FISCAL YEAR 2021-2022</b>

THDA INSURANCE INFORMATION (OBJ 105)

Company	Premium Begin Date	Premium End Date	Premiums	Coverage
Chubb Group (Fidelity Bond)	2/1/19	2/1/20	45,840	\$15,000,000
Cincinnati Insurance Company (Personal Property)	4/8/17	4/8/20	10,473	\$1,064,000
Integon (Lender-Placed Mortgage Paid by Borrower)	9/1/16	Until Cancelled	0	Various
Lloyds of London (Errors and Omissions - Servicing)	9/29/19	9/29/22	21,600	\$3,500,000
Travelers (Fidelity Bond - Servicing)	9/2/19	9/2/20	25,135	\$3,500,000
			103,048	23,064,000

Lease of Reproduction Equipment:	31,719
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	Actual 2017-2018	Budget 2018-2019	Proposed 2019-2020
<b>TOTAL RENTALS &amp; INSURANCE:</b>	<b>109,700</b>	<b>165,000</b>	<b>129,200</b>

<b>ACCOUNT 71300 (GRANTS &amp; SUBSIDIES)</b>
<b>FISCAL YEAR 2021-2022</b>

**HOUSING TRUST FUND (OBJECT 71300) \*SEE ATTACHED HOUSING TRUST FUND PROPOSAL FOR DETAILS**

Description	Funds Remaining 7/1/20	Actual FY20	Estimated FY21	Base FY22
Rebuild/Recovery/Challenge Grant	1,500,000	2,172,200	500,000	500,000
UCP - Hsg Mod and Ramp Prg	0	42,200	300,000	300,000
Rural Development	26,300	0	0	0
Emergency Repair	2,052,200	745,600	2,700,000	2,700,000
Habitat for Humanity	500,000	0	500,000	500,000
Manufactured Housing Replacement	806,900	0	0	0
Dunlap New Hope Grant	77,600	0	0	0
Dept Mental Health Matching Grant		0	1,500,000	1,500,000
Carter Habitat Build / Special Build Projects	0	1,000,000	1,000,000	1,000,000
Covid-19	44,000	6,000	0	0
Competitive Grants	7,981,600	4,815,900	3,500,000	3,500,000
<b>TOTALS</b>	<b>12,988,600</b>	<b>8,781,900</b>	<b>10,000,000</b>	<b>10,000,000</b>

**TECHNICAL ASSISTANCE GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
<b>Development Districts</b>	<b>148,400</b>	<b>175,000</b>	<b>175,000</b>

**SECTION 8 GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
Voucher Program	41,572,300	41,210,400	41,210,400
Contract Administration	197,341,100	235,500,200	226,000,000
Covid 19			
<b>TOTALS</b>	<b>238,913,400</b>	<b>276,710,600</b>	<b>267,210,400</b>

**HOME GRANTS (OBJECT 139)**

Description	Funds Remaining 7/1/2020	Actual FY20	Estimated FY21	Base FY22
Home 2012 CHDO	52,900		0	0
Home 2012	898,500		0	0
Home 2013	2,030,200		0	0
Home 2014	2,731,200		0	0
Home 2015	2,584,200		0	0
Home 2016	2,766,100		0	0
Home 2017	7,225,500		0	0
Home 2018	12,276,600		0	0
Home 2019	9,022,500			
Budget		9,186,000	9,571,500	9,571,500
<b>TOTALS</b>	<b>39,587,700</b>	<b>9,186,000</b>	<b>9,571,500</b>	<b>9,571,500</b>

**OTHER STATE / FEDERAL GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
Emergency Solutions	2,971,000	34,049,000	2,557,000
Housing Counseling	78,400	0	0
LIHEAP	70,582,000	72,699,700	55,000,000
Appraisal Gap Program	11,200	0	
Weatherization	2,623,000	2,600,000	2,600,000
National Housing Trust Fund	4,420,300	0	0
Hardest Hit Fund	6,551,100	6,000,000	6,000,000
AG Settlement - Mortgage Asst	1,140,900	1,938,600	0
<b>TOTALS</b>	<b>88,377,900</b>	<b>117,287,300</b>	<b>66,157,000</b>

	Actual FY20	Estimated FY21	Base FY22
<b>TOTAL GRANTS &amp; SUBSIDIES</b>	<b>345,407,600</b>	<b>413,744,400</b>	<b>353,113,900</b>



<b>ACCOUNT 725000 (STATE PROVIDED SERVICES)</b>
<b>FISCAL YEAR 2021-2022</b>

Location	Actual FY20	Budget FY21	Proposed FY22
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<b>THDA OFFICE LEASES</b>	<b>1,378,900</b>	<b>1,547,800</b>	<b>1,547,800</b>
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*\*MISCELLANEOUS SERVICES (OBJECT 25A, 25D, 25E, 25Z, 254, 255)*

Attorney General	1,400	50,000	50,000
Secretary Of State Administrative Judges	1,320	6,000	6,000
Indirect Costs	-	600,000	600,000
Flexible Benefits, Wellness, and Sick Leave Bank Admin	6,500	78,400	78,400
State Audit (255)	55,900	100,000	100,000
Printing and Reproduction	5,100	20,000	20,000
Insurance - State Risk Management Premium	69,000	165,000	165,000
Miscellaneous	31,500	100,000	100,000
<b>SUB-TOTAL</b>	<b>170,720</b>	<b>1,119,400</b>	<b>1,119,400</b>

*DATA PROCESSING SERVICES (OBJECT 250,251,252,257,259)*

F&A - Statewide Accounting	74,200	75,000	75,000
General Services - Records Management (257)	15,400	18,000	18,000
General Services - Motor Veh Repairs		10,000	10,000
General Services - State-Owned Veh Mileage	149,700	150,000	150,000
General Services - Space Planning / Purchasing		50,000	50,000
Edison Billing (HR, Payroll, Accting, Purch, Data Proc)	230,300	250,000	250,000
<b>SUB-TOTAL</b>	<b>469,600</b>	<b>553,000</b>	<b>553,000</b>

*TELECOMMUNICATIONS (OBJECT 253)*

<b>Telephone Charges (F&amp;A)</b>	<b>3,100</b>	<b>81,100</b>	<b>81,100</b>
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<b>TOTAL STATE PROVIDED SERVICES</b>	<b>2,022,320</b>	<b>3,301,300</b>	<b>3,301,300</b>
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**THDA OFFICE LEASE SUPPLEMENTAL INFORMATION**

Location	Square Ft.	Lease Exp. Date	Annual Totals
19002 - Andrew Jackson Building	45,100	Notice	1,150,050
Parkway Towers	7,971	07/30/21	203,261
19003 - Nashville (Madison) (HOLDOVER)	4,117	09/30/27	104,984
27002- Jackson (Lowell Thomas State Office Building)	2,794	Notice	35,564
59002 - Lewisburg (Marshall)	1,500	06/30/21	35,065
71010 - Cookeville (Putnam)	1,500	06/30/21	18,885
<b>TOTAL</b>	<b>62,982</b>		<b>1,547,800</b>

<b>REVENUES</b>
<b>FISCAL YEAR 2021-2022</b>

Description	Actual FY20	Budget FY21	Proposed FY22
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*FEDERAL REVENUE (SOURCE 801)*

Section 8 Grants	239,472,200	276,710,600	267,210,400
HOME Grants	8,738,000	9,571,500	9,571,500
Emergency Solutions Grants	2,971,000	34,049,000	2,557,000
Weatherization Grants	2,623,000	2,600,000	2,600,000
Hardest Hit Fund Grants	7,022,700	6,000,000	6,000,000
Housing Counseling Program	78,400	-	-
National Housing Trust Fund	4,420,300	-	-
LIHEAP	70,582,000	72,699,700	55,000,000
Housing Counseling Program Admin Fees	84,200	-	-
Neighborhood Stabilization Program Admin Fees	73,300	-	-
ESG Administrative Fees	355,800	1,896,000	213,500
WAP Administrative Fees	428,600	759,200	759,200
HHF Administrative Fees	993,300	1,500,000	1,500,000
HOME Administrative Fees	682,900	752,800	752,800
LIHEAP Administrative Fees	982,500	1,165,000	803,800
NHTF Administrative Fees	258,400	201,600	201,600
Section 8 Administrative Fees	11,168,600	13,432,000	11,900,900
<b>Total Federal Revenue</b>	<b>350,935,200</b>	<b>421,337,400</b>	<b>359,070,700</b>

*MORTGAGE INTEREST, INVESTMENT, AND OTHER INCOME (SOURCE 880)*

Tax Credit Monitoring Fees	1,592,800	3,100,000	3,100,000
Mortgage Interest Income	119,643,000	130,342,000	133,187,000
Investment Income	5,976,500	6,020,000	6,108,000
Multi Family Bond Application Fees	8,192,700	1,800,000	1,800,000
Servicing Fees (Late Fees, etc)	1,832,700	5,478,000	7,909,000
Conference and Other Income	244,700	200,000	200,000
<b>SUB-TOTAL</b>	<b>137,482,400</b>	<b>146,940,000</b>	<b>152,304,000</b>

<b>TOTAL OF ALL REVENUES</b>	<b>488,417,600</b>	<b>568,277,400</b>	<b>511,374,700</b>
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<i>RESERVES: GRANT AND ADMINISTRATIVE FUNDS FROM HOUSING PROGRAM FUND</i>		<b>3,938,600</b>	<b>2,000,000</b>
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<b>TOTAL OF ALL FUNDING SOURCES</b>	<b>488,417,600</b>	<b>572,216,000</b>	<b>513,374,700</b>
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# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

**THDA Board of Directors Bond Finance Committee Meeting**  
**Friday, September 18, 2020 at 9:30 a.m. Central Time**  
**WebEx Meeting /Call - To join the call Dial**  
**1-650-479-3208; Code 133 639 2421**

## AGENDA

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- a. Conduct of Electronic Meeting Statement
- b. July 17, 2020 meeting minutes
- c. FY2021-2022 Budget Proposal
- d. Bond Underwriter Extension

### **COMMITTEE MEMBERS**

Mike Hedges, Chair  
Butch Eley  
Tre Hargett  
David Lillard  
Justin Wilson

TENNESSEE HOUSING DEVELOPMENT AGENCY  
BOND FINANCE COMMITTEE MEETING MINUTES

July 17, 2020

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

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

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

“Certain Committee members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Committee today require timely action and the physical presence of a sufficient number of Committee members to constitute a quorum is not possible within the timeframe in which action is required and also because of COVID-19. Therefore, it is necessary for some members to participate via telephone. Committee members participating by telephone were sent documents relevant to today’s meeting.”

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

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

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

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

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

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

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

With no further business, the meeting was adjourned.

Respectfully submitted,

Assistant Secretary

Approved the 18th day of September, 2020



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors

**FROM:** Trent Ridley, Chief Financial Officer  
Joe Brown, CPA, Controller

**DATE:** September 8, 2020

**SUBJECT:** Proposed Budget for Fiscal Year 2021-2022

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Staff respectfully requests board approval of THDA's Comprehensive Budget with authorization to make adjustments as required by the Department of Finance and Administration.

Attached is THDA's "**Comprehensive Budget**" that details expenses and revenues for both the state and bond programs, and estimates net operating income for Fiscal Year 2021. THDA is required to submit the budget proposal to the Department of Finance and Administration by September 25, 2020. The proposed Budget is to be reviewed by the Audit and Budget Committee and the Bond Finance Committee, prior to review by the Board. The following are highlights of the budget submitted for Board approval:

1. **Current Year "Estimated" Budget FY21** –Revenues and expenses are projected to be \$571.2.2 million and \$570.2 million respectively, of which \$442.2 million is the State Budget. Operating revenues and expenses are projected to be \$168.6 million and \$157.9 respectively for an Operating Income of \$10.7 million. **Net Operating Income** is projected to be reduced by \$5.6 million in the current year, due to board-approved Single Family Loan Programs (SFLP) changes designed to make our mortgages more affordable. One major SFLP change is going to THDA-paid lender compensation rather than borrower-paid and going to 15-year, amortizing DPA loans with interest rates equal to the first mortgage. Lender compensation, which is projected to be \$11.1 million, will be offset by revenue from Mortgage-Backed Securities sales, additional interest income from the MRB first mortgages, interest from all DPA loans, and servicing fees. While the initial impact of the SF loan program changes is negative, annual revenues are expected to grow and outstrip the lender compensation over time. **Grants** include \$62.3 million "non-recurring" funds for Cares Acts to help address COVID-19-related housing issues.
2. **FY22 Recommended Comprehensive Budget** – The **State Budget** decrease to \$377.9 million, due to \$64.2 million of non-recurring grants (Cares Act and AG Mortgage Settlement). Regarding the **Comprehensive Budget**, Net Operating Income is projected to increase to \$14.3 million, which reflects a \$3.6 million incremental pick up from the SFLP changes. Operating Income will be used to fund the \$10 million HTF grants.

If you have any questions regarding the comprehensive budget or need additional information, please do not hesitate to contact Trent Ridley at (615) 815-2012 or via e-mail at [tridley@thda.org](mailto:tridley@thda.org).

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
FY21-22 COMPREHENSIVE BUDGET  
EXECUTIVE SUMMARY**

	ACTUAL FY20	ESTIMATED FY21	SF PROG CHANGES	ADJUSTED FY21	NON RECUR FY 21	SF PROG CHANGES	RECOMMENDED FY22		
							STATE	MRB	TOTAL
EMPLOYEE SALARIES	17,270,100	20,655,800	-	20,655,800	-	-	20,655,800	-	20,655,800
EMPLOYEE BENEFITS	6,272,300	7,410,300	-	7,410,300	-	-	7,410,300	-	7,410,300
<b>TOTAL PAYROLL</b>	<b>23,542,400</b>	<b>28,066,100</b>	<b>-</b>	<b>28,066,100</b>	<b>-</b>	<b>-</b>	<b>28,066,100</b>	<b>-</b>	<b>28,066,100</b>
TRAVEL	411,300	1,112,600	-	1,112,600	(536,200)	-	576,400	-	576,400
PRINTING & DUPLICATING	27,000	171,100	-	171,100	(71,500)	-	94,200	5,400	99,600
COMMUNICATIONS	636,800	744,000	-	744,000	(178,800)	-	216,100	349,100	565,200
MAINTENANCE	3,300	8,000	-	8,000	-	-	8,000	-	8,000
PROFESSIONAL SERVICES	4,609,900	6,762,400	711,500	7,473,900	(1,501,400)	333,500	1,336,000	4,970,000	6,306,000
SUPPLIES	297,800	820,200	-	820,200	(536,200)	-	182,000	102,000	284,000
RENTALS & INSURANCE	109,700	165,000	-	165,000	(35,800)	-	129,200	-	129,200
STAFF TRAINING	154,500	1,043,600	-	1,043,600	(714,900)	-	328,700	-	328,700
TECHNICAL GRANTS	-	-	-	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-	-	-	-
COMPUTER RELATED	1,170,200	1,329,300	-	1,329,300	-	-	127,300	1,202,000	1,329,300
STATE PROVIDED SERVICES	2,022,000	3,301,300	-	3,301,300	-	-	3,301,300	-	3,301,300
OTHER PROGRAM EXPENSES	13,832,800	11,080,900	87,000	11,167,900	-	123,000	-	11,290,900	11,290,900
LENDER COMPENSATION	-	-	11,103,000	11,103,000	-	1,103,000	-	12,206,000	12,206,000
INTEREST EXPENSE	81,688,500	85,100,000	519,500	85,619,500	-	173,500	-	85,793,000	85,793,000
MORTGAGE SERVICE FEES	-	-	-	-	-	-	-	-	-
ISSUANCE COSTS	4,996,400	5,000,000	-	5,000,000	-	-	-	5,000,000	5,000,000
DEPRECIATION	1,239,800	800,000	-	800,000	-	-	-	800,000	800,000
<b>TOTAL OTHER EXPENDITURES</b>	<b>111,200,000</b>	<b>117,438,400</b>	<b>12,421,000</b>	<b>129,859,400</b>	<b>(3,574,800)</b>	<b>1,733,000</b>	<b>6,299,200</b>	<b>121,718,400</b>	<b>128,017,600</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>134,742,400</b>	<b>145,504,500</b>	<b>12,421,000</b>	<b>157,925,500</b>	<b>(3,574,800)</b>	<b>1,733,000</b>	<b>34,365,300</b>	<b>121,718,400</b>	<b>156,083,700</b>
<b>OPERATING REVENUES</b>									
FEDERAL ADMIN. FEES	15,027,600	19,706,600	-	19,706,600	(3,574,800)	-	14,631,800	1,500,000	16,131,800
INVESTMENT INCOME	5,976,500	6,020,000	-	6,020,000	-	88,000	20,000	6,088,000	6,108,000
TAX CREDIT FEES	1,592,800	3,100,000	-	3,100,000	-	-	3,100,000	-	3,100,000
OTHER CURRENT SERVICES	2,077,400	1,300,000	4,378,000	5,678,000	-	2,431,000	-	8,109,000	8,109,000
MULTIFAMILY BOND AUTH FEES	8,192,700	1,800,000	-	1,800,000	-	-	-	1,800,000	1,800,000
THDA OPERATING FUND	-	-	-	-	-	-	14,613,500	(14,613,500)	-
MORTGAGE INTEREST	119,643,000	127,900,000	2,442,000	130,342,000	-	2,845,000	-	133,187,000	133,187,000
HOUSING PROGRAM FUND	-	2,000,000	-	2,000,000	-	-	2,000,000	-	2,000,000
<b>TOTAL OPERATING REVENUES</b>	<b>152,510,000</b>	<b>161,826,600</b>	<b>6,820,000</b>	<b>168,646,600</b>	<b>(3,574,800)</b>	<b>5,364,000</b>	<b>34,365,300</b>	<b>136,070,500</b>	<b>170,435,800</b>
<b>REVENUES LESS EXPENDITURES</b>	<b>17,767,600</b>	<b>16,322,100</b>	<b>(5,601,000)</b>	<b>10,721,100</b>	<b>-</b>	<b>3,631,000</b>	<b>-</b>	<b>14,352,100</b>	<b>14,352,100</b>
<b>GRANT ACTIVITY:</b>									
SECTION 8 PAYMENTS	238,913,400	276,710,600	-	276,710,600	(9,500,200)	-	267,210,400	-	267,210,400
HOME GRANTS	9,186,000	9,571,500	-	9,571,500	-	-	9,571,500	-	9,571,500
WEATHERIZATION	2,623,000	2,600,000	-	2,600,000	-	-	2,600,000	-	2,600,000
LIHEAP	70,582,000	72,699,700	-	72,699,700	(17,699,700)	-	55,000,000	-	55,000,000
EMERGENCY SOLUTIONS GRANT	2,971,000	34,049,000	-	34,049,000	(31,492,000)	-	2,557,000	-	2,557,000
NATIONAL HOUSING TRUST FUND	4,420,300	-	-	-	-	-	-	-	-
HOUSING COUNSELING PROGRAM	78,400	-	-	-	-	-	-	-	-
AG MORTGAGE SETTLEMENT PROGRAM	1,140,900	1,938,600	-	1,938,600	(1,938,600)	-	-	-	-
HOUSING TRUST FUND	7,781,900	10,000,000	-	10,000,000	-	-	6,500,000	3,500,000	10,000,000
TECHNICAL GRANTS	148,400	175,000	-	175,000	-	-	175,000	-	175,000
HARDEST HIT FUND	6,551,100	6,000,000	-	6,000,000	-	-	-	6,000,000	6,000,000
APPRAISAL GAP PROGRAM	11,200	-	-	-	-	-	-	-	-
<b>TOTAL GRANT PAYMENTS</b>	<b>344,407,600</b>	<b>413,744,400</b>	<b>-</b>	<b>413,744,400</b>	<b>(60,630,500)</b>	<b>-</b>	<b>343,613,900</b>	<b>9,500,000</b>	<b>353,113,900</b>
STATE APPROPRIATION	-	-	-	-	-	-	-	-	-
FEDERAL REVENUE	328,884,900	395,630,800	-	395,630,800	(58,691,900)	-	336,938,900	-	336,938,900
HARDEST HIT FUND	7,022,700	6,000,000	-	6,000,000	-	-	-	6,000,000	6,000,000
PRIVATE CONTRIBUTIONS	-	-	-	-	-	-	-	-	-
THDA BOND RESOLUTIONS	-	-	-	-	-	-	6,675,000	(6,675,000)	-
HOUSING PROGRAM FUND	-	1,938,600	-	1,938,600	(1,938,600)	-	-	-	-
<b>TOTAL COLLECTIONS</b>	<b>335,907,600</b>	<b>403,569,400</b>	<b>-</b>	<b>403,569,400</b>	<b>(60,630,500)</b>	<b>-</b>	<b>343,613,900</b>	<b>(675,000)</b>	<b>342,938,900</b>
<b>COLLECTIONS LESS PAYMENTS</b>	<b>(8,500,000)</b>	<b>(10,175,000)</b>	<b>-</b>	<b>(10,175,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,175,000)</b>	<b>(10,175,000)</b>
OVERALL AGENCY EXPENDITURES	479,150,000	559,248,900	12,421,000	571,669,900	(64,205,300)	1,733,000	377,979,200	131,218,400	509,197,600
OVERALL AGENCY FUNDING	488,417,600	565,396,000	6,820,000	572,216,000	(64,205,300)	5,364,000	377,979,200	135,395,500	513,374,700
<b>OVERALL REVENUES LESS EXPENDITURES</b>	<b>9,267,600</b>	<b>6,147,100</b>	<b>(5,601,000)</b>	<b>546,100</b>	<b>-</b>	<b>3,631,000</b>	<b>-</b>	<b>4,177,100</b>	<b>4,177,100</b>
<b>PERSONNEL: FULL TIME POSITIONS</b>	<b>290</b>	<b>309</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>309</b>



<b>ACCOUNT 70800 (PROFESSIONAL SERVICES, INDUSTRY &amp; BUSINESS DEVELOPMENT)</b>
<b>FISCAL YEAR 2021-2022</b>

Description	Actual FY20	Budget FY21	Proposed FY22
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<b>GENERAL BUSINESS AND PROGRAM SUPPORT</b>			
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Attorney General Foreclosure Prevention Counseling	152,700	152,700	152,700
Temporary Services (IT, VMLS, Other)	402,351	402,400	402,400
Volunteer Mortgage Loan Servicing	488,554	488,600	488,600
Section 8 - Portability Payments	519,000	519,000	519,000
Section 8 - (Background Checks, Inspections, Rent Comp Reviews)	431,037	431,000	431,000
LIHEAP Partner Training and Technical Assistance	146,500	146,500	146,500
Capital Markets Administration	95,000	95,000	95,000
Single Family Program Changes - Raymond James TBA Fees	-	711,500	1,045,000
Covid 19	-	1,501,400	-
Other	123,378	140,600	140,600

<b>SUB-TOTAL</b>	<b>2,358,520</b>	<b>4,588,700</b>	<b>3,420,800</b>
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<b>INFORMATION TECHNOLOGY</b>			
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Agency Infrastructure Maintenance and Support	233,070	233,000	233,000
Application Development and Thelma 2.0	616,950	616,950	616,950
Multifamily Software Development	219,360	351,500	351,500
Software Development	301,620	484,700	484,700

<b>SUB-TOTAL</b>	<b>1,371,000</b>	<b>1,686,150</b>	<b>1,686,150</b>
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<b>ADVERTISING SERVICES (OBJECT 086)</b>			
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Great Choice Ad Campaign	428,400	661,000	661,000
Classified Ads, Public Notices, Advertising	37,400	89,000	89,000

<b>SUB-TOTAL</b>	<b>465,800</b>	<b>750,000</b>	<b>750,000</b>
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<b>INDUSTRY AND BUSINESS DEVELOPMENT - (Dues, Memberships, Sponsorships, Outreach)</b>			
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National Council of State Housing Agencies (Dues)	37,200	40,000	40,000
Tennessee Housing Conference	154,000	134,000	134,000
Industry Development and Outreach (Sponsorships)	178,680	220,000	220,000
Various Publications, Subscriptions & Memberships	44,700	55,000	55,000

<b>SUB-TOTAL</b>	<b>414,580</b>	<b>449,000</b>	<b>449,000</b>
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<b>TOTAL PROFESSIONAL SERVICES &amp; DUES</b>	<b>4,609,900</b>	<b>7,473,900</b>	<b>6,306,000</b>
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<b>ACCOUNT 71000 (RENTALS AND INSURANCE)</b>
<b>FISCAL YEAR 2021-2022</b>

THDA INSURANCE INFORMATION (OBJ 105)

Company	Premium Begin Date	Premium End Date	Premiums	Coverage
Chubb Group (Fidelity Bond)	2/1/19	2/1/20	45,840	\$15,000,000
Cincinnati Insurance Company (Personal Property)	4/8/17	4/8/20	10,473	\$1,064,000
Integon (Lender-Placed Mortgage Paid by Borrower)	9/1/16	Until Cancelled	0	Various
Lloyds of London (Errors and Omissions - Servicing)	9/29/19	9/29/22	21,600	\$3,500,000
Travelers (Fidelity Bond - Servicing)	9/2/19	9/2/20	25,135	\$3,500,000
			103,048	23,064,000

Lease of Reproduction Equipment:	31,719
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	Actual 2017-2018	Budget 2018-2019	Proposed 2019-2020
<b>TOTAL RENTALS &amp; INSURANCE:</b>	<b>109,700</b>	<b>165,000</b>	<b>129,200</b>

**ACCOUNT 71300 (GRANTS & SUBSIDIES)**  
**FISCAL YEAR 2021-2022**

**HOUSING TRUST FUND (OBJECT 71300) \*SEE ATTACHED HOUSING TRUST FUND PROPOSAL FOR DETAILS**

Description	Funds Remaining 7/1/20	Actual FY20	Estimated FY21	Base FY22
Rebuild/Recovery/Challenge Grant	1,500,000	2,172,200	500,000	500,000
UCP - Hsg Mod and Ramp Prg	0	42,200	300,000	300,000
Rural Development	26,300	0	0	0
Emergency Repair	2,052,200	745,600	2,700,000	2,700,000
Habitat for Humanity	500,000	0	500,000	500,000
Manufactured Housing Replacement	806,900	0	0	0
Dunlap New Hope Grant	77,600	0	0	0
Dept Mental Health Matching Grant		0	1,500,000	1,500,000
Carter Habitat Build / Special Build Projects	0	1,000,000	1,000,000	1,000,000
Covid-19	44,000	6,000	0	0
Competitive Grants	7,981,600	4,815,900	3,500,000	3,500,000
<b>TOTALS</b>	<b>12,988,600</b>	<b>8,781,900</b>	<b>10,000,000</b>	<b>10,000,000</b>

**TECHNICAL ASSISTANCE GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
<b>Development Districts</b>	<b>148,400</b>	<b>175,000</b>	<b>175,000</b>

**SECTION 8 GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
Voucher Program	41,572,300	41,210,400	41,210,400
Contract Administration	197,341,100	235,500,200	226,000,000
Covid 19			
<b>TOTALS</b>	<b>238,913,400</b>	<b>276,710,600</b>	<b>267,210,400</b>

**HOME GRANTS (OBJECT 139)**

Description	Funds Remaining 7/1/2020	Actual FY20	Estimated FY21	Base FY22
Home 2012 CHDO	52,900		0	0
Home 2012	898,500		0	0
Home 2013	2,030,200		0	0
Home 2014	2,731,200		0	0
Home 2015	2,584,200		0	0
Home 2016	2,766,100		0	0
Home 2017	7,225,500		0	0
Home 2018	12,276,600		0	0
Home 2019	9,022,500			
Budget		9,186,000	9,571,500	9,571,500
<b>TOTALS</b>	<b>39,587,700</b>	<b>9,186,000</b>	<b>9,571,500</b>	<b>9,571,500</b>

**OTHER STATE / FEDERAL GRANTS**

Description	Actual FY20	Estimated FY21	Base FY22
Emergency Solutions	2,971,000	34,049,000	2,557,000
Housing Counseling	78,400	0	0
LIHEAP	70,582,000	72,699,700	55,000,000
Appraisal Gap Program	11,200	0	
Weatherization	2,623,000	2,600,000	2,600,000
National Housing Trust Fund	4,420,300	0	0
Hardest Hit Fund	6,551,100	6,000,000	6,000,000
AG Settlement - Mortgage Asst	1,140,900	1,938,600	0
<b>TOTALS</b>	<b>88,377,900</b>	<b>117,287,300</b>	<b>66,157,000</b>

	Actual FY20	Estimated FY21	Base FY22
<b>TOTAL GRANTS &amp; SUBSIDIES</b>	<b>345,407,600</b>	<b>413,744,400</b>	<b>353,113,900</b>

<b>ACCOUNT 725000 (STATE PROVIDED SERVICES)</b>
<b>FISCAL YEAR 2021-2022</b>

Location	Actual FY20	Budget FY21	Proposed FY22
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<b>THDA OFFICE LEASES</b>	<b>1,378,900</b>	<b>1,547,800</b>	<b>1,547,800</b>
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*\*MISCELLANEOUS SERVICES (OBJECT 25A, 25D, 25E, 25Z, 254, 255)*

Attorney General	1,400	50,000	50,000
Secretary Of State Administrative Judges	1,320	6,000	6,000
Indirect Costs	-	600,000	600,000
Flexible Benefits, Wellness, and Sick Leave Bank Admin	6,500	78,400	78,400
State Audit (255)	55,900	100,000	100,000
Printing and Reproduction	5,100	20,000	20,000
Insurance - State Risk Management Premium	69,000	165,000	165,000
Miscellaneous	31,500	100,000	100,000
<b>SUB-TOTAL</b>	<b>170,720</b>	<b>1,119,400</b>	<b>1,119,400</b>

*DATA PROCESSING SERVICES (OBJECT 250,251,252,257,259)*

F&A - Statewide Accounting	74,200	75,000	75,000
General Services - Records Management (257)	15,400	18,000	18,000
General Services - Motor Veh Repairs		10,000	10,000
General Services - State-Owned Veh Mileage	149,700	150,000	150,000
General Services - Space Planning / Purchasing		50,000	50,000
Edison Billing (HR, Payroll, Accting, Purch, Data Proc)	230,300	250,000	250,000
<b>SUB-TOTAL</b>	<b>469,600</b>	<b>553,000</b>	<b>553,000</b>

*TELECOMMUNICATIONS (OBJECT 253)*

<b>Telephone Charges (F&amp;A)</b>	<b>3,100</b>	<b>81,100</b>	<b>81,100</b>
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<b>TOTAL STATE PROVIDED SERVICES</b>	<b>2,022,320</b>	<b>3,301,300</b>	<b>3,301,300</b>
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**THDA OFFICE LEASE SUPPLEMENTAL INFORMATION**

Location	Square Ft.	Lease Exp. Date	Annual Totals
19002 - Andrew Jackson Building	45,100	Notice	1,150,050
Parkway Towers	7,971	07/30/21	203,261
19003 - Nashville (Madison) (HOLDOVER)	4,117	09/30/27	104,984
27002- Jackson (Lowell Thomas State Office Building)	2,794	Notice	35,564
59002 - Lewisburg (Marshall)	1,500	06/30/21	35,065
71010 - Cookeville (Putnam)	1,500	06/30/21	18,885
<b>TOTAL</b>	<b>62,982</b>		<b>1,547,800</b>

<b>REVENUES</b>
<b>FISCAL YEAR 2021-2022</b>

Description	Actual FY20	Budget FY21	Proposed FY22
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*FEDERAL REVENUE (SOURCE 801)*

Section 8 Grants	239,472,200	276,710,600	267,210,400
HOME Grants	8,738,000	9,571,500	9,571,500
Emergency Solutions Grants	2,971,000	34,049,000	2,557,000
Weatherization Grants	2,623,000	2,600,000	2,600,000
Hardest Hit Fund Grants	7,022,700	6,000,000	6,000,000
Housing Counseling Program	78,400	-	-
National Housing Trust Fund	4,420,300	-	-
LIHEAP	70,582,000	72,699,700	55,000,000
Housing Counseling Program Admin Fees	84,200	-	-
Neighborhood Stabilization Program Admin Fees	73,300	-	-
ESG Administrative Fees	355,800	1,896,000	213,500
WAP Administrative Fees	428,600	759,200	759,200
HHF Administrative Fees	993,300	1,500,000	1,500,000
HOME Administrative Fees	682,900	752,800	752,800
LIHEAP Administrative Fees	982,500	1,165,000	803,800
NHTF Administrative Fees	258,400	201,600	201,600
Section 8 Administrative Fees	11,168,600	13,432,000	11,900,900
<b>Total Federal Revenue</b>	<b>350,935,200</b>	<b>421,337,400</b>	<b>359,070,700</b>

*MORTGAGE INTEREST, INVESTMENT, AND OTHER INCOME (SOURCE 880)*

Tax Credit Monitoring Fees	1,592,800	3,100,000	3,100,000
Mortgage Interest Income	119,643,000	130,342,000	133,187,000
Investment Income	5,976,500	6,020,000	6,108,000
Multi Family Bond Application Fees	8,192,700	1,800,000	1,800,000
Servicing Fees (Late Fees, etc)	1,832,700	5,478,000	7,909,000
Conference and Other Income	244,700	200,000	200,000
<b>SUB-TOTAL</b>	<b>137,482,400</b>	<b>146,940,000</b>	<b>152,304,000</b>

<b>TOTAL OF ALL REVENUES</b>	<b>488,417,600</b>	<b>568,277,400</b>	<b>511,374,700</b>
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<i>RESERVES: GRANT AND ADMINISTRATIVE FUNDS FROM HOUSING PROGRAM FUND</i>		<b>3,938,600</b>	<b>2,000,000</b>
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<b>TOTAL OF ALL FUNDING SOURCES</b>	<b>488,417,600</b>	<b>572,216,000</b>	<b>513,374,700</b>
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# 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 Bond Finance Committee  
**FROM:** Lynn Miller, Chief Legal Counsel  
**DATE:** September 8, 2020  
**SUBJECT:** Underwriter Team Extension

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THDA staff and CSG recommend that this same underwriter team be used for the next calendar year, from January 1, 2021 to December 31, 2021. The CSG recommendation is attached.

The current underwriting team serving for THDA bond issues consists of Citigroup, Raymond James, and RBC, with JP Morgan and Wells Fargo as co-managers. This team was selected three years ago. The general expectation, under normal circumstances, has been that the team would be re-evaluated every three years. This year, however, has been anything but normal. As a result, staff and CSG make the recommendation stated above.

Tennessee Code Annotated Section 13-23-120(e)(3)(B) directs that the Bond Finance Committee shall select underwriters as the Committee deems necessary. There is no other statutory direction given, so the underwriters selected and the length of their selection is solely at the discretion of the Bond Finance Committee.

LEM/jp

**MEMORANDUM**

**TO:** THDA Bond Finance Committee, Division of State Government Finance (SGF), and THDA

**FROM:** David Jones, Tim Rittenhouse, and Eric Olson

**SUBJECT:** Recommendation for 1-Year Underwriter Term Extension

**DATE:** September 8, 2020

In January 2018, THDA's Bond Finance Committee selected a new underwriting team consisting of senior managers Citigroup, Raymond James, and RBC; and co-managers JP Morgan and Wells Fargo, plus a third co-manager position held by the selling group member that performed best on the prior bond issue. This selection was for a period of three years.

Since this underwriter selection, the book-running senior manager has been chosen from among the two firms that did not serve as the book-running manager on the last issue, based on criteria determined by the Bond Finance Committee in consultation with SGF and CSG. While THDA reserves the right to change these criteria at any time for any reason, established measures of manager performance include, but are not limited to, the following features:

- 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.)

The managers have continued to perform very well by these standards. Moreover, the underwriting team has produced consistently favorable results for THDA, even in unusually uncertain bond markets. Accordingly, we see no disadvantage to THDA in extending the service of its underwriters for an additional year.

Most importantly, with the impact of the coronavirus on the economy and the capital markets ongoing, extending the term of the current underwriting team limits additional disruption to THDA's access to the capital markets and allows THDA to continue to work with a team that has proven itself very familiar with the market for THDA's bonds. Though the bond market may continue to be unstable, THDA will be able to draw on the experience of its seasoned team.

*CSG's recommendation is that THDA extend the service of this underwriting team for one year.*



# 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 Lending Committee Meeting  
Friday, September 18, 2020 at 11:30 a.m. Central Time  
WebEx Meeting /Call - To join the call Dial  
1-650-479-3208; Code 133 261 6360**

## AGENDA

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1. Conduct of Electronic Meeting Statement
2. July 20, 2020 meeting minutes
3. Ginnie Mae Application
4. Sale of Second Mortgages

### **COMMITTEE MEMBERS**

Chrissi Rhea, Chair  
Butch Eley  
Mike Hedges  
Joseph Williams



TENNESSEE HOUSING DEVELOPMENT AGENCY  
LENDING COMMITTEE MEETING MINUTES  
July 20, 2020

Pursuant to the call of the Chairman, the Lending Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met in regular session on Monday, July 20, 2020, at 9:00 a.m., via Cisco WebEx Meeting.

The following Committee members were present: Chrissi Rhea (Chair), Regina Hubbard, John Krenson, Colleen Daniels for Commissioner of Finance and Administration Butch Eley, and Joseph Williams.

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

"Certain Committee members will be participating in this meeting by telephone as authorized by Tennessee Code Annotated Section 8-44-108. Notice was posted stating that this meeting would be conducted in this fashion. This meeting is being conducted in this manner because the matters to be considered by the Committee today require timely action and the physical presence of a sufficient number of Committee members to constitute a quorum is not possible within the timeframe in which action is required and also because of COVID-19. Therefore, it is necessary for some members to participate via telephone. Committee members participating by telephone were sent documents relevant to today's meeting."

Upon motion by Chair Rhea, second by Mr. Krenson, and a roll call vote with all Committee members identified as present voting yes, motion carried that necessity existed to conduct the Lending Committee in this manner.

Chair Rhea called for consideration of the minutes from the January 29, 2020, meeting. Upon motion by Ms. Daniels, second by Mr. Krenson, and a roll call vote with all Committee members identified as present voting yes, except for Mr. Williams who abstained, the referenced minutes were approved.

Chair Rhea next called for consideration of income limits for THDA single family loan programs and referenced a memo from Dr. Hulya Arik dated July 13, 2020. She explained that staff recommends adoption of the Proposed 2020 Income Limits based on 2020 data, effective as of August 1, 2020, as described in the referenced memo. She noted that the recommended income limits result in increased limits for 91 counties. Upon motion by Mr. Krenson, second by Ms. Daniels and a roll call vote with all Committee members identified as present voting yes, the staff recommended income limits were approved for recommendation to the Board.

Chair Rhea next requested ratification of the downpayment assistance loan change referenced in a memo from Lindsay Hall, dated June 4, 2020. Mr. Perrey explained that the term of the downpayment assistance second mortgage loan was changed from 30 years to 15 years, effective July 1, 2020, to allow more effective recycling of downpayment assistance in a low interest rate environment. He noted that the referenced memo provides details. Upon motion by

Ms. Daniels, second by Mr. Krenson, and a roll call vote with all Committee members identified as present voting yes, the term of the downpayment assistance second mortgage loan change from 30 years to 15 years was ratified for recommendation to the Board.

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

Respectfully submitted,

Ralph M. Perrey  
Executive Director

Approved the 18th day of September, 2020.

Pending



# Tennessee Housing Development Agency

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

Bill Lee  
Governor

Ralph M. Perrey  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors

**FROM:** Lynn Miller, Chief Legal Counsel  
Lindsay Hall, Chief Operating Officer of Single Family Programs

**DATE:** September 8, 2020

**SUBJECT:** Ginnie Mae Issuer

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### Recommendation

Staff recommends authorizing THDA to become a Ginnie Mae Issuer and authorizing staff to work through all details in connection with a secondary market execution as a Ginnie Mae Issuer. Specific recommended authorizations are as follows:

1. Authorize an insured government loan product through a secondary market execution.
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to Ginnie Mae on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required.
3. Authorize staff to create loan pools to sell to Ginnie Mae using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function.
4. Authorize staff to utilize the current revolving line of credit, up to a maximum of \$75 million, to purchase loans from Originating Agents prior to selling them to Ginnie Mae through the provider or otherwise, with terms and conditions satisfactory to the Executive Director.
5. Adopt the resolution required by Ginnie Mae in the form attached hereto, with the names of Ralph Perrey, Lindsay Hall, Steve Fisher, Trent Ridley, Lynn Miller and any other THDA staff members as determined appropriate by the Executive Director inserted as officers specified in the first resolution.

6. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#5 above.

## **Background**

Becoming a Ginnie Mae Issuer continues the process of reducing THDA reliance on mortgage revenue bonds (MRB) and volume cap while maintaining high levels of THDA mortgage loan production. This process began several years ago when the Board authorized THDA to become a Freddie Mac Seller/Servicer and a Fannie Seller/Servicer. THDA currently is a Freddie Mac Seller Servicer and continues to work toward becoming a Fannie Mae Seller/Servicer. Authorizing THDA to become a Ginnie Mae Issuer is simply another step in the process.

As a Ginnie Mae Issuer, THDA will offer government insured or guaranteed loan products, such as FHA, VA, or RD loans, outside of the MRB loan program. With this method, revenue is earned on these loans once they are sold to Ginnie Mae. THDA will retain the servicing rights to these loans and will earn servicing revenue monthly.

Most importantly, this will allow THDA to sell government insured or guaranteed loans, currently purchased in the MRB loan program, through a secondary market (MBS) execution, to Ginnie Mae. This will lessen demand for volume cap needed to support tax-exempt bond issuance to purchase THDA single family mortgage loans. In addition, since FHA loans sold to Ginnie Mae will not require the issuance of tax-exempt debt, there will be no impact on the statutory debt limit applicable to THDA.

THDA will continue to utilize a TBA provider to limit some interest rate risk from loan commitment to loan delivery. Once THDA staff develop experience, the expectation is that THDA staff will sell loans directly to Ginnie Mae.

THDA will continue to use the existing line of credit with RBC to purchase closed loans from THDA Originating Agents prior to delivery/sale to Ginnie Mae. The estimated time between purchasing loans from THDA Originating Agents to loan delivery to Ginnie Mae is approximately 45 days.

As with Fannie Mae and Freddie Mac, staff is looking to supplement, not replace, loans purchased with the proceeds of tax-exempt bonds. By maintaining both a loan program funded with tax-exempt bonds and a MBS loan program, THDA reaps the benefit of long-term income from whole loans in THDA's portfolio that were purchased with proceeds of tax-exempt bonds and generates immediate income when loans are sold to Ginnie Mae, as well as to Fannie Mae and Freddie Mac.

# Resolution of Board of Directors and Certificate of Authorized Signatures

U.S. Department of Housing and Urban Development  
Government National Mortgage Association

OMB Approval No. 2503-0033 (Exp. 04/30/2023)

(Please type all entries)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a current OMB control number.

Ginnie Mae is authorized to collect the information on this form as required by Section 306(g) of the National Housing Act and/or the Ginnie Mae Handbook, 5500.3, Rev. 1. Ginnie Mae maintains this information to ensure that the persons identified below perform in accordance with acceptable business standards. The information collected will not be disclosed outside the Department except as required by law.

Name of Issuer

Issuer ID Number

## Resolved First, that

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

Name and Title of Officer

Signature

of this corporation, or any one or more of them, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while these resolutions are in effect, to execute and deliver to the Government National Mortgage Association, in the form prescribed by said Association, with respect to the issue(s) by this corporation, under Section 306(g) of the National Housing Act and the Regulations pertaining thereto, of mortgage-backed securities to be guaranteed by the Association, any documents required to (a) make applications to Ginnie Mae in the name of and on behalf of this corporation for approval to become an issuer and for Ginnie Mae commitments to guarantee such mortgage-backed securities issued by this corporation; (b) enter into contracts with Ginnie Mae for the latter's guaranty of mortgage-backed securities issued in accordance with the terms and conditions of commitments to guarantee, issued by the Association to this corporation; (c) merge mortgage notes, deeds of trust and bonds now owned or hereafter acquired by this corporation into pools or loan packages, against which this corporation may issue mortgage-backed securities; (d) enter into any agreements, execute any documents or papers, and furnish any information required or deemed necessary or proper by the Association in connection with any of the foregoing; and (e) abide by all the terms and conditions set forth in the Ginnie Mae Mortgage-Backed Securities Guide.

**Resolved Second**, that the above named officers, be and they are hereby authorized and empowered in their discretion and as occasion may arise to receive and endorse the name of this corporation on any checks or drafts representing the proceeds from collections made by servicers of mortgages pertaining to pools or loan packages, and to issue and sign any checks or drafts issued to pay to the security holders their pro rata shares in these proceeds, and to do and perform any and all acts and to execute any and all additional instruments or agreements, from time to time, in the name of and on behalf of this corporation under its corporate seal or otherwise, deemed necessary or proper by the Association in connection with the formation of mortgage pools or loan packages, the issuance of mortgage-backed securities, the guaranty of mortgage-backed securities by the Association and the discharge of the duties and obligations of this corporation, as issuer, until the proceeds of the last maturing mortgage in any pool or loan package is remitted to registered security holders.

**Resolved Third**, that any contracts or agreements heretofore made with said Association on behalf of this corporation, and all acts of officers or agents of this corporation in connection with any contracts to be entered into for the guaranty by the Association of mortgage-backed securities to be issued by this corporation are hereby ratified and confirmed.

**Resolved Fourth**, that Ginnie Mae is authorized to rely upon the aforesaid resolution until receipt by it of written notice thirty days in advance of any proposed change therein.

Previous editions are obsolete.

Certification.

**I Hereby Certify** that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of

\_\_\_\_\_ at a meeting duly called and held at \_\_\_\_\_

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names. I also certify that the signatures set opposite the officers' names are true and genuine specimens of the officers' respective signatures.

**In Witness Whereof**, I have hereunto signed my name and affixed the seal of this corporation.

(Seal)

\_\_\_\_\_  
Secretary

**I**, \_\_\_\_\_  
Name of officer Title of officer

**of** \_\_\_\_\_, located  
Name of institution

**in** \_\_\_\_\_ hereby certify that  
Location of institution

\_\_\_\_\_ is the duly qualified and acting secretary  
Name of secretary

**of** \_\_\_\_\_  
Name of institution

and that the signature appearing above is his/her genuine signature.

**In Witness Whereof**, I have hereunto signed my name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Officer Signature



# Tennessee Housing Development Agency

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

**Bill Lee**  
Governor

**Ralph M. Perrey**  
Executive Director

## MEMORANDUM

**TO:** THDA Board of Directors

**FROM:** Lynn Miller, Chief Legal Counsel  
Lindsay Hall, Chief Operating Officer of Single Family Programs

**DATE:** September 8, 2020

**SUBJECT** Selling THDA Down Payment Assistance Second Mortgage Loans

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### **Recommendation**

Authorize the sale of down payment assistance second mortgage loans funded by THDA (“DPA Seconds”) in connection with Great Choice first mortgage loans owned by THDA to banks and other financial institutions that have Community Reinvestment Act requirements to meet within the state of Tennessee. Specific recommendations are as follows:

1. Authorize staff to engage banks and other financial institutions working within the state of Tennessee that may have a desire to purchase DPA Seconds to meet Community Reinvestment Act (CRA) requirements.
2. Authorize staff to create pools of DPA Seconds for sale and to negotiate the sale price thereof via public or private sale upon terms and at prices determined to be appropriate by the Executive Director in consultation with the THDA financial advisor, bond counsel, Chief Financial Officer and Chief Legal Counsel.
3. Authorize any such sales only on the condition that THDA retain all servicing rights.
4. Authorize all appropriate staff to execute all documents and do all things necessary and proper to carry out the authorizations described in #1, #2, and #3 above.

**Background:**

Within the past several years, there has been an increase in regulatory requirements placed on financial institutions. Many smaller local and community banks could not meet these requirements and were purchased or acquired by other banks. By combining their assets, many of these banks have found that they now have increased requirements under the CRA. THDA has a unique opportunity to be able to work with these institutions to assist them in realizing their CRA requirements.

By creating and selling pools of DPA Seconds, THDA will recover a portion of down payment funds sooner and be able to recycle these funds more quickly as loan production has seen a significant increase over the past several years. In addition, THDA will continue conversations with its financial advisor and bond counsel as to the best practice and process to recycle these funds going forward.