

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit

Approved this day 12th of November 2020.

**Bond Finance Committee minutes from September 18, 2020
will be approved at the January 2021 Meeting.**

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

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

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

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

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

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

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

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

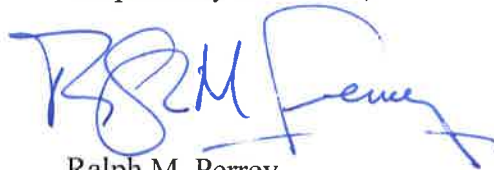
Grants Program funds to applicants for applications scored by staff based on the rating scale contained in the approved 2021 Winter Round THTF Competitive Grants Program Description.

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

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

With no further business, the meeting was adjourned.

Respectfully submitted,



Ralph M. Perrey
Executive Director

Approved this 13th day of November, 2020

Lending Committee minutes from September 18, 2020 will be approved at the January 2021 Meeting.

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

**Tax Credit Committee did not meet in the month of
September 2020.**