

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
July 23, 2024

Pursuant to the call of the Chair, the Tennessee Housing Development Agency (THDA) Board of Directors (the "Board") met in regular session on Tuesday, July 23, 2024, at 10:23 AM CT in the Tennessee Room #2 of the Tennessee Towers, Nashville, Tennessee.

The following board members were present in person: Chair Rick Neal, Jacky Akbari, Stephen Dixon, Micheal Miller, Rob Mitchell, Chris Mustain (Secretary of State Tre Hargett), Treasurer David Lillard, Comptroller Jason Mumpower. Those absent were Tennion Reed, Dan Springer, Chrissi Rhea, and Commissioner of F&A Jim Bryson.

Chair Rick Neal called the Board meeting to order and took a moment to acknowledge Chattanooga's award of the \$50 million HUD Choice Neighborhood Initiative Grant and the recent celebration of Phase V of the South City project in Memphis.

Chair Neal then opened the floor to anyone present from the public who wished to address the Board. Ms. Phyllis Vaughn of Vaughn Development Group, Inc came forward and shared the following concerns regarding the Draft 2025 Qualified Allocation Plan (QAP) included in the July board materials. First, Ms. Vaughn expressed concern that the draft QAP was presented to the Board before public hearing for comments and encouraged the Board to review and consider public comment before approving the QAP. Then, she reminded the Board that the draft QAP decreased the number of set asides from five to three. With that reduction, she had hoped there would be an increased allocation in the general priorities category, but that did not happen. She also voiced concern that the CHOICE Neighborhood Initiative was a priority over other possibilities within the set-aside, and that with two known upcoming CHOICE Neighborhoods projects (Knoxville and Chattanooga) there would be little extra rolling into the general priorities category. Lastly, Ms. Vaughn noted that with the current set aside structure, 25% of the State's allocation, specifically, any economic development project, would be chosen by THDA staff and not through a competitive scoring process with criteria specified ahead of time.

Chair Neal then recognized Executive Director Ralph M. Perrey for his report.

Mr. Perrey shared the following:

- Stephen Dixon was appointed by Governor Lee to a full four-year term on our Board of Directors.
- THDA has successfully completed a SOC 2, Type 2 Audit. This is a rigorous review of the way we secure and handle confidential and personal information and the processes and policies we have in place to do that. Kudos go to Chief Information Officer Nicole Lucas and Internal Audit Director Gay Oliver, who coordinated this two-year effort for THDA.
- THDA does not use the Crowd Strike product that triggered the massive IT breakdowns reported over the weekend. But this incident underscores what our Director of Information Security, Jason Ronnow, has often said: "*It is not a question of 'IF,' it is a question of 'WHEN'.*" THDA invests a considerable amount of effort in protecting our IT network.

- THDA's September Board meeting will be in Memphis. It will include our Friends of Housing Reception for community partners the night before – sponsored by Mortgage Bankers Association, our partners in *Convergence Memphis*.

At the conclusion of Mr. Perrey's remarks, Chair Neal recognized Ms. Lindsay Hall, the Chief of Single-Family Loan Programs for a Single-Family Programs Business Update. During this update, Ms. Hall made the Board aware of 12 counties that received a Tennessee Disaster Declaration as of June 17, 2024, from FEMA. She highlighted that with this declaration, Volunteer Mortgage Loan Servicing (VMLS) works with THDA homeowners who live or work in those counties to ensure any hardship encountered from the recent disaster impacting their mortgage payments has minimal impact on their financial status and status as homeowners. Specifically, THDA clients are afforded a 90-day window in which delinquent payments are not reported to a credit agency, they cannot receive a foreclosure notice on their home and they are offered loss mitigation opportunities.

Next, Chair Neal recognized Mr. Eric Alexander, the Director of Multifamily Programs, for a Multifamily Programs Business Update and a brief discussion about the 2025 draft QAP. Chair Neal stated that he liked the change in nomenclature in the draft QAP. Mr. Rob Mitchell asked the purpose of the utility allowances in the draft and why they were added to the QAP. Mr. Alexander said the utility allowance language was updated in the QAP this year to allow more flexibility for developers, providing a greater range of utility allowance options, so they can choose the best approach for their application. Mr. Alexander closed the brief by stating that a Public Hearing on the QAP would occur in August.

Chair Neal then asked for consideration of the May 21, 2024 board meeting minutes. Upon motion by Mr. Dixon and a second by Mr. Mitchell, the motion carried, and the minutes were approved.

Next, Chair Neal recognized Treasurer Lillard, Chair of the Audit and Budget Committee, to present the Executive Director's Performance Evaluation. Treasurer Lillard brought to the Board a recommendation from the Audit and Budget Committee, in the form of a motion and a second, for an Outstanding rating for Mr. Perrey's Performance Evaluation. Treasurer Lillard also stated, that if approved by the Board, the Treasurer, Secretary of State, Board Chair and Mr. Perrey would meet to discuss the evaluation and associated salary actions. Upon vote by the full Board, the motion to approve an Outstanding rating for Mr. Perrey's Performance Evaluation was carried.

Chair Neal presented Bond Issue 2024-3 as outlined in the memo dated July 9, 2024, from Mr. Bruce Balcom, Chief Legal Counsel, as found in the board packet. Mr. Neal brought to the Board a recommendation from the Bond Finance Committee, in the form of a motion and a second, to approve Bond Issue 2024-3, as well as approve Fidelity's addition to the selling group. Upon vote by the full Board, the motion to approve Bond Issue 2024-3 and Fidelity's addition to the selling group was carried.

Chair Neal recognized Ms. Lindsay Hall, Chief of Single-Family Loan Programs to present the Updated Ginnie Mae 11702 Form Authorization as outlined in the memo dated June 26, 2024, from herself, as found in the board packet. Ms. Hall highlighted that the Board is required to authorize any changes to the Form for changes in personnel or position. In this instance, two updates were required – Removing Mr. Joe Brown, who retired, and adding Mr. Damon Pallay, the new Comptroller/Assistant CFO, and a change to Mr. Langston Glass' position from Capital Markets Advisor to Capital Markets Administrator. Upon motion by Treasurer Lillard and a second by Mr. Dixon, the motion to approve the Updated Ginnie Mae 11702 Form Authorization was carried.

Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present the 2024-2 HOME CHDO Homeownership Development Program Description, as outlined in the memo dated July 8, 2024, from Director of Community Housing, Mr. Bill Lord, and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this was a second round of funds for this year for the HOME CHDO Homeownership Development and that the application window would open August 1, 2024 with awards out by December 1, 2024. Other than pertinent dates, no material updates were made to the prior version of the program description. Upon motion by Mr. Dixon and a second by Mr. Mustain, the motion to approve the program description was carried.

Chair Neal recognized Mr. Don Watt, Chief Programs Officer, to present the 2024-2 HOME Rental Housing Development Program Description, as outlined in the memo dated July 8, 2024, from Director of Community Housing, Mr. Bill Lord, and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that this was a second round of funds for this year for HOME Rental Housing Development and that the application window would open early September 2024 with awards out by December 1, 2024. He also noted that \$3.7 million were available and that only one application in the previous application round was funded. Mr. Dixon asked why the other three applications in the previous round were not funded. Mr. Watt replied that they did not meet threshold requirements for consideration by either not turning in all required materials or presenting a project that was not fiscally feasible. Mr. Neal followed by asking if this limited partner participation is unique or typical? Mr. Watt replied that this is the Agency's second year with this offering and there is an ongoing outreach and education effort regarding this program by the Division. Upon motion by Treasurer Lillard and a second by Comptroller Mumpower, the motion to approve the program description was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2019 Tennessee Housing Trust Fund Challenge Grant extension from Appalachia Service Project (ASP), as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that ASP was awarded a \$500,000 grant with an original grant window of October 2019 – September 2022. ASP is requesting an extension to December 31, 2025. Upon motion by Mr. Dixon and a second by Treasurer Lillard, the motion to approve the grant extension for ASP was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2019 Tennessee Housing Trust Fund Competitive Grant extension from Gallatin Housing Authority, as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that Gallatin Housing Authority was awarded funds for eight duplexes for elderly residents with an original grant window of July 2019 to September 2022. Gallatin Housing Authority is requesting an extension to October 31, 2025. Upon motion by Mr. Miller and a second by Treasurer Lillard, the motion to approve the grant extension for Gallatin Housing Authority was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2020 HOME Urban/Rural grant extension from the City of Paris, as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as found in the board packet. Mr. Watt highlighted that due to the limited availability of contractors and supplies, the City needed an extension to December 31, 2024 to ensure all construction and paperwork are completed. Upon motion by Treasurer Lillard and a second by Comptroller Mumpower, the motion to approve the grant extension for the City of Paris was carried.

Chair Neal again recognized Mr. Don Watt, Chief Programs Officer, to present the 2020 National Housing Trust Fund extension from Memphis Housing Authority as outlined in the memo dated July 8, 2024, from Director of Community Housing Mr. Bill Lord and Chief Programs Officer Don Watt, as

found in the board packet. Mr. Watt highlighted that the project: Edgeview at Legends Park for which this extension is requested, also has MTBA and Tennessee Housing Trust Fund awards supporting it as well. Upon motion by Treasurer Lillard and a second by Mr. Dixon, the motion to approve the grant extension for Memphis Housing Authority was carried.

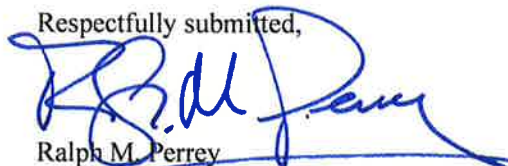
Chair Neal then recognized Mr. Eric Alexander, Director of Multifamily Programs, to present an Amendment to the 2024 Qualified Allocation Plan, as outlined in the memo dated July 23, 2024, from himself and Chief Programs Officer Don Watt, as found in the board packet. Mr. Alexander highlighted that four projects received 2019 Disaster Tax Credit Awards and due to delayed documentation guidance from the IRS, these credits need to be converted to 2024 credits aligning the technical components of the award with the intent of the award. Upon motion by Mr. Dixon and a second by Comptroller Mumpower the motion to amend the 2024 Qualified Allocation Plan was carried.

Chair Neal then recognized Mr. Eric Alexander, Director of Multifamily Programs, to present an Appeal to Threshold Eligibility for Collins Place from the 2024 QAP Competitive Round, as outlined in the memo dated July 23, 2024, from himself and Chief Programs Officer Don Watt, as found in the board packet. Mr. Alexander highlighted THDA staff could not accommodate this appeal without Board approval because of the specific language regarding a separate finance commitment for the development and maintenance of the facility in the 2024 QAP. Mr. Alexander also pointed out that the applicant provided the information in their application and again in a separate Letter of Intent provided in the board packet. Upon motion by Mr. Miller and a second by Ms. Akbari the motion to approve the appeal to Threshold Eligibility for Collins Place was carried.

Noting that all action items for the Board were completed, Chair Neal pointed out informational award letters provided to the Board in the Annex.

With no further business, the meeting was adjourned at 11:16 AM CT.

Respectfully submitted,



Ralph M. Perrey
Executive Director

Approved this 24th day of September 2024