



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

**Committee & Board Meeting Materials
November 16, 2021**



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

TO: THDA Board of Directors
FROM: Ralph M. Perrey, Executive Director
SUBJECT: November THDA Board of Directors Meeting
DATE: November 3, 2021

THDA Board Members,

We look forward to seeing you at the Annual Meeting of the THDA Board of Directors, Tuesday, November 16 in our usual location, the Nashville Room of the Tennessee Tower. Committees will convene at 10:00 a.m. The Board meeting itself will convene at 1:00 p.m. Because this is the official “Annual Meeting”, we ask that you make every effort to be with us in person.

A number of annually required items are on the agenda:

- Election of the Vice Chair
- Committee assignments and meeting dates for 2022
- Review of the Official Statement
- A report from Internal Audit Director Gay Oliver
- The annual Enterprise Risk Management assessment
- Analysis of disclosures by Board Members and THDA staff
- Performance Review of the Executive Director

In addition, the following action items are presented for your review:

- Adoption of the 2022 Qualified Allocation Plan for the Housing Tax Credit program. The document before you reflects changes discussed with the Tax Credit Committee at its special meeting October 21, outlined in the memo behind the Tax Credit Committee tab. One significant addition – within the public housing set-aside we recommend first priority be given the Waverly Housing Authority, which lost the majority of its units to flooding. The Tax Credit committee will also hear an appeal that will decide which of two applicants receives Disaster Round tax credits for development in Davidson County.
- Grants Committee will review program descriptions for the 2022 HOME, ESG and National Housing Trust Fund Programs, as well as an update to the program description for Emergency Rental Assistance (ERA1 and 2) to conform with new federal guidance.

Please feel free to contact me with any questions or concerns. Please work with Cindy Ripley on your travel and lodging arrangements.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

THDA Board of Directors Meeting Agenda

**Tuesday, November 16, 2021 at 1:00 p.m. CT
Tennessee Tower; The Nashville Room
312 Rosa L. Parks Avenue, 3rd Floor
Nashville, TN 37243**

A. Approval of Minutes from September 28, 2021 meeting

B. Executive Director's Report

C. Annual Meeting Items:

1. Election of Vice Chair
2. Committee Membership
3. 2022 THDA Board of Directors Meeting Schedule
4. 2022 Annual Forms
5. Official Statement Review

D. THDA Board Action Items

1. Enterprise Risk Management Update
2. Analysis of Disclosure Report for Board Members
3. Analysis of Disclosure Report for THDA Staff
4. Annual Performance Evaluation of the Executive Director
5. Five Year Strategic Financial Plan
6. 2021 COVID-19 Rent Relief Program Description and Memo
7. 2022 Emergency Solutions Grant Program Description and Memo
8. 2022 HOME Program Description and Memo
9. 2022 National Housing Trust Fund Program Description and Memo
10. TN21-705 WCO Dickerson Flats Request for Relief
11. Approval of 2022 Low Income Housing Credit Qualified Allocation Plan

APPENDIX

- Issue 2021-2 State Form CT-0253

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING MINUTES
September 28, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors (the “Board”) met in regular session on Tuesday, September 27, 2021 at 1:00 p.m. Central Standard Time., in the Conference Rooms A and C of the William R. Snodgrass Tennessee Tower Building, in Nashville, Tennessee.

The following Board members were present and in person: Mike Hedges (Chair), Kevin Bradley (for Treasurer David Lillard), Katie Armstrong (for comptroller, Jason Mumpower). Those Board members participating via Webex were: Chris Mustain (for Secretary Tre Hargett), Joann Massey, Matt McGauley, Austin McMullen (joined the meeting at 1:16 p.m. CT), Tennion Reed, Chrissi Rhea and John Snodderly. Board members, Mike Hardwick, Doree Hicks (for Commissioner Butch Eley), Erin Merrick and Rick Neal were absent.

Chair Hedges recognized Bruce Balcom, Chief Legal Counsel, who read the following statement:

“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. This is also necessary to protect everyone’s health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone or electronically. Board members so participating were sent documents relevant to today’s meeting.”

Chair Hedges called the meeting to order. Upon a motion by Mr. Hedges on behalf of the Board, and a roll call vote, with all members identified as present voting “yes” (9 ayes); motion carried that a necessity exists to conduct the meeting in this manner.

Chair Hedges called for consideration of the July 27, 2021, minutes that were previously circulated to all Board members. Upon motion by Mr. Hedges, second by Mr. McGauley, and a roll call vote with eight members identified as present voting “yes” (8 ayes) (Mustain, Bradley, Massey, McGauley, Armstrong, Reed, Snodderly, Hedges) and one member abstaining (Rhea); the minutes were approved.

Chair Hedges recognized Ralph M. Perrey, Executive Director of Tennessee Housing Development Agency to present the Executive Directors Report.

- We have a call tomorrow with the US Department of the Treasury regarding our proposal for the Homeowner Assistance Fund, which we hope will lead to their approval of our plan and the release of funding so we can open the program. . In the meantime, we have sent agreements to scores of other loan servicers and are essentially ready to open the program whenever the federal government gives us the go-ahead.

- We have launched the Homeowner Assistance Fund on a pilot basis with just THDA mortgage holders. We have contacted about 2000 borrowers who are either delinquent or in forbearance. So far, roughly one fourth of those are somewhere in process.
- On the Rent Relief program, two things of note here – the Urban Institute this month issued a report that says what we’ve been saying for months -- *“what matters... is how many eligible renters they are able to save from eviction... not the percentage of appropriated funds they have managed to spend...which is a misleading metric given how much more money has been appropriated than is needed in many states.”*
- We are among a small number of state HFAs working on a process and document standardization project. The objective being to make it easier for large regional and national lenders to work with state HFAs. I’m pleased to report that THDA is the first housing finance agency to adopt Freddie Mac’s *Application Programming Interface*, and will soon be the first to adopt Freddie’s *4 month lender engagement plan*. This is inside baseball as far as our customers are concerned but it is an encouraging first step toward engaging with more lenders and offering a wider array of mortgage products to the Tennesseans we serve.
- We are not a first responder agency but we are doing what we can to help those impacted by the flooding in Waverly earlier this month. We have made housing choice vouchers available to some of those displaced. A 70-unit tax credit development was extensively damaged; we are exploring what assistance we can provide to make those units habitable again. We have also notified local officials that we can make roughly \$325,000 from our Rebuild & Recover funding available to eligible homeowners in Humphries County.
- Governor Lee will recommend allocated \$90 million of Recovery Act funding to THDA to allow us to provide subsidies to tax credit developments impacted by the sharp rise in construction cost. The Financial Stability Accountability Group will receive that recommendation October 6 and is expected to act on it later in the month. THDA’s multifamily team is already collecting updated financial information from developers so that we can move quickly to offer commitments, as you have authorized us to do.
- HUD has finally released guidance for the \$53 million in HOME-ARP funding we received last spring. The funds are intended to help those who are homeless, at risk of homelessness, or fleeing a violent domestic situation. We are analyzing the federal requirements now.
- THDA’s Sunset Review Hearing is scheduled November 10. We look forward to updating the General Assembly on what we’ve accomplished since our last one four years ago.

Chair Hedges then gave the report on the Audit & Budget Committee Meeting. He referenced a memo from Gay Oliver, Director of Internal Audit, dated September 7, 2021

explained that the Committee is requesting approval for the addition of a consequences section to the Code of Conduct, the addition of a table tracking revisions, and formatting the Code of Conduct to match other THDA policies. Upon a motion by Chair Hedges and a roll call vote with all members identified as present voting “yes” (9 ayes), motion carried.

Chair Hedges continued to report on the next item, the Bond Finance Committee Meeting. He noted the 2021-3 Bond Issue (Bond Finance Committee) and referenced the memo from Bruce Balcom, Chief Legal Counsel dated September 7, 2021, which outlined the Committee recommendation to approve the Plan of Financing and recommends to approve the Authorizing Resolution, including the form of the Supplements Resolution, and the Reimbursement Resolution. By an offer of a motion on behalf of the Committee by Chair Hedges, and a roll call vote with all members identified as present voting “yes” (9 ayes), motion carried.

Chair Hedges proceeded to report on the Grants Committee Meeting referring to a memo from Cynthia Peraza and Don Watt dated September 1, 2021 outlining the following recommendations from the Grants Committee on the 2022 Winter Round Competitive Grants Program Description.

Committee is recommending:

- Adoption of the Proposed 2022 Winter Round of the THTF Competitive Grants Program. Description (“Program Description”);
- Authorize the Executive Director or a designee to award the 2022 Winter Round of the THTF Competitive Grants funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for the eligible applications is exhausted, subject to all requirements in the approved Program Description; and,
- Allow Staff to make minor programmatic changes as deemed necessary and appropriate and as approved by the Executive Director.
- Staff will provide information to the Committee and Board regarding associated funding awards at the meeting that immediately follows the date of the awards.

Upon a motion by Chair Hedges and a roll call vote with all members identified as present voting “yes” (9 ayes), motion carried.

Chair Hedges recognized Mr. Snodderly to report on the Rental Assistance Committee meeting. Mr. Snodderly referenced a memo from Ralph M. Perrey, Executive Director dated September 08, 2021 and noted the Committee is recommending to the Board approval of an extension of THDA’s contract to administer the Project Based Contract Administration Program until HUD is able to award it to another entity and permission for THDA to subcontract that work in the meantime. Upon a motion from Mr. Snodderly and a roll call vote with nine members identified as present voting “yes” (Mustain, Bradley, Massey, McGauley, Armstrong, Reed, Rhea, Snodderly and Hedges); one person to abstaining (McMullen), motion carried.

Next, Mr. Snodderly presented two Allocation requests for approval referring to memos dated September 7, 2021 from Josie Kotsioris, Director of Multifamily Programs and Don Watt, Chief Programs Officer. Mr. Snodderly explained the Committee is recommending the following:

TN21-801 Flats at Mooreland

Approval for the return of \$1,100,000/year of 2019 Low-Income Housing Credit (LIHC); and, an approval of a new allocation of an equal amount of 2021 LIHC.

TN21-802 Hill Place

Approval for the return of \$1,159,155/year of 2019 Low Income Housing Credit (LIHC); and, an approval of new allocation for an equal amount of 2021 LIHC.

Upon a motion from Mr. Snodderly and a roll call vote with nine members identified as present voting “yes” (Mustain, Bradley, Massey, McGauley, Armstrong, Reed, Rhea, Snodderly and Hedges); one person to abstaining (McMullen), motion carried.

Mr. Snodderly noted that the last item on the Tax Credit agenda included a discussion around the Low Income Housing Credit Program, and the decision was made to defer any further discussion or decisions until a Special Called Meeting in the latter part of October 2021.

Chair Hedges encouraged all Board members to attempt to attend the November meeting in person. With no further business, meeting was adjourned.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 16th day of November, 2021.

Annual Meeting Items



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: Board of Directors
FROM: Ralph Perrey, Executive Director
SUBJECT: THDA Board of Directors' 2022 Meeting Schedule
DATE: November 1, 2021

- January 25, 2022, Tuesday, 1:00 p.m. CT
- March 22, 2022, Tuesday, 1:00 p.m. CT
- May 24, 2022, Tuesday, 1:00 p.m. CT
- July 26, 2022, Tuesday, 1:00 p.m. CT
- September 27, 2022, Tuesday, 1:00 p.m. CT
- November 15, 2022, Tuesday, 1:00 p.m. CT

Committee meeting times and dates along with meeting medium/location will be determined closer to the Board meeting date.

2022 THDA Board of Directors' Annual Contact Form

Name as it appears on your **driver's license** (for vendor set-up and travel arrangements):

Date of birth (for travel arrangements and Title VI): _____

Company, organization, agency or area of representation:

Home address (including County) for Title VI documentation:

Delivery **address** for **packages**: _____

Delivery **address** for **checks**: _____

Business phone number: _____

Fax number: _____

Cell phone number: _____

Email address: _____

Assistant's name: _____

Assistant's phone number: _____

Airport location closest to you: _____

Special Dietary Requirements: _____

Please contact Cindy Ripley at (615) 815-2269 or cripley@thda.org with any questions or concerns regarding this form.



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 Agenda

Tuesday, November 16, 2021

**The Nashville Room (3rd Floor) of the
William R. Snodgrass Tennessee Tower;
312 Rosa L Parks Blvd; Nashville, TN 37243**

A. Committee Meeting Items:

1. Audit & Budget Committee Meeting – 10:00 a.m. CT

- a. September 28, 2021 meeting minutes
- b. Internal Audit Updates
- c. Enterprise Risk Management Update
- d. Analysis of Disclosure Report for Board Members
- e. Analysis of Disclosure Report for THDA staff
- f. Annual Performance Evaluation of the Director of Internal Audit (*)
- g. Annual Performance Evaluation of the Executive Director (*)

2. Bond Finance Committee Meeting – 10:15 a.m. CT

- a. September 28, 2021 meeting minutes
- b. Underwriters Selection Process
- c. Five Year Strategic Financial Plan

3. Grants Committee Meeting – 10:20 a.m. CT

- a. September 28, 2021 meeting minutes
- b. 2021 COVID-19 Rent Relief Program Description and Memo
- c. 2022 Emergency Solutions Grant Program Description and Memo
- d. 2022 HOME Program Description and Memo
- e. 2022 National Housing Trust Fund Program Description and Memo

4. Tax Credit Committee Meeting – 10:30 a.m. CT

- a. October 21, 2021 meeting minutes
- b. Request for Relief - TN21-705 WCO Dickerson Flats
- c. Approval of 2022 Low Income Housing Credit Qualified Allocation Plan
- d. Preliminary Proposed Changes for 2022 Multifamily Tax Exempt Bond Authority Program Description

*Materials provided separately.



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
Tuesday, November 16, 2021 at 10:00 a.m. CT**

**William R. Snodgrass Tennessee Tower
The Nashville Room
312 Rosa L Parks Blvd; 3rd Floor
Nashville, TN 37243**

AGENDA

- a. September 28, 2021 meeting minutes
- b. Internal Audit Updates
- c. Enterprise Risk Management Update
- d. Analysis of Disclosure Report for Board Members
- e. Analysis of Disclosure Report for THDA staff
- f. Annual Performance Evaluation of the Director of Internal Audit (*)
- g. Annual Performance Evaluation of the Executive Director (*)

*Materials will be provided separately.

Committee Members:

Secretary Hargett, Chair
Mike Hedges
Treasurer Lillard
Austin McMullen
Rick Neal
Chrissi Rhea

TENNESSEE HOUSING DEVELOPMENT AGENCY
AUDIT & BUDGET COMMITTEE MEETING
September 28, 2021

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Board of Directors Audit and Budget Committee met in regular session on Tuesday, September 27, 2021 at 10:00 a.m. Central Standard Time., in the Conference Rooms A and C of the William R. Snodgrass Tennessee Tower Building, in Nashville, Tennessee.

The following Board members were present and in person: Mike Hedges (Chair), Kevin Bradley (for Treasurer David Lillard). Those Board members participating via Webex were: Chris Mustain (for Secretary Tre Hargett) and Christine Rhea. Those absent were Austin McMullen and Rick Neal.

Recognizing a quorum present, Chair Hedges called the Committee meeting to order and recognized Bruce Balcom, THDA Chief Legal Counsel, who noted the following:

“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.”

There was no motion, nor a second, but with a roll call vote with all members identified as present voting “yes,” consensus was to conduct business in this manner.

Chair Hedges asked for consideration of the July 27, 2021, Audit and Budget Committee meeting minutes. Upon motion by Mr. Bradley, second by Mr. Hedges, and following a roll call vote with all committee members identified as present voting “yes” (4 ayes), the motion carried to approve the minutes.

Chair Hedges recognized Mr. Balcom to present the next agenda item, Code of Conduct Revisions. Mr. Balcom noted that the revisions to the Code of Conduct are not substantive to the requirements contained within the Code of Conduct. The revisions include a consequences section for code violations and a revision table. Upon motion by Mr. Bradley, second by Ms. Rhea, and following a roll call vote with all committee members identified as present voting “yes” (4 ayes), the motion carried to approve the Code of Conduct Revisions.

Chair Hedges noted the next agenda item, Executive Director and Director of Internal Audit Evaluation Process and recognized THDA Executive Director, Mr. Ralph Perrey, to explain the process. He referenced the memo included in the Board packet that addresses the Executive Director’s performance evaluation process. Mr. Perrey 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 explained that the evaluation process for the Director of Internal Audit is similar to the process for the Executive Director's performance review, except the latter evaluation is wholly within the purview of the Committee. Mr. Perrey added the final evaluations will occur at the November meeting, therefore no action by the Board will be required. The consensus of the Committee was to proceed with the proposed process as described in the referenced memo.

Chair Hedges recognized Ms. Gay Oliver, Director of Internal Audit to present the Internal Audit Updates. Ms. Oliver referenced the memo and additional documentation included in the Board packet. She noted that the documentation is related to work the Internal Audit division has done to assure that they are in compliance with the standards of the Institute of Internal Auditors. She added that they are preparing for the External Quality Assessment scheduled for the week of October 18th, and in preparation they have completed an internal readiness assessment, the results are outlined in the packet. In addition, as a result of the assessment the additional documents require the Committee's approval:

- Quality Assurance and Improvement Program (QAIP) review spreadsheet
- Internal Audit division Strategic Plan
- Independence Objectivity and Conflict of Interest Policy for Internal Audit
- Annual Independence and Objectivity Declaration
- Internal Audit QAIP Manual

It was the consensus of all members present to accept these things.

Chair Hedges recognized Mr. Trent Ridley THDA Chief Financial Officer to present the Proposed Budget for Fiscal Year 2022-2023. Mr. Ridley referenced the Budget Proposal documents included in the Board packet. He noted the following:

- The FY21 results were: Assets of \$3.6 Billion, Liabilities of \$3.1 Billion, and \$550 Million in Net Position. Operating income was increased to \$24 Million, primarily due to federal COVID related grants.
- FY22 estimated revenues and expenses are projected to be \$1,419.6 million and \$1,413.5 million respectively, of which \$1,280.8 million is State Budget. Operating revenues and expenses are projected to be \$265.8 million and \$249.5 million respectively for an Operating Income of \$16.3 million.
- FY23 Proposed Budget operating revenues and expenses are projected to be \$173.3 million and \$157.0 million respectively, netting an approximate \$16.3 million operating income. This income will be used to fund \$7.5 million for Tennessee Housing Trust Fund grants.
- The State Treasury Budget decreases to \$379.0 million, primarily due to \$816.9 million of non-recurring grants (Cares Act, American Rescue Plan, and AG Mortgage Settlement).

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 2023. Adjustments during this process are normal and need to be authorized in the approval motion.

Chair Hedges called for consideration of the Budget Proposal, upon motion by Mr. Bradley, second by Mr. Mustain, and following a roll call vote with all members identified as present voting "yes" (4 ayes), the motion carried that the proposed budget be submitted to 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 Hedges adjourned the meeting.

Respectfully submitted,

Gathelyn Oliver
Director of Internal Audit

Approved this 16th day of November, 2021.



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 Audit and Budget Committee
FROM: Gathelyn Oliver, Director of Internal Audit
SUBJECT: Internal Audit Updates
DATE: November 2, 2021

Recommendation

Staff recommends the Audit and Budget committee approve the following documents included in the packet:

- Quality Assurance and Improvement Program (QAIP) review spreadsheet
- Internal Audit division Strategic Plan
- Independence Objectivity and Conflict of Interest Policy for Internal Audit
- Annual Independence and Objectivity Declaration
- Internal Audit QAIP Manual
- Internal Audit Charter-minor revision

No Board action is required.

Key Points

The International Standards for the Professional Practice of Internal Auditing (Standards) require that the Chief Audit Executive develop a QAIP that includes both internal and external assessments. Internal assessments will include both ongoing monitoring and periodic self-assessments. External assessments may be either a full external assessment or a self-assessment with independent validation. As the Internal Audit Director, I performed an internal assessment using the QAIP review spreadsheet to determine how our division is operating in accordance with the International Standards for the Professional Practice of Internal Auditing (Red book) and Generally Accepted Government Auditing Standards (Yellow Book). The documents were reviewed at the September Audit and Budget Committee meeting. I recommend the committee approve the documents listed above. In addition, I recommend one revision to the internal Audit Charter. The Professional Standards section had been revised to include only the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing* (commonly referred to as the "Red Book") as the authoritative auditing standards governing the division.

Background

In accordance with the Standards, the Internal Audit division underwent our first External Quality Assessment (EQA), which was performed by a review team from the State Executive Internal Auditor's office in October 2021. We have also updated our Internal Audit Manual and procedures to ensure compliance with the standards. I am pleased to report that our review resulted in a rating of "Generally Conforms". The ranking of "Generally Conforms" means the review team concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the Standards and the Code of Ethics in all material respects. Feel free to contact me with any questions or concerns.

To see full documentation, please click on the following link:

<https://thda.org/pdf/Internal-Audit-Updates.pdf>



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Audit & Budget Committee

FROM: Gathelyn Oliver, CPA, Director of Internal Audit

DATE: November 2, 2021

SUBJECT: Review of THDA Enterprise Risk Management Report for 2021

As Responsibility 11 of the Audit & Budget Committee Charter requires, the Committee is responsible for reviewing management's annual risk assessment. The Enterprise Risk Management report is required to be submitted by December 31, 2021. A copy of the report is included with this memorandum for your review and approval. The supporting spreadsheet schedules were sent as a separate attachment.

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

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

CARES Act and American Rescue Plan Compliance

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

Secondary Markets

During Fiscal Year 2020, THDA began offering a Freddie Mac conventional mortgage product. In 2021, THDA applied to become a Ginnie Mae issuer and is progressing through the application process. Time and effort continue to be allocated to planning, training and preparing for system implementation. THDA leadership continues to plan for and mitigate the inherent risk of entering a new market. More detail is included in the Secondary Market risk assessment.

Cybersecurity

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

Federal Funding and Compliance

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

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



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

November 23, 2021

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

And

The Honorable Jason Mumpower
Comptroller of the Treasury
State Capitol
Nashville, TN 37243

Re: Tennessee Financial Integrity Act Guidelines

Dear Commissioner Eley and Comptroller Wilson:

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

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

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

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

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

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

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

Sincerely,

Ralph M. Perrey
Executive Director

To Be Sent Separately

Audit & Budget Committee

Agenda Item No.

d. ERM Updates

Documentation regarding this item will be provided prior to the November 16 Committee meeting.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: Audit and Budget Committee

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

SUBJECT: 2021 Potential Conflicts of Interest Disclosure
By THDA Board Members, Voting Representatives, and Staff of Board
Members who Deal Directly with THDA

DATE: November 2, 2021

INTRODUCTION

We reviewed the disclosures made by THDA Board members, Voting Representatives and Staff of Board members who deal directly with THDA, (the “Board members”), for the fiscal year beginning July 1, 2021. This year Board members completed the long form THDA Board Member and Designee Disclosure, (the “Disclosure Form”). The original forms are in THDA electronic files and are documents open for public inspection, upon request, during regular THDA business hours.

TCA §13-23-128 and the THDA Conflicts of Interest Policy adopted on September 16, 2004, as subsequently amended (the “Board Disclosure Policy”), and the THDA Code of Conduct adopted on March 15, 2007, as amended on September 22, 2015 and September 28, 2021 require that in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes.

In addition to TCA §13-23-128 and the Board Disclosure Policy, certain federal programs administered by THDA have conflicts of interest provisions that apply to Board members, staff and program participants. These include the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) Programs, the HOME Program, the Neighborhood Stabilization Program (NSP), and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). The National Foreclosure Mitigation Counseling (NFMC) and the Hardest Hit Funds (HHF) programs are also federally funded programs that require homeownership educators/counselors to comply with the National Industry Standards Code of Ethics and Conduct for Homeownership Professionals relating to actual and apparent conflicts of interest. The Low Income Housing Tax Credit Program (LIHTC), the Tax-exempt Multi-family Bond Authority Program (TEMFBA), the Tax Credit Assistance Program (TCAP), and the Tax Credit Exchange Program (1602), also administered by THDA, do not have specific conflict of interest provisions.

None of the disclosures made by Board members represent conflicts resulting from prohibited interests under TCA §13-23-128, as amended. Even where no conflict actually exists, Board members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted March 15, 2007 as amended on September 22, 2015 and September 28, 2021. Federal requirements relating to disclosed interests will be addressed in relation to the specific program in subsequent paragraphs and are based on the question numbers found in the Disclosure Form.

INCIDENTAL INTERESTS

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

Katie Armstrong	Kevin Bradley	Doree Hicks
David Lillard	Austin McMullen	Jason Mumpower
Rick Neal	Tennion Reed	Chrissi Rhea
Sandi Thompson		

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

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

Mike Hedges	Doree Hicks	Matt McGauley
Austin McMullen	Jason Mumpower	Chrissi Rhea

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

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

Katie Armstrong	Tre Hargett	Matt McGauley
Tennion Reed	Christine Rhea	

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

INDIRECT INTERESTS

5. (Questions 2, 3b, 3c, 3e, 3h, 3t and 4) Mr. Mike Hedges disclosed that he is or has been a principle developer or consultant for projects that have received LIHTC, TCAP, TEMFBA and Community Investment Tax Credit (CITC). Mr. Hedges also disclosed that most or all of the LIHTC properties of

which he was involved serve one or more voucher tenants. Mr. Hedges also believes some of the properties mentioned above may have been involved in the COVID Rent Relief program (CVRR). He has no knowledge of further specifics. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.

6. (Questions 2, 3b, 3e, 3h, 5 and 10) Mr. Rick Neal disclosed indirect interests due to his position with the Pinnacle Bank. Indirect interests in this category may include financing or investments utilizing LIHTC, Multifamily Tax Exempt Authority, CITC and PBCA. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.
7. (Questions 3t) Mr. John Snodderly disclosed indirect interests due to his position with the LaFollette Housing Authority. Indirect interest in this category includes the LaFollette Housing Authority receiving rent relief for residents through the CVRR program. In addition to the requirements for Board members to refrain from voting and participation in discussion at committee and Board meetings on any topic that relates specifically to their disclosed indirect interest, waiver requests from the Federal agency with oversight authority for these programs may be requested as necessary.

SUMMARY OF INTERESTS DISCLOSED

The following is a summary of interests disclosed by Board members in their 2021 Disclosure Forms:

1. Ms. Katie Armstrong – Family member is employed as licensed Realtor and could have clients that obtain THDA loans. Personal banking relationships with financial institutions that may be THDA Originating Agents.
2. Mr. Kevin Bradley – Personal banking relationships with financial institutions that may be THDA Originating Agents.
3. Mr. Butch Eley – None.
4. Mr. Mike Hardwick – None.
5. Mr. Tre Hargett – Personal banking relationships with financial institutions that may be THDA Originating Agents.
6. Mr. Mike Hedges – Is or has been a principal, developer or consultant for projects receiving LIHTC, TCAP, TEMFBA and CITC. Most or all of the LIHTC properties serve one or more voucher tenants. Possible CVRR at some properties. Reports friendships with THDA staff.

7. Ms. Doree Hicks - Personal banking relationships with financial institutions that may be THDA Originating Agents. Budget Coordinator for THDA in the Tennessee Department of Finance and Administration.
8. Mr. David Lillard – Personal banking relationship with financial institutions that may be THDA Originating Agents.
9. Mr. Matt McGauley – Personal banking relationship with financial institutions that may be THDA Originating Agents.
10. Mr. Austin McMullen – Personal banking relationship with financial institutions that may be THDA Originating Agents. Employed by a law firm that may represent THDA clients involved in THDA programs.
11. Ms. Erin Merrick – None.
12. Mr. Jason Mumpower – Personal banking relationship with financial institutions that may be THDA Originating Agents. Family member owns a real estate title company.
13. Mr. Chris Mustain – None.
14. Mr. Rick Neal - Employed by a financial institution that may be a THDA Originating Agent. Employer is an investor and finances developments utilizing LIHTC, TEMFBA and CITC provided by THDA.
15. Ms. Tennion Reed – Personal banking and employment relationship with financial institutions that may be THDA Originating Agents.
16. Ms. Christine Rhea – CEO of a financial institution that is a THDA Originating Agent. Family member is employed by a financial institution that is a THDA Originating Agent.
17. Mr. John Snodderly – Employed by a housing authority that receives CVRR payments for some residents.
18. Ms. Sandi Thompson – Personal banking relationship with financial institutions that may be THDA Originating Agents.

SUMMARY OF PROGRAM DISCLOSURES

Mr. Mike Hedges disclosed indirect allowable interests in LIHTC, TCAP, TEMFBA, CITC, HCV and CVRR.

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

Mr. John Snodderly disclosed indirect allowable interests in CVRR.

GLO/BB



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: Audit and Budget Committee

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

SUBJECT: 2021 Potential Conflicts of Interest Disclosure Report for Staff

DATE: November 2, 2021

INTRODUCTION

We reviewed the disclosures made by all THDA staff for the fiscal year beginning July 1, 2021. This year all THDA staff members were asked to complete an electronic version of the long form Employee Disclosure of Out-side Employment and Personal Interests, (the "Disclosure Form"). The original responses are saved on THDA servers and are open for public inspection, upon written request, during regular THDA business hours.

TCA §13-23-128 and the Staff Disclosure Policy originally adopted on March 19, 1992, as subsequently revised, (the "Staff Disclosure Policy"), require that, in addition to disclosing potential conflicts annually, any disclosure is to be noted in the official THDA minutes. Persons with potential conflicts or indirect interests that create an apparent conflict even if there is no prohibited interest are to refrain from discussion or participation in THDA activity in connection with the identified conflict. None of the disclosures made by employees indicated a conflict resulting from prohibited interests under TCA §13-23-128(a) or the Staff Disclosure Policy. Even where no conflict exists, staff members must refrain from any appearance of impropriety as required by the THDA Code of Conduct adopted by the THDA Board of Directors March 15, 2007 as amended on September 22, 2015 and September 28, 2021.

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

NO OUTSIDE EMPLOYMENT DISCLOSED

The following individuals disclosed no outside employment as of the date of their respective 2021 Disclosure Form:

Aaron Toran	Adeel Farooqi	Aleisha Carr	Alina Truta
Allison Moore	Amy Newport	Angel Cooper	Angela Martinez
Anita Lily	Ann Salyers	April Bailey	Aretsha Gordon
Barnisha Roberts	Barbie Clark	Belinda Williams	Berih Awala
Beverly Fears	Bill Lord	Blake Worthington	Breanna Luckadoo
Briana Gardner	Bruce Balcom	Candace Newton	Cathey McClung
Cathy Salazar	Chasidy Richardson	Cherelle Austin	Cherelle Hooper
Caroline Miller	Christopher Marlin	Christy Hollingsworth	Chuck O'Donnell
Chuck Pickering	Cindy Ripley	Courtney Smith	Craig Stevens
Crystal Kerns	Crystal Stafford	Cynthia Buntin	Dallisa Kilcrease
DeMarcus Hunt	Dani Brickman	Danielle Nathaniel	Danna Wall Wright
Daphanie Scott	Dareyl Adams	Darlene Cummins	Darrell Robertson
David Castle	Debra Perkins	Debra Williams	Dejuana Lyons
Della Hopkins	Denise Hutchinson	Denisha Buckner	Dhathri Chunduru
Don Watt	Donessa Rhodes	Donna Calahan	Donna Duarte
Donna Shepherd	Ed Clawson	Ed Yandell	Ella Harris
Emily Kelly	Eric Crabtree	Eric Hall	Erica Holloway
Erin Hardy	Erin Lord	Evie Stocking	Fabiola Caferri
Fredina Martin	Gary Goad	Harry Symlar	Hayden Harville
Heather Reynolds	India Whatley	Jaime Fox	Jarrica Brown
Java'e Bazemore	Jasmine Green	Jason Candido	Jason Mathews
Jason Ronnow	Jawon Lauderdale	Jayna Jones Johnson	Jenia Tortora
Jeremy Heidt	Jessica Davis	Jim Hamilton	Jodi Smith
Joe Bethel	Joe Brown	Joshua Thomas	Juanita Hamilton
Julie Ezell	Justine Oti-Obilor	Kadija Bean	Kandice Simms
Karen Copeland	Karen Davis	Karina Wells	Kathleen Norkus
Katie Ferguson	Katina Brewer	Kavin Williams	Keisha Smith-Hill
Kelly Murph	Kenya Forrest-Douglas	Kenyell Chalmers	Kerry Maloney
Kevin Rogers	Kilolo Dunmore	Kim Davenport	Kimberly Otts
Kimberly Smith	Kinisha Floyd	Kristy Allen	LaMar Brooks
Lanika Jernigan	LeAnn Blankman	Leslie Frierson	Linda Jones
Lisa Shockley	Lisa Stover	Lisa Webb	LiSandra Vaughns
Lori Cannon	Lynne Walls	Mandy Garman	Maree Emberton
Margaret Donald	Marquisha Griffin	Marva Hemphill	Mary Crutcher
Meg Palmer	Melissa Clouatre	Melissa Staley	Melva Boyd
Mia Billingsley	Michael Carter	Michael Kokodynsky	Monica Deel
Monique Groom	Montrice Brown-Miller	Natasha McLaurine	Nicholas Roberson
Nicole Lucas	Nneka Onyirioha	Pam Norris	Pam Whitfield
Patricia Matlock	Patrick Harrell	Quentin Peters	Ralph M. Perrey
Ranata Mattison	Rashia Holmes	Ray Levron	Regina Frasier
Rebecca Scott	Reconvus Moore	Reggie Woodard	Rhonda Ellis
Rhonda Groves	Rhonda Ronnow	Richardo Moore	Robert Cline
Russell Catron	Robert Kirtz	Robert Lucas	Robert Meece
Russell Hawkins	Ruth Brown	Sandra Poarch	Sarah Black
Sarah Turner-Brooks	Sarita Hafford	Scott Holden	Shameka Young
Shannon Ward	Shantell Musgrave	Sharon Putnam	Shelby Walls
Sheila Crunk	Stella Williams	Stephanie Bounds	Steve Fisher
Steve Marrs	Stephen Chinique	Tammy Walker	Tanya Jackson

Tasheka Verser	Taveion McCutcheon	Teresa Anderson	Teresa Luckey
Terry Montgomery	Thad Solina	Theresa Smith	Tikisha Wilson
Tim Robichaud	Timothy James	Timothy Waire	T'Keyah Chandler
Tomas Rivera-Colon	Toni Shaw	Tony White	Toumie Parrot
Tracy Falk	Trebia Johns	Trent Ridley	Vanessa Dowdy
Victoria McCoy	Wendy Weaver	Wes Bunch	Yanisleidy Lopez
Yvonne Hall	Zelinka Randle Estep		

INCIDENTAL INTERESTS

1. Question 19) The following individuals disclosed current or prior incidental, unrelated outside employment, business interests, or volunteer work for themselves as of the date of their respective 2021 Disclosure Form:

Alba Jofre	Alfreda Wilcox	Alonzo Davis	Amber Holland
Amber Martin	Beth Pugh	Charity Williams	Christa Lannom
Courtney Carney	Cynthia Peraza	Daniel Morgan	Davida Wright
Debra Murray	Doreen Graves	Dwayne Hicks	Evelyn Finch
Felita Hamilton	Gay Oliver	Giulia Vernashi	Gwen Coffey
Heather Johnson	Hillary Craig	Holly Hunter	Hulya Arik
Janie Pekanyande	Jeboria Scott	Josh McKinney	Julie Burnette
Julie Ridenour	Katie Moore	Kellie Gill	Kendra Love
Kimberly Green	Langston Glass	LaFonda Rogers	Larisa Stout
Laura Swanson	Lindsay Hall	Megan Webb	Michelle Lines
Mike Clinard	Mike Costa	Monica Rutherford	Nekishia Potter
Nicole Drinkwater	Nikki Finley	Rachel Agee	Rebecca Anderson
Rebecca Zastrow	Rebekah Bicknell	Rhonda Mosier	Sara Mosher
Sara Sisler	Shanaya Grier	Shari Messer	Sherita Roberts
Sherry Folk	Taay'lor Laribo	Tasha Overton	Tracy Stram
Velma Jackson	Wayne Beard		

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

2. (Question 4, 5, 10, 17 & 18) The following individuals disclosed incidental, personal relationships with THDA employees, THDA board members, or persons or entities who do business with THDA:

Danna Wall Wright	Debra Murray	Julie Ridenour	Larisa Stout
Michelle Lines	Patrick Harrell	Ralph M Perrey	Rhonda Ellis
Stephanie Bounds	Toumie Parrot	Tracy Stram	

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

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

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

INDIRECT INTERESTS

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

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

Angel Cooper	Cindy Ripley	Eric Crabtree	Erin Hardy
India Whatley	Meg Palmer	Recanvus Moore	Timothy James

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

2. (Question 10) Ms. Danna Wall Wright disclosed that she has friends at her former employer that owns Lexington Square Apartments, a PBCA property. The staff member should refrain from discussion with other staff and participation in matters relating to this entity.

3. (Question 12) Ms. Evelyn Finch disclosed that she is a realtor. Ms. Finch has been instructed and has signed a statement indicating her agreement that she will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan.

4. (Question 19) Mr. Darrell Robertson disclosed that he is a realtor. Mr. Robertson has been instructed and has signed a statement indicating his agreement that he will not represent a buyer or seller attempting to finance a purchase or sale through a THDA loan. His license is active only to be used to stay on top of market conditions and changes in the industry as it relates to his duties.

5. (Questions 11) Ms. Erin Lord disclosed her step-mother, Ms. Kristin Lord, is an Executive Assistant at Murfreesboro Housing Authority.

6. (Question 4, 19) Mr. Dwayne Hicks disclosed for his outside employment he performs inspections for mortgage companies for FHA and VA loans that do not have THDA funding. Mr. Hicks also performs plan reviews for commercial properties for government entities.

7. (Question 4 & 19) Ms. Michelle Lines has a retired real estate license. Ms. Lines has been instructed to disclose any changes with the status of her real estate license.

8. (Question 12) Ms. Rhonda Ronnow disclosed she has her MLO license. This license is not active as Ms. Ronnow has to be employed by a lender. Ms. Ronnow has been instructed to disclose any changes with the status of her MLO license.

9. Ms. Denise Hutchinson has a retired real estate license. Ms. Hutchinson has been instructed to disclose any changes with the status of her real estate license.

10. (Questions 10 & 19) Mr. Mike Clinard disclosed that he is a Board Member of two multi-family developments located in Gallatin, TN. One is a Project Rental Assistance contract receiving HUD/THDA administered Rental Assistance payments and a HUD 2020 development. Both receive rental payments for qualified elderly tenants. Mr. Clinard is working exclusively under contract and has therefore been granted an exception to the THDA Employees Being Appointed to Organizational Boards of Directors Policy. Mr. Clinard has been instructed that he is not to discuss the two developments with THDA staff or hold himself out as a representative of THDA in his role with the two developments.

11. (Question 19) Ms. Rebecca Zastrow disclosed that she does Section 8 consulting for a management agent that does not have any affiliation with THDA or any Tennessee properties.

12. (Question 4 & 5) Ms. Zelinka Randle disclosed that she has taken the Home Buyer Education course through the STEP In Program.

INDIRECT INTERESTS OF FAMILY MEMBERS

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

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

Angel Cooper	Bill Lord	Darrell Robertson	Denise Hutchinson
Eric Hall	Erin Lord	Jason Ronnow	Kavin Williams
Nicole Lucas	Rhonda Ronnow	Robert Lucas	Rebecca Zastrow
Sarah Turner-Brooks	Shantell Musgrave	Tanya Jackson	Toni Shaw

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

Joe Bethel	LaMar Brooks	Leslie Frierson	Rebekah Bicknell
Ruth Brown	Terry Montgomery	Yvonne Hall	

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

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

Amber Martin	Candace Newton	Christy Hollingsworth	Lori Cannon
Mary Crutcher	Shameka Young	Velma Jackson	

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

4. (Questions 5, 12 & 18) The following individuals disclosed that family members own stock in, or are employed by financial institutions that may be THDA Originating Agents, or who otherwise may do business with THDA:

Dwayne Hicks	Gathelyn Oliver	Katie Moore	Meg Palmer
Michelle Lines	Rebekah Bicknell	Toumie Parrot	

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

5. (Questions 5, 12, 17 & 18) The following individuals disclosed that family members are Realtors, builders, contractors or otherwise involved in housing that could be sold to persons obtaining or attempting to obtain financing through THDA:

Debra Murray	Gathelyn Oliver	Katie Moore	Larisa Stout
Patricia Matlock	Rebekah Bicknell		

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

6. (Questions 4, 5, 10, 17 and 18) The following individuals disclosed other indirect interests of a family member as noted:

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

Mr. Jeremy Heidt – Wife is employed by The Tennessee Association of Broadcasters (TAB) for which the THDA Communications division contracts with as part of their public education program to promote THDA's Homeownership for the Brave for the Single Family Mortgage Loan division. His wife does not receive any form of commission from that contract. Furthermore, Mr. Heidt does not have any involvement in the contract selection or execution processes at THDA and this advertising relationship predates his employment with THDA.

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

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

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

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

Ms. Cindy Ripley – Brother resides in Trevecca Towers.

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

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

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

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

Two employees, Ms. Carol Buyna and Ms. Sharlene Olvera-Gonzalez, are out of the office on extended leave. Their disclosures will be requested upon their return.

Direct Interest of Family Members

Mr. Jeremy Heidt disclosed that he has a family member that is directly involved with a program that is a recipient of funding from the Tennessee Housing Trust Fund. Mr. Heidt's involvement in THDA's interaction and funding support for the program has been peripheral and limited to participating in internal competitive reviews in coordination with Community Programs staff. He has been instructed to recuse himself from participating in any future deliberations involving awarding financial support to this program as long as the family member is involved.

FEDERAL PROGRAMS

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

GLO/BB

Audit & Budget Committee

Agenda Item Nos.

- f. Annual Performance Evaluation Director of Internal Audit
- g. Annual Performance Evaluation Executive Director



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



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

**THDA Board of Directors
Bond Finance Committee Meeting Tuesday,
November 16, 2021 10:15 a.m. Central Time**

**William R. Snodgrass Tennessee Tower The
Nashville Room
312 Rosa L Parks Blvd; 3rd Floor Nashville, TN
37243**

AGENDA

- a. Approval of Minutes from September 28, 2021 meeting
- b. Underwriters Selection Process
- c. Five Year Strategic Financial Plan

Committee Members:

Mike Hedges, Chair
Commissioner Butch Eley
Secretary Tre Hargett
Treasurer David Lillard
Comptroller Jason Mumpower

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
September 28, 2021

Pursuant to the call of the Chairman, the Bond Finance Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met on Tuesday, September 28, 2021, at 10:26 A.M. at the William R. Snodgrass Tennessee Tower, Conference Rooms A & C, 312 Rosa Parks Blvd; Nashville, TN 37243 with certain members present via video WEBEX call.

The following Committee members were present in person: Mike Hedges (Chair); Kevin Bradley (for Treasurer Lillard); and Katie Armstrong (for Comptroller Jason Mumpower). The following Committee members were present via WebEx: Chris Mustain (for Secretary of State Tre Hargett) and Doree Hicks (for Commissioner of Finance & Administration Butch Eley). Also, other Board Members present were: Joann Massey; Mathew McGauley; John K. Snodderly; Chrissi Rhea; and Tennion Reed.

Recognizing a quorum present, Chair Hedges called the meeting to order at 10:26 a.m. Central Time and recognized Mr. Bruce Balcom, THDA Chief Legal Counsel, who presented 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. This is also necessary to protect everyone’s health and safety due to COVID. 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 Ms. Armstrong and second by Mr. Mustain, and following a roll call vote, the motion carried to approve doing business in this manner with all members identified as present voting “yes”.

Chair Hedges called for consideration of the July 27, 2021, Bond Finance Committee Meeting Minutes. Upon motion by Kevin Bradley, second by Ms. Armstrong, and following a roll call vote with all members identified as present voting “yes”, the motion carried to approve the July 27, 2021, minutes.

Chair Hedges indicated the next item for consideration was the sale of Issue 2021-3 Bonds. Bruce Balcom, THDA Chief Legal Counsel, presented the following documents that were circulated for the Committee’s consideration:

- A memorandum regarding Issue 2021-3 from Mr. Balcom, dated September 9, 2021, that described the documents to be considered, explained how the authorization for Issue 2021-3 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 September 8, 2021, by CSG Advisors incorporated ("CSG"), financial advisor for THDA.
- A separate memorandum from CSG dated September 8, 2021, that recommended authorization of Issue 2021-3 under the 2013 General Resolution, through a negotiated sale, in an aggregate principal amount not to exceed \$175 million, to refund certain outstanding THDA bonds, and to include a Convertible Option Bond to preserve remaining 2018 volume cap.
- The Plan of Financing for Issue 2021-3 in an aggregate principal amount not to exceed \$175 million (the "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 2021-3, that includes the form of Supplemental Resolution for Issue 2021-3 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 2021-3 in an amount not to exceed \$50,000,000 (the "Reimbursement Resolution").
- The form of Supplemental Resolution for Issue 2021-3.
- A separate memorandum from CSG dated September 8, 2021, that recommended Citigroup Global Markets Inc. to serve as bookrunning senior manager and for Duncan Williams to serve as the rotating co-manager.

Upon motion by Ms. Armstrong, second by Mr. Bradley, and with a roll call vote with all members identified as present voting "yes", the motion carried to recommend the Authorizing Resolution, the Reimbursement Resolution, and the form of Supplemental Resolution to the Board of Directors, and to approve the Plan of Financing.

Bruce Balcom, THDA Chief Legal Counsel, requested guidance from the Bond Finance Committee for moving forward with the Underwriter Team Selection Process. Typically, every three years, THDA has employed a process to select an Underwriting Team to conduct THDA's bond sales. The last time THDA underwent this process was in 2018, but due to the COVID-19 pandemic, THDA granted a one-year extension to the current Underwriting Team. In an effort to maintain the three-year period, it is time to begin the Underwriter Selection Process for the next three-year period, for calendar years 2022, 2023, and 2024. THDA staff plans to provide more information and a detailed memo at the November 2021, Bond Finance Committee meeting and request a vote to approve the Underwriter Team selection process.

No formal motion needed to move forward with the Underwriter Selection Process, however, an approval by consensus was endorsed by Chair Hedges. There were no objections and Chair Hedges deemed the plan to move forward with the Underwriter Selection Process for the next three-year period to be approved.

There being no further business, Chair Hedges adjourned the meeting at 10:37 A.M.

Respectfully submitted,

Sandi Thompson,
Assistant Secretary
Approved this 16th day of November, 2021

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 Bond Finance Committee

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

SUBJECT: Underwriter Selection Process

DATE: November 2, 2021

Recommendation

Staff recommends approval of the cover letter and RFQ and, once approved, they be posted on the THDA website and be distributed to all current members of the underwriting team, all firms listed in the NCSHA directory under the heading "Underwriters", and additional firms recommended by CSG Advisors, Incorporated. Staff further recommends approval of the composition of the committee created to review and make recommendations to the Bond Finance Committee in January 2022.

Key Points

The Bond Finance Committee approved staff moving forward with the creation of an RFQ for Committee consideration and approval. The Cover Letter and RFQ in your Committee materials is the result of that work.

Background

These documents are based on the documents used to select the current pool of underwriters in January 2018. The last page of the RFQ contains the proposed timeline. It begins with Bond Finance Committee approval at the regular meeting on Tuesday, November 16, 2021, and culminates with the Bond Finance Committee considering staff recommendations for the underwriting pool on January 25, 2022.

The current structure of the underwriting team is as follows:

Senior managers: Citigroup Global Markets, Inc. ("Citi"), Raymond James & Associates, Inc. ("Raymond James"), and RBC Capital Markets, LLC ("RBC")

Co-managers: J.P. Morgan, Wells Fargo, and an elevated selling group member

Selling group: Duncan Williams, FHN Financial, Robert W. Baird & Co., and Wiley Bros.-Aintree

Staff recommends retaining the same structure on the underwriting team that was used for the period January 1, 2018, to December 31, 2021, as follows:

- A maximum of 3 senior managers. For each bond transaction, the bookrunning senior manager position has been selected from the two senior managers that did not serve as bookrunning senior manager in the previous bond transaction, with the selection made by the Committee after a recommendation is provided by CSG Advisors, Incorporated (“CSG”), financial advisor to THDA.
- A maximum of 3 co-managers with one additional co-manager elevated from the selling group.
- A selling group including selected in-state or regional firms who have a public finance office and a pricing desk in Tennessee. National firms cannot join the selling group by establishing a public finance office and pricing desk in Tennessee.

An important note for consideration is that in the September memo to the Committee the recommendation was to approve 2 co-managers with a third to be elevated from the selling group. That was not in keeping with the original selection for the current underwriting team, but did represent the current structure because one co-manager had dropped out of the group since the original selection. Staff has corrected that in this memo to reflect having 3 permanent co-managers as that has been the historical practice and increases the pool of underwriters, which benefits THDA.

Staff recommends a committee be created to handle reviewing the proposals received and making a recommendation to the Bond Finance Committee. Staff recommends the committee be composed of the Bond Finance Committee members or their designees and Sandi Thompson, Director, Division of State Government Finance, along with the following THDA staff; Bruce Balcom, Chief Legal Counsel and Trent Ridley, Chief Financial Officer.

Dear Potential Proposer:

The Tennessee Housing Development Agency (“THDA”), through the Bond Finance Committee of the THDA Board of Directors will be conducting a selection process for its underwriting team that will include the roles of senior managers, co-managers, and selling group members who will serve THDA in connection with its debt issuances to finance its single-family housing program for the anticipated period of January 1, 2022 - December 31, 2024. THDA may extend this term for additional periods or terminate early or otherwise act in the best interest of THDA.

THDA was established in 1973 for the purpose, among other things, of raising funds through the issuance of its bonds and notes to fund the origination of mortgages for first-time homebuyers and assure the steady flow of production of new housing units for low-and moderate-income persons and families. A board of 14 directors currently governs the work of THDA. The Bond Finance Committee, created by statute, is composed of the Chairman of the Board of THDA, the Comptroller of the Treasury (who serves as Secretary), the Secretary of State, the State Treasurer, and the Commissioner of Finance and Administration (the “Committee”). The Committee is authorized to select underwriters for THDA.

THDA currently has the following three active general bond resolutions:

- The General Homeownership Program Bond Resolution adopted in 1985, as amended (the “1985 General Resolution”). From 1995 through 2009, the bulk of THDA’s debt was issued under the 1985 General Resolution, which only permits bond issuance for single-family purposes. As of October 31, 2021, two bond issues totaling \$54,030,000 were outstanding under the 1985 General Resolution. THDA does not anticipate issuance of additional bonds under the 1985 General Resolution.
- The General Housing Finance Program Bond Resolution adopted in 2009, as amended (the “2009 General Resolution”). The 2009 General Resolution was established in late 2009 to facilitate debt issuance in connection with the U.S. Treasury New Issue Bond Program (“NIBP”). As of October 31, 2021, one bond issue totaling \$56,910,000 was outstanding under the 2009 General Resolution and THDA has released all available proceeds from escrow under NIBP. THDA does not anticipate issuance of additional bonds under the 2009 General Resolution.
- The General Residential Finance Program Bond Resolution was adopted in 2013, as amended, (the “2013 General Resolution”). The 2013 General Resolution provides THDA with a modernized parity indenture and removes the State’s moral obligation pledge from bonds issued under the 2013 General Resolution. Since 2013, all THDA bond issues, except one, have been issued under the 2013 General Resolution and THDA has sought opportunities to refund bonds from the 1985 General Resolution to reduce the amount of THDA bonds subject to the State’s moral obligation pledge. As of October 31, 2021, twenty-six bond issues totaling \$2,655,775,000 were outstanding under the 2013 General Resolution. THDA anticipates that additional bonds will, in the future, be issued under the 2013 General Resolution which only permits bond issuance for single-family purposes.

The Housing Bond Resolution (Mortgage Finance Program) adopted in 1974, as amended (the “1974 General Resolution”) is no longer an active THDA general resolution. All bonds outstanding under the 1974 General Resolution were refunded in 2013. Some assets, including loans, cash, and investments from the 1974 General Resolution were transferred to the 2013 General Resolution in connection with the 2013 refunding and most remaining assets, including loans, cash, and investments associated with prior bonds were transferred to the 2013 General Resolution as of June 30, 2014.

THDA continues to finance its loan production through the issuance of tax-exempt and taxable mortgage revenue bonds and has maintained a steady flow of loan production, even during the Great Recession. THDA is currently an approved Freddie Mac seller/servicer and is in the process of applying to become an approved Ginnie Mae issuer. THDA may use bond proceeds to make single-family loans that will be bundled into mortgage-backed securities.

In connection with each sale of THDA bonds, the Committee evaluates a variety of factors including, but not limited to, state budget concerns, bond structure, and market conditions at the time of each bond issue to determine whether a competitive sale or a negotiated sale is in the best interest of THDA. All bond transactions closed since January 1, 2002, have been sold by negotiated sale or private placement. The last THDA competitively priced bond issue was Issue 2001-3 which closed in December 2001. Despite the use of negotiated sales and/or private placements to sell THDA debt, there can be no assurance that use of negotiated sales will be used in the future or will remain at the current level.

THDA makes no representations or warranties of any nature that any member of the underwriting team selected pursuant to this RFQ will participate in any minimum or maximum number of THDA bond issues or in any THDA bond issues that involve any minimum or maximum dollar amounts. THDA reserves the right to sell any or all THDA bond issues competitively or via private placement or a direct purchase approach without participation of some or all members of the underwriting team.

THDA expects that all members of the underwriting team will participate in all THDA negotiated or competitive bond sales regardless of position on the underwriting team. THDA also expects all members of the underwriting team to develop and evaluate ideas and provide input about financing options that may be available to THDA. THDA also expects that all members of the underwriting team will purchase THDA bonds, provide wide distribution of THDA bonds, and maintain a secondary market in THDA bonds.

THDA anticipates that it will select an underwriting team that includes no more than three underwriting firms who will be designated senior managers, one of whom will be designated as the bookrunning senior manager on a bond-issue-by-bond issue basis. In the past, the bookrunning senior manager was designated on a scheduled rotation, however, there can be no guarantee that this rotation format will continue for the period January 1, 2022, to December 1, 2024. While selection of the bookrunning senior manager for each negotiated bond issue has recently been made from the two senior managers who were not the bookrunner on the immediately preceding negotiated bond issue based on an analysis of performance on prior negotiated bond issues as well as other factors deemed relevant by the Committee, selections are at the sole discretion of the Committee.

Senior managers are expected to assist CSG Advisors Incorporated in structuring bond issues, provide market information to THDA, and provide proposals for takedowns, management fees and expenses in connection with each bond issue for which they serve as the bookrunner. The management fee is limited to \$30,000 per bond transaction and the bookrunning senior manager may retain the full amount of the fee. Underwriter's counsel fee is limited to \$25,000 per bond transaction. THDA anticipates that these fees will not change.

In addition, THDA is strongly committed to marketing its bonds to the retail markets, particularly within Tennessee, and to cultivating interest from new institutional investors. To support THDA bond issues in this way, THDA anticipates that the underwriting team will also include no more than three underwriting firms who will be designated as co-managers, but who will not be eligible to serve as a senior manager or a bookrunning senior manager. THDA anticipates that a selling group will be used to enhance THDA's access to the Tennessee and national retail bond markets. THDA believes that its process of elevating the selling group member with the most and best Tennessee retail orders on a prior bond issue to a co-manager

slot on a future bond issue has been beneficial to THDA. THDA anticipates that this practice will continue to be used with the elevated selling group member being a co-manager in addition to the three co-managers referenced above.

Notwithstanding the foregoing, THDA reserves the right, at any time, to modify the composition of the underwriting team, including, without limitation, the method for designating or the designation of senior manager, senior bookrunning manager, co-manager, and/or selling group member based on performance, economic conditions, or any reason deemed to be in the best interest of THDA via a request for qualifications process or any other process or method deemed to be in the best interests of THDA.

Since January 1, 2017, THDA has issued \$2,402,080,000 in tax-exempt, long-term debt and \$281,000,000 in taxable debt under the 2013 General Resolution comprised of eighteen (18) bond issues, some of which included more than one series of bonds. During this period, THDA did not issue any debt under the 1985 or 2009 General Resolution. THDA regularly evaluates economic refunding opportunities and will take advantage of economic refunding opportunities when it is in THDA's best interest to do so. In any event, there is no assurance that past levels of bond issuance activities accurately reflect bond issuance levels in the future.

THDA currently receives fifty percent (50%) of the State's volume cap annually, at the beginning of the calendar year, for all tax-exempt debt issuance for housing. THDA also receives a mid-year allocation of volume cap equal to the lesser of twenty-five percent (25%) of the state's total volume cap, or twenty-five percent (25%) of the then remaining available volume cap. In addition, THDA typically receives a year-end allocation of the State's volume cap, the amount of which depends on volume cap that had been used by the State for other purposes throughout the year. THDA does not issue tax-exempt debt for multifamily housing but does make current year volume cap available to local issuers and developers for such purpose. THDA carries forward unused current year volume cap. THDA is currently using volume cap carried forward from 2018 for its bond issues in 2021 and expects to use 2019 volume cap for its bond issues in 2022. Volume cap availability is currently not an issue.

Additional information about THDA and its programs can be found at [THDA.org](https://www.thda.org).

THDA utilizes the services of Kutak Rock LLP, Atlanta, Georgia, as bond counsel, and the firm of CSG Advisors Incorporated ("CSG") as financial advisor. CSG is an Independent Registered Municipal Advisor for purposes of the Municipal Advisor Rules of the Securities and Exchange Commission. The financial advisor prepares all transaction related and consolidated cash flows and arbitrage yield analyses required by THDA. THDA controls and directs all aspects of its bond issuances including, without limitation, timing, and structuring.

THDA staff and staff representing various members of the Committee will review the responses. If determined necessary, additional information may be requested. Interviews may be scheduled, if deemed necessary, between and including January 10 and January 14, 2022. The Committee retains the right to waive any or all irregularities or requirements in this RFQ, to waive any or all irregularities in any or all proposals received in response to this RFQ, to reject any or all proposals received in response to this RFQ, to elect to continue discussions with one or more firms, or to act in any manner which, in the sole discretion of the Committee, is deemed to be in the best interest of THDA.

THDA anticipates that firms selected as members of the new underwriting team will serve for no more than three years, however, membership on the THDA underwriting team is subject to review at any time and termination without cause upon notice by the Committee on behalf of THDA. The selection made by the Committee on behalf of THDA will be based upon a variety of factors, including experience with housing

finance issuers that are similar to THDA . No pricing (proposed underwriter's discount) is being requested at this time. The selection of an underwriter based on the RFQ and a submitted response does not create a contract that is binding on THDA.

If your firm is interested in being considered as a member of the underwriting team for THDA, as a senior manager, a co-manager, or selling group member, we invite you to submit your firm's qualifications in **the format identified in this Request for Qualifications. Please limit your proposal to 20 pages or less. Additional pages or extra material will be viewed negatively.** An electronic version of the response is due by 4:30 p.m. CST on Wednesday, December 22, 2021, addressed as follows:

Email to:

SGF@cot.tn.gov

Addressed to:

Division of State Government Finance
Cordell Hull Building
425 Rep. John Lewis Way, N.
Nashville, TN 37243
Attn: Mark Graubner, RFQ Coordinator
615-747-5366

Questions regarding this Request for Qualifications must be submitted via e-mail to the RFQ Coordinator, Mark Graubner at SGF@cot.tn.gov, no later than 3:00 pm CST on Monday, December 6, 2021. Any questions received, along with the response of THDA, is anticipated to be circulated to all participants on or about Thursday, December 9, 2021.

Beginning on Tuesday, November 16, 2021, and extending until the underwriter team selection process is complete, no contact concerning this underwriter selection process, this RFQ or information about THDA that could be used in responding to this RFQ, is to be made with the financial advisor, bond counsel, any THDA staff member, any THDA Board member, any Committee member, or any staff member of a THDA Board or Committee member, except Mark Graubner. Notwithstanding the foregoing, THDA will continue to work with the current members of its underwriting team, as needed, but only in connection with upcoming THDA financings. THDA anticipates working with its current underwriting team and selling group in connection with Issue 2021-3, which is expected to close in mid-December 2021. Contact, other than as specified herein, will be viewed negatively in the selection process.

Committee selection of the underwriting team is anticipated to occur on or about January 25, 2022.

We appreciate your interest in THDA and look forward to receiving your response.

Sincerely,

Mark Graubner
Division of State Government Finance
RFQ Coordinator

Attachment

xc: Members of the Bond Finance Committee
Ralph Perrey
Michelle Adams
Bruce Balcom
Tim Rittenhouse
David Jones
Sandi Thompson
Trent Ridley

**Request for Qualifications
Underwriting Team for the
Tennessee Housing Development Agency**

Firm Name:

Principal Address:

Contact Person:

Telephone:

Fax:

E-mail:

1. Underwriting Team Position

- (a) Indicate whether you wish to be considered for a position on the next THDA underwriting team as a senior manager, a co-manager or a selling group member.
- (b) If not selected as a senior manager, indicate whether your firm would be interested in serving as a co-manager. If your firm is not a national firm, and otherwise meets the requirements for selling group membership, indicate whether your firm is interested in serving as a selling group member if not selected as a co-manager or senior manager.
- (c) For those wishing to be considered for senior manager or co-manager on the next THDA underwriting team, all of the following items, except for Item #8, must be addressed. Item #8 must be addressed by all proposers who wish to be considered for selling group membership, either in the alternative or instead of consideration as senior manager or co-manager. Any proposer who wishes to be considered only for selling group membership must complete Item #8 and may, but is not required to, provide responses to any other items.

2. Firm Overview: Staffing and Financial Strength

- (a) Briefly describe your firm's public finance department (nationally and within Tennessee), emphasizing the organizational structure and housing financing experience and capabilities of your firm's public finance department. List the staff members to be assigned to the THDA relationship, indicating position within the firm, years of experience with the firm and in public finance, particularly single-family mortgage revenue bonds. Identify the approximate percentage of time each staff member would spend on THDA's financings, should the firm be named as book running senior manager for a negotiated financing. If any of the staff has relevant experience beyond the firm's experience, so indicate. If your firm has offices in Tennessee, other than a sales office, provide the location and the functions performed in that office or offices.
- (b) Provide examples from the last three years that demonstrate that your firm has both the resources and the commitment to market and purchase single-family mortgage revenue bonds and taxable housing bonds under difficult market circumstances. Briefly describe the ownership and capital structure of the firm. Provide information specifying the total capital, equity capital and excess net capital of the firm for each year since January 1, 2017.

- (c) For your firm and its parent entity, if any, describe for each year since January 1, 2017, and as of December 1, 2021, (a) long term senior debt ratings and outlooks, and (b) bank ratings by Moody's, S&P, Fitch, Kroll, or any other entity that provides a rating.
- (d) Indicate total net worth of your firm and its parent entity, if any, as of the end of your fiscal year in 2019, 2020, and 2021, and the most current period for which you have data. Describe specific capital amounts available as of December 1, 2021, to underwrite THDA bonds and indicate how that capital would be allocated in the event of competing housing finance agency bond issues on a given day or during a given week.

3. HFA Clients and Experience

- (a) List state housing finance agencies for which your firm has served as senior bookrunning manager for single-family mortgage revenue bonds since January 1, 2018. Indicate which, if any, of those state housing finance agencies your firm does not serve as senior bookrunning manager as of December 1, 2021, and explain the reason for the separation.
- (b) List state housing finance agencies for which your firm has served as co-manager for single-family mortgage revenue bonds since January 1, 2018. Indicate which, if any, of those state housing finance agencies your firm does not serve as co-manager as of December 1, 2021 and explain the reason for the separation.
- (c) Provide a summary of single-family mortgage revenue bond issues for which your firm has served as either senior manager (book runner or non-book runner) or co-manager for the years 2019, 2020 and year to date for 2021. Include the number of issues and principal amount of bonds (see table below). Do not include multi-family housing bond issuers or issues.

Single-Family Mortgage Revenue Bond Issues Since 01/01/2019		
Firm's Role	Number	Amount
Senior Manager/Book Runner		
Co-Manager		
Total		

- (d) In an appendix to your proposal, provide a list of the transactions summarized in the table above listing the issue date, issuer, principal amount, and type of issue (i.e. taxable or tax-exempt). Also indicate whether you served as sole senior manager or as part of a rotating group and, if in a rotating group, indicate the number of firms in the rotation. This appendix does not apply towards the 20 page limit stated in the cover letter accompanying this RFQ.
- (e) List three state housing finance agency references familiar with your firm's single-family mortgage revenue bond experience. For each housing agency reference, include a contact name, title, address, and phone number.

4. Distribution and Marketing Capacity

- (a) Describe the sales and marketing capacity of your firm relative to the distribution of single-family mortgage revenue bonds to retail and institutional investors, both on a national basis and in Tennessee. Indicate the number of sales offices and sales force based in Tennessee and indicate which offices are assigned to distributing THDA single-family mortgage revenue bonds in the primary and secondary market. If selected as a senior manager member of the underwriting team for THDA, indicate the location of the firm's trading desk that would run the books.

- (b) Describe specific strategies your firm has employed or would propose to employ to ensure the broadest possible distribution of THDA single-family mortgage revenue bonds to retail and intermediate buyers and institutional buyers.
- (c) Discuss how your firm handles the roles of non-book running senior manager and co-managers and discuss the level of participation by your firm in the selling process, when your firm is not the book running senior manager.
- (d) Describe the institutional investors of tax-exempt single-family mortgage revenue bonds with whom your firm has a relationship. Describe activities underway at your firm to identify and cultivate new institutional purchasers for single-family mortgage revenue bonds.
- (e) Describe actions THDA could take to cultivate institutional investors.
- (f) Describe how you would create and maintain a market for THDA bonds.

5. Underwriting Team

- (a) Provide your recommendations for the structure of the selling group and for the characteristics and selection of selling group members that you believe would be most beneficial to THDA. Discuss characteristics of selling group members that you believe would most benefit the distribution of THDA single-family mortgage revenue bonds to retail investors in Tennessee and nationally.
- (b) Describe incentives THDA could provide or actions THDA could initiate that would motivate your firm to more actively participate by placing a greater number of going away retail orders in a THDA bond sale when your firm is (i) a non-bookrunning senior manager and/or (ii) a co-manager.
- (c) Discuss steps THDA could take to ensure that orders for THDA single-family mortgage revenue bonds are filled as fairly as possible.

6. Bond Structuring & Innovative Approaches

- (a) Provide a description of the ideal structuring and marketing of THDA single-family mortgage revenue bonds, assuming no significant changes in the market and no changes to the tax-exempt status of housing bonds.

7. Legal

- (a) Describe all legal, regulatory or financial/securities investigations or legal actions in process, pending, threatened, settled, or adjudicated, in relation to any public finance transactions involving your firm, directly or indirectly, current or prior members and employees of your firm from January 1, 2017, to the date of your response, including without limitation, matters related to bond issuance, discrimination complaints, disclosure matters and Municipalities Continuing Disclosure Cooperation Initiative.
- (b) Describe any facts that may create a conflict of interest with your firm's service on the THDA underwriting team arising from any legal, regulatory or financial/securities investigations or legal actions in process, pending, threatened, settled, or adjudicated, in relation to any public finance transactions in the State of Tennessee and in relation to any housing transactions involving your firm, directly or indirectly, current or prior members and employees of your firm from January 1, 2017, to the date of your response.

- (c) Describe how all matters described in (a) and (b) above could affect or limit your work for THDA.
- (d) List the names of the law firms that you use as underwriter's counsel in state housing finance agency transactions and the states in which they are used. Describe the policies and methods used by your firm to select underwriter's counsel for a particular client or bond issue.
- (e) Disclose the name or names of any person or firm, including attorneys, lobbyists, consultants and/or public relations professionals engaged to promote the selection of your firm as an underwriter.
- (f) Disclose any plan or arrangement to share tasks, responsibilities and/or fees earned, the persons or firms with whom the sharing is proposed, and the method used to calculate the fee to be earned.

8. Selling Group Membership

- (a) Identify the location(s) of your public finance office and underwriting desk in Tennessee.
- (b) Describe staffing at each office(s) and list all staff members to be assigned to the THDA relationship.
- (c) Describe the sales and marketing capacity of your firm relative to the distribution of single-family housing bonds to retail investors in Tennessee, and in the Southeast.
- (d) Indicate the number of sales offices and salespeople based in Tennessee and indicate which offices are assigned to distributing THDA bonds in the primary or secondary market.
- (e) Describe specific strategies your firm has employed, or would propose to employ, to ensure the broadest possible distribution of THDA bonds to retail investors in Tennessee and in the Southeast.

I, the undersigned, hereby certify on behalf of the firm responding to this RFQ, as follows:

- (a) I am an authorized representative of the firm with authority and knowledge to provide this certification.
- (b) All information provided in this response to this RFQ is true and correct and contains no material misstatements.
- (c) No actions have been taken by employees of the firm or other persons governed by the Municipal Securities Rulemaking Board Rule G-37 which would prohibit the firm from serving as an underwriter for THDA, except as follows (please list and describe): _____.
- (d) There are no legal, regulatory or financial/securities investigations, audits, or legal actions in process, or pending, that could materially affect or limit the firm's ability to underwrite debt for THDA, except as follows (please list and describe): _____.
- (e) The firm is an underwriter and is not a financial advisor to THDA with respect to any bond issues in which it may be involved should it be selected as a member of the THDA underwriting team.
- (f) The firm has the primary role of a purchaser of securities in an arm's length commercial transactions and its financial and other interests differ from those of THDA.
- (g) The firm has no existing client or business relationship with other professionals involved in THDA bond issues, except as follows (please list and describe): _____.

Name

Title

**Request for Qualifications
Calendar of Events
Tennessee Housing Development Agency**

DATE	ACTION
Tuesday, November 16, 2021	Approval of the RFQ by the Bond Finance Committee
Wednesday, November 17, 2021	RFQ, with cover letter, distributed to prospective underwriters
Monday, December 6, 2021	Final day for submission of questions regarding the RFQ
Thursday, December 9, 2021	Staff responses to questions circulated to all on distribution list
Wednesday, December 22, 2021	Proposals due to THDA as specified in the RFQ
Monday, January 10 – Friday, January 14, 2022	Time held for possible interviews with prospective underwriters
Tuesday, January 25, 2022	Bond Finance Committee meeting to hear staff recommendation and to approve underwriter selection



Tennessee Housing Development Agency

502 Deaderick Street, Third Floor

Nashville, TN 37243

(615) 815-2200

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Bond Finance Committee
THDA Board of Directors

FROM: Trent Ridley, Chief Financial Officer

SUBJECT: FY22-26 Five Year Financial Plan

DATE: November 2, 2021

Recommendation:

Staff recommends approval of the Fiscal Year 2022-2026 Five Year Financial Plan as presented in the attached documentation.

Attached is THDA's FY22-26 Five Year Strategic Financial Plan (Plan). The Plan is developed using guiding principles established in our enabling legislation as well as objectives established in our Debt Management Policy approved by the Board on November 29, 2011. The main objective of the Plan is to effectively balance the use of our financial resources to fund mortgage programs and other initiatives that fulfill our statutory purpose without compromising our financial strength or credit ratings.

The Plan anticipates total bond issuance of approximately \$1.61 billion (\$50 million refunding) over the next five years all without the moral obligation of the State. Total loan production is assumed to grow from \$371 million in 2022 to \$518 million by 2026, with MBS (Ginnie Mae and Freddie Mac) production comprising 100% of production by 2024. Total net withdrawals are anticipated to be \$205 million to fund costs related to bond issuance, lender compensation, downpayment assistance, THDA operations, and other Board-approved initiatives (Housing Trust Fund, New Start Loans).

The Plan anticipates future bond issuance under the 2013 General Resolution, which does not carry the "moral obligation" of the State. It should be noted that none of THDA's bonds will carry the moral obligation of the State after January 1, 2022. To maintain a strong PADR under the 2013 General Resolution, the Plan assumes a transfer of resources of approximately \$14 million from the 1985 General Resolution.

In summary, the Plan maintains an overall Weighted Average PADR above 1.11 and continues to set aside \$25 million as required by the Bond Finance Committee, while providing for new loan production and funding various THDA housing initiatives and operations.

We engaged the services of our financial advisor, CSG Advisors, to provide the various scenarios, analyses, input, and graphs to ensure the plan is viable according to industry methodologies. If you have any questions regarding the Plan or if you would like more information, please do not hesitate to call me at (615) 815-2012 or contact me via e-mail at tridley@thda.org.

Tennessee Housing Development Agency

Five Year Strategic Financial Plan Summary

FY 2022 – FY 2026

Guiding Principles:

Statutory Purpose (TCA 13-23-101)

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

Long Term Financial Objectives:

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

Summary Production and Program Withdrawals

Liquidity needs is based on the assumption that total homeownership production for Whole Loans, Ginnie Mae, and Freddie Mac grows from \$371 million in FY22 to \$518 million in FY26. It is expected that all production will be either Ginnie Mae or Freddie Mac MBS by 2024. By January 1, 2022, none of THDA's debt will carry the "moral obligation" of the State, compared to over \$1.3 billion at June 30, 2013. Liquidity assumptions for the housing trust fund and new start mortgages are \$40 million and \$20.4 million (\$25 million less \$4.6 million of New Start recoveries) respectively over the next five years. THDA withdrawals for MRB DPA loans total \$33.1 million (\$80.8 million funded less \$47.7 million of DPA recoveries). Lender compensation for MRB loans is estimated to be 28.2 million over the next five years. It should be noted that DPA (\$29.3 million) and Lender Compensation (\$10.2 million) for MBS loans are included in Conventional Loan Product Net Cash Outlay of \$22.2 million.

Financial Results

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

This slide shows the composition of our cash and investments after planned withdrawals and uses. Overall total cash and investments is projected to slightly increase from approximately \$208 million in 2022 to approximately \$211 million in 2026. Remaining Liquidity is projected to increase from \$71 million to \$107 million by 2026.

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

Remaining Liquidity represents a further breakdown of cash and investments remaining by Bond Resolution after considering the loan loss reserve required by the rating agencies, \$25 million BFC requirement, mortgage repays and prepays (for bond calls), bond reserve requirements, and program withdrawals. Of the \$107 million in remaining liquidity at June 30, 2026, \$97.5 million is projected to reside in the 2013 Resolution.

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

Balance Sheet Measurements show that, at assumed production levels and uses of liquidity total, debt outstanding is projected to be less than THDA's Statutory Debt Limit of \$4.0 billion, ending at approximately \$2.89 billion by 2026. The overall Weighted Average Program Asset to Debt Ratios (PADR) for THDA ranges from 1.14 in 2022 to 1.11 in 2026. The PADR for the 13 Resolution remains above levels required by Rating Agencies, with a projected PADR of 1.10. The 13 Resolution maintains a healthy fund balance of \$278 million in 2026, which is vital to maintaining a strong PADR for lower cost of funds.

Detailed Assumptions

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

TENNESSEE HOUSING DEVELOPMENT AGENCY
SUMMARY OF NEW PRODUCTION AND PROGRAM WITHDRAWALS
EXPECTED BOND VOLUME
STRATEGIC FINANCIAL PLAN: 2022 - 2026
150% PSA

Fiscal Year Ending June 30

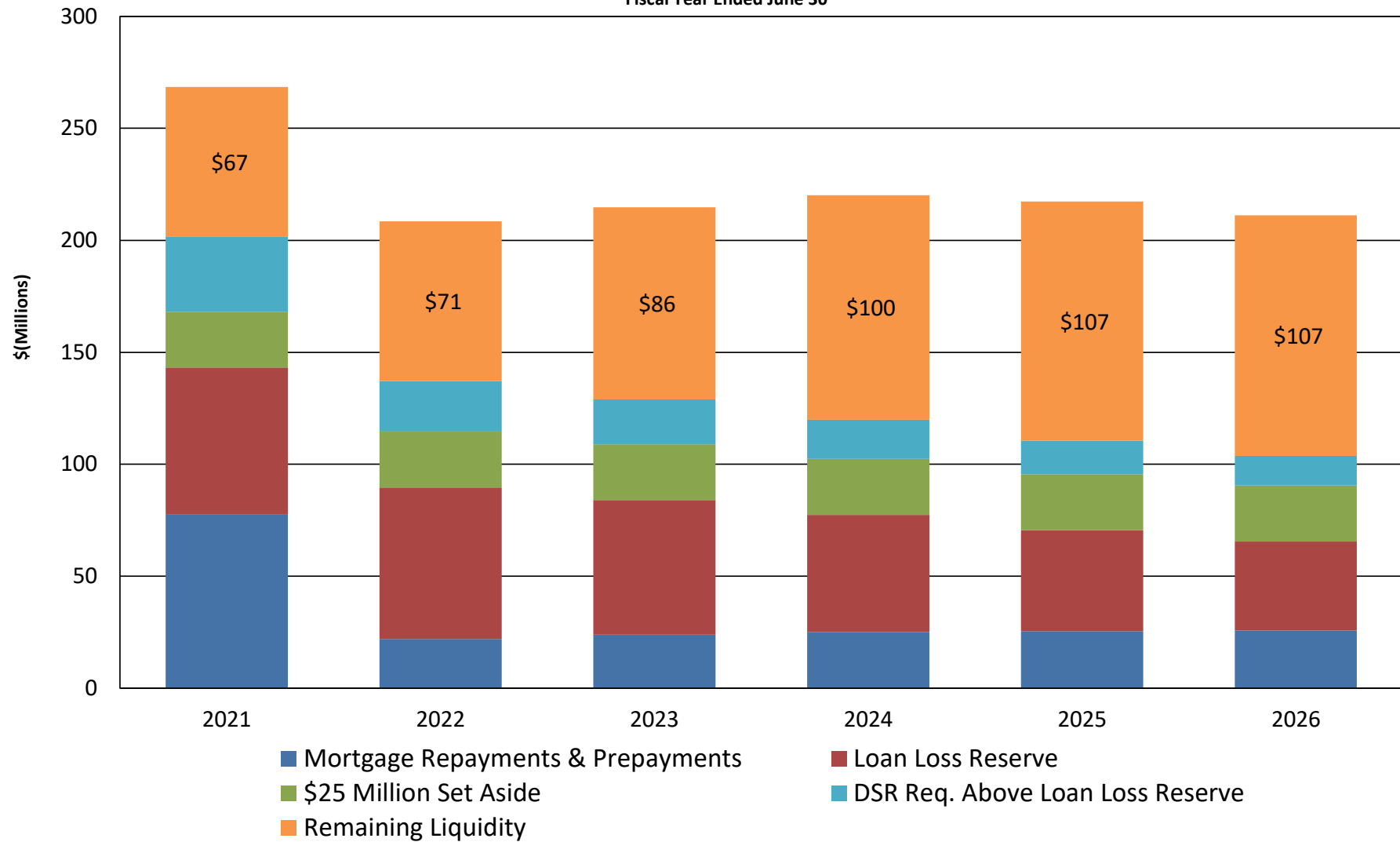
	2022	2023	2024	2025	2026	Total
HOMEOWNERSHIP PRODUCTION:						
Whole Loans	303,000,000	279,000,000	-	-	-	582,000,000
Ginnie Mae	35,000,000	80,000,000	358,000,000	439,000,000	440,000,000	1,352,000,000
Freddie Mac	33,000,000	35,000,000	44,000,000	72,000,000	78,000,000	262,000,000
Total Homeownership Production	371,000,000	394,000,000	402,000,000	511,000,000	518,000,000	2,196,000,000
HOMEOWNERSHIP EXECUTION:						
Mortgage Revenue Bonds	321,000,000	319,000,000	313,000,000	329,000,000	330,000,000	1,612,000,000
Capital Markets MBS Sales	50,000,000	75,000,000	89,000,000	182,000,000	188,000,000	584,000,000
Total Homeownership Execution	371,000,000	394,000,000	402,000,000	511,000,000	518,000,000	2,196,000,000
MORTGAGE REVENUE BOND ISSUANCE:						
Total Bonds Issued	\$340,960,000	\$289,000,000	\$283,000,000	\$329,000,000	\$330,000,000	\$1,571,960,000
Zero Participation Loans from Prior Bond Deals	90,040,000	60,000,000	30,000,000	0	0	180,040,000
Zero Participation Proceeds - Future Production	(60,000,000)	(30,000,000)	0	0	0	(90,000,000)
Less Refunding Bonds	(50,000,000)	0	0	0	0	(50,000,000)
Total Funds Available for Production	\$321,000,000	\$319,000,000	\$313,000,000	\$329,000,000	\$330,000,000	\$1,612,000,000
PROGRAM WITHDRAWALS AND USES:						
Bond Reserve Fund	\$8,737,605	\$0	\$0	\$0	\$0	\$8,737,605
Underwriters' Fees	2,032,376	1,690,000	1,650,000	1,920,000	1,930,000	\$9,222,376
Cost of Issuance	715,100	1,013,200	1,013,200	1,013,200	1,013,200	\$4,767,900
Capitalized Interest ⁽³⁾	2,446,000	1,914,000	1,878,000	1,974,000	1,980,000	\$10,192,000
Less: Bond Premium ^{(1) (2)}	(9,930,000)	(7,900,000)	(7,740,000)	(8,990,000)	(9,020,000)	(\$43,580,000)
Lender Compensation	5,617,500	5,582,500	5,477,500	5,757,500	5,775,000	\$28,210,000
Downpayment Assistance	16,100,000	16,000,000	15,700,000	16,500,000	16,500,000	\$80,800,000
Less: 2013 DPA Loan Recoveries	(7,941,112)	(8,590,715)	(9,417,227)	(10,396,614)	(11,318,867)	(\$47,664,535)
THDA Operating Expenses	11,000,000	11,330,000	11,670,000	12,020,000	12,381,000	\$58,401,000
Housing Trust Fund	10,000,000	7,500,000	7,500,000	7,500,000	7,500,000	\$40,000,000
New Start Loans (for future production)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	\$25,000,000
Less: Future New Start Loan Recoveries	(84,608)	(406,849)	(870,669)	(1,373,652)	(1,823,932)	(\$4,559,710)
Servicing Net Cash Outlays / (Receipts)	(168,958)	10,594	104,396	553,859	723,598	\$1,223,489
Conventional Loan Net Cash Outlays / (Receipts)	2,366,842	3,253,270	3,520,812	6,731,179	6,301,464	\$22,173,567
Program Compliance Reserve	1,046,000	1,046,000	1,046,000	1,046,000	1,046,000	\$5,230,000
Funds for GNMA Buyouts (.75 %)	125,930	289,423	2,069,340	2,285,059	2,092,057	\$6,861,808
Total Program Withdrawals and Uses of Cash	\$47,062,676	\$37,731,422	\$38,601,352	\$41,540,530	\$40,079,520	\$205,015,500

Assumptions:

1. Bond premium on new issues used to offset THDA's costs of issuance, underwriter fees and capitalized interest.
2. Bond premium generated on each new issue was assumed to equal 2.73% of the bond issuance par amount.
(assumes PACs raise 2.73% of premium as a % of the par bonds issued FY 2021 and after.)
3. Capitalized interest, costs of issuance and underwriter fees were assumed to equal 1.5% to 1.6% of the bond issuance par amount.

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

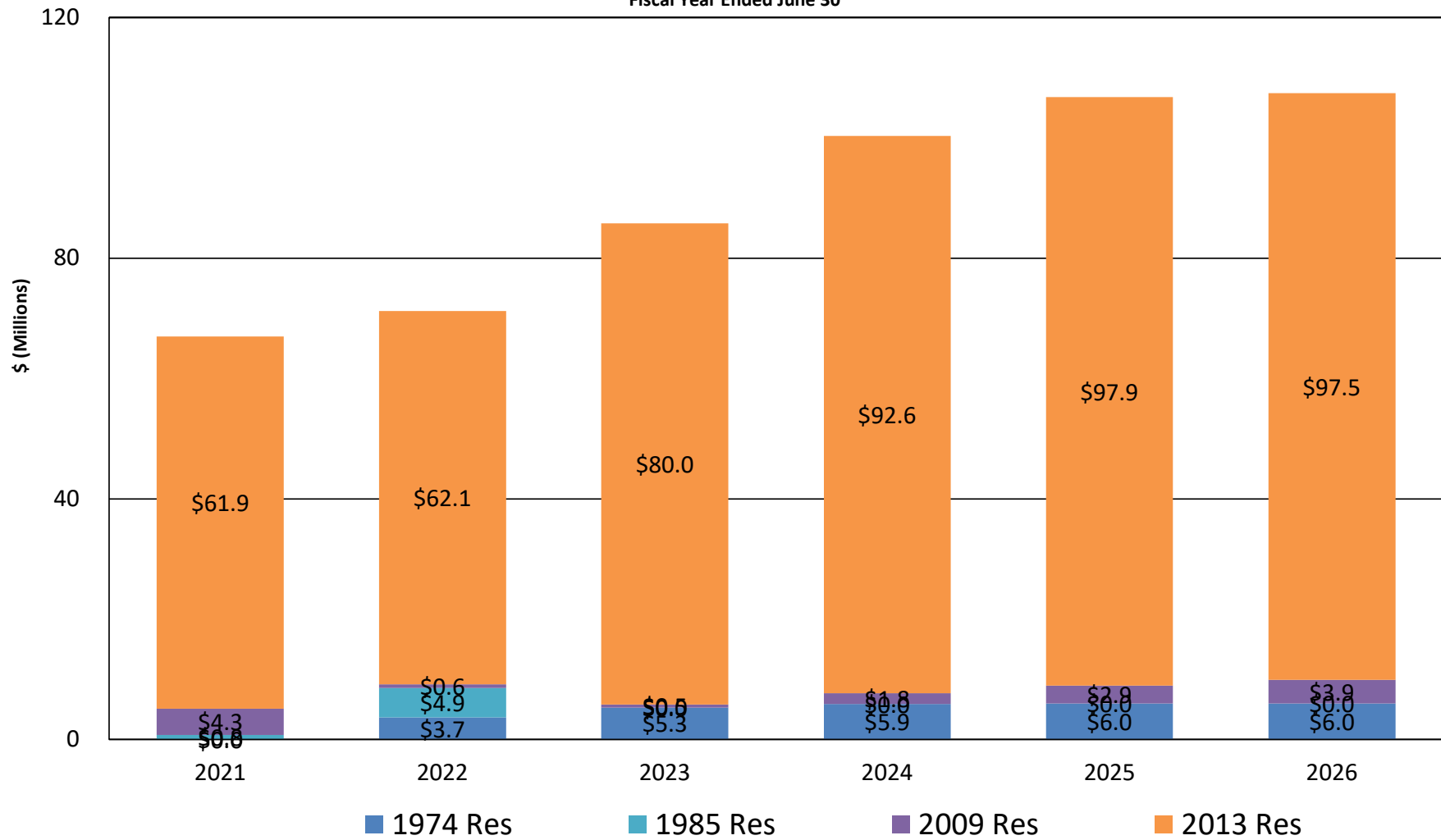
Fiscal Year Ended June 30



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

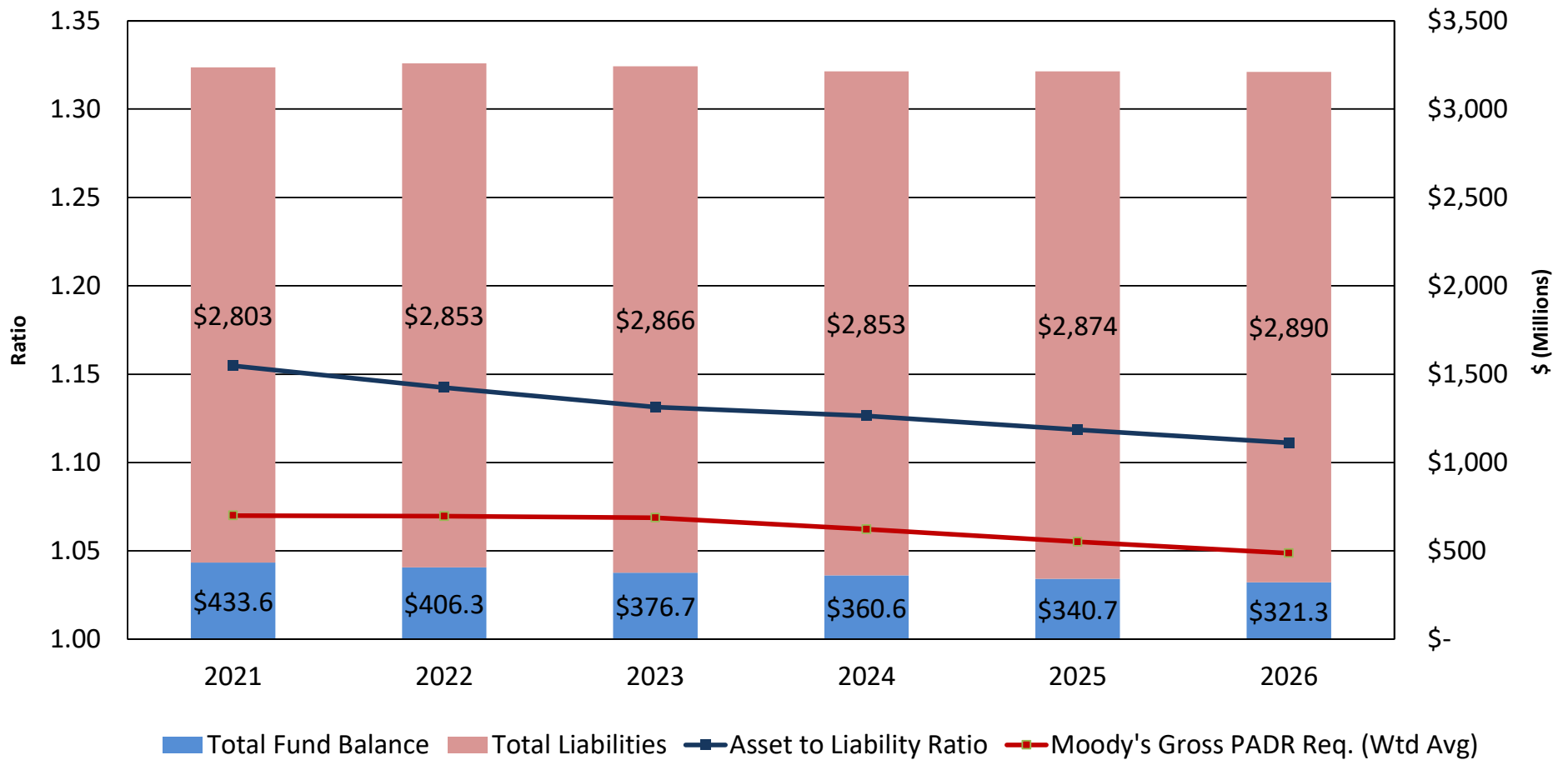
**1974, 1985, 2009 & 2013 Resolutions
Consolidated Remaining Liquidity
150% PSA**

Fiscal Year Ended June 30



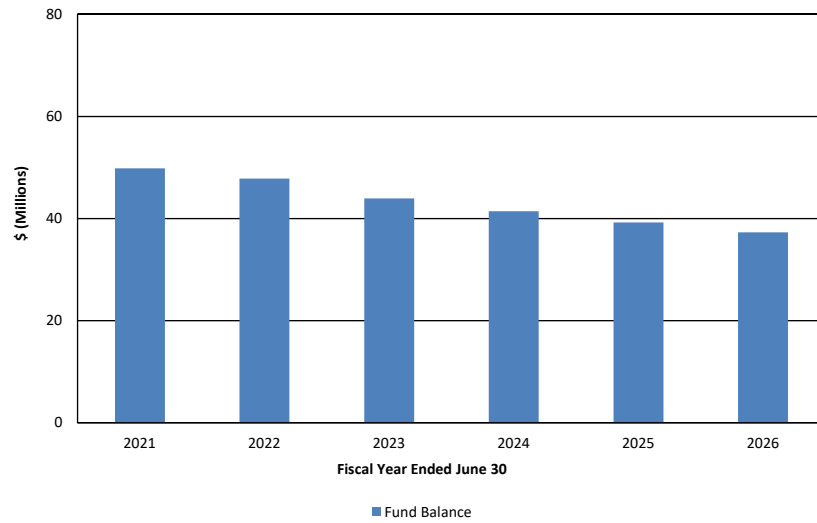
- Excluding Acquisition Funds held for the purchase of future loan originations.

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

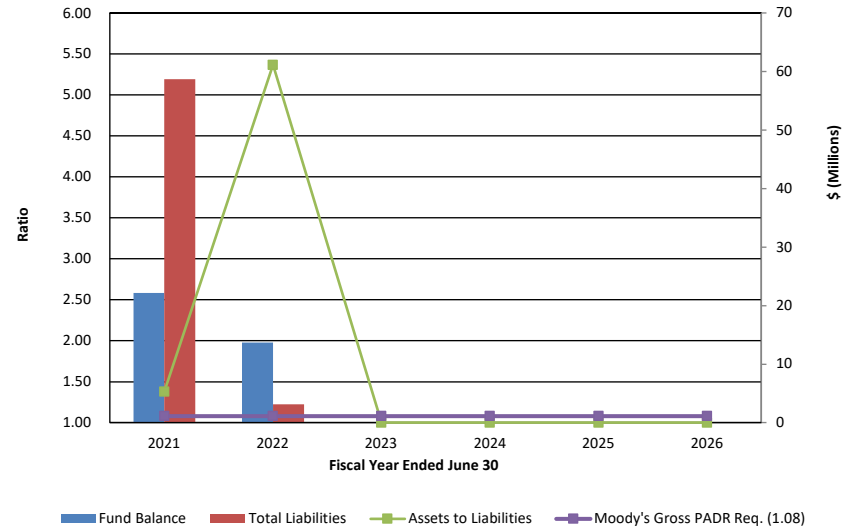


- Moody's Gross PADR Requirement represents the minimum PADR inclusive of Loan Loss Reserve requirements as determined by Moody's based on the percentage of loan insured (FHA, VA, RD, PMI). Assumes a 1.07 PADR requirement for whole loans, and a 1.00 requirement for MBS (GNMAs).
- Assets and Fund Balance exclude existing Plus DPA 2nd Mortgage Loans as well as \$110 million of future originations during forecast period.

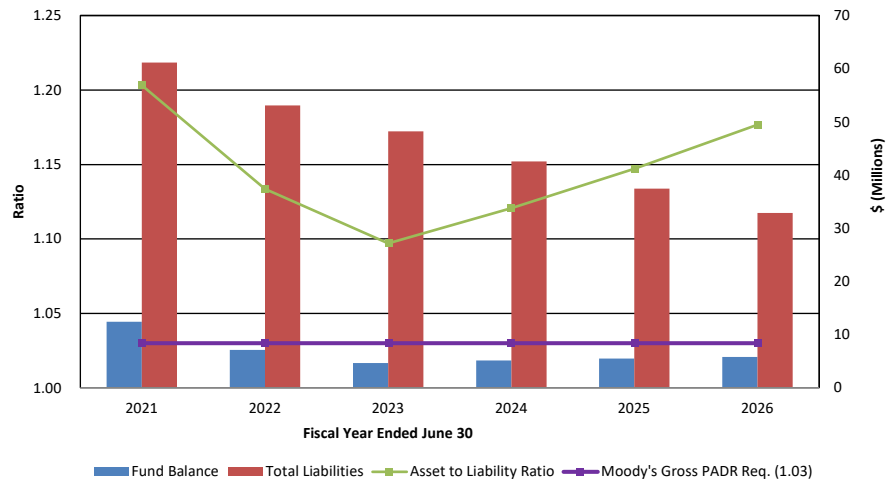
1974 Resolution
Balance Sheet Measurements
150% PSA



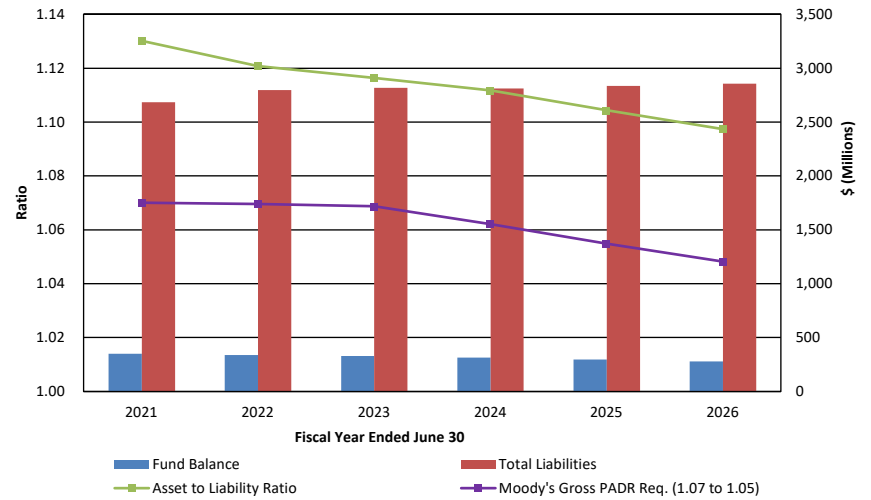
1985 Resolution
Balance Sheet Measurements
150% PSA



2009 Resolution
Balance Sheet Measurements
150% PSA



2013 Resolution
Balance Sheet Measurements
150% PSA



TENNESSEE HOUSING DEVELOPMENT AGENCY CASH FLOW ASSUMPTIONS

Mortgage Finance Program Bonds (1974 Resolution)

Prepayment Speeds on all Mortgage Loans

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

Reinvestment Rates

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

Surplus Revenues

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

Additional Assumptions

- all loan and investment balances as of July 1, 2021 are derived from the June 30, 2021 audited financials
- cash and investments that is restricted for prior year program allocations are not included
- no new bond issuance under the Resolution
- multifamily loans excluded
- Future originations of New Start Loans are not included as assets of the Resolution.
- Funds reserved for GNMA buyouts are set-aside as a non-liquid asset of the Resolution.

TENNESSEE HOUSING DEVELOPMENT AGENCY CASH FLOW ASSUMPTIONS

Homeownership Program Bonds (1985 Resolution)

Prepayment Speeds on all Mortgage Loans

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

Reinvestment Rates

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

Bond Redemptions

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

Debt Service Reserve Fund

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

Surplus Revenues

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

Liquidity Reserve Requirement

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

Additional Assumptions

- all loan and investment balances as of July 1, 2021 are derived from the June 30, 2021 audited financials
- no new bond issuance under the Resolution
- excess revenues not used to redeem bonds
- DPA Reimbursement & Agency Fees were transferred to the 2013 Resolution
- Resolution rated Aa1
- asset to liability ratio maintenance of 108% (Moody's PADR requirement of 104% + 4% for loan loss)
- future originations of New Start loans are not included as assets of the Resolution.
- \$14.7 million of loans with no bonds outstanding were transferred to the 2013 Resolution.

TENNESSEE HOUSING DEVELOPMENT AGENCY CASH FLOW ASSUMPTIONS

Housing Finance Program Bonds (2009 Resolution)

Prepayment Speeds on all Mortgage Loans

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

Reinvestment Rates

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

Bond Redemptions

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

Surplus Revenues

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

Bond Reserve Requirement

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

Additional Assumptions

- all loan and investment balances as of July 1, 2021 are derived from the June 30, 2021 audited financials
- no new bond issuance under the Resolution
- excess revenues not used to redeem bonds
- DPA reimbursement & agency fees were transferred to the 2013 Resolution
- Resolution rated Aa2
- asset to liability ratio maintenance of 103% (Moody's PADR requirement of 102% + 1% for loan loss)

TENNESSEE HOUSING DEVELOPMENT AGENCY

CASH FLOW ASSUMPTIONS

Residential Finance Program Bonds (2013 Resolution)

Prepayment Speeds on all Mortgage Loans

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

Reinvestment Rates

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

Debt Service Reserve Fund

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

Bond Redemptions

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

25MM Asset Set-Aside

- \$25mm set-aside is required by the Bond Finance Committee
- \$25mm is set aside in the 2013 Resolution from FY 2022 through FY 2026.
- funded from cash in the revenue fund and from excess long term investments

Bond Reserve Fund-Future Bond Issuances

- 0.75% investment rate through FY 2023, 1.25% thereafter
- THDA Reserve Requirement is 3% of outstanding Program Loans plus amounts on deposit in the Loan Fund
(GNMA MBS are not consider Program Loans for purposes of 2013 Bond Reserves.)

New Mortgage Loan Mix (FY 2021 and beyond)

-Great Choice (and Vet) w/ 2nd	99.50%
-Great Choice (and Vet) without 2nd	0.50%
	<hr/>
	100.00%

- 60% of loans assumed to use amortizing Plus downpayment assistance 2nd mortgage,
with 40% assumed to use deferred Plus downpayment assistance 2nd mortgage.

Additional Assumptions

- all loan and investment balances as of July 1, 2021 are derived from the June 30, 2021 audited financials
- all new bond issuance assumed in 2013 Resolution (see Summary of New Production)
- future downpayment assistance loans assumed originated from the 2013 Resolution
- future originations of New Start Loans are not included as assets of the Resolution.
- excess revenues not used to redeem bonds
- mortgage rates for new bond issues were set at rates necessary to earn 1.00% yield spread
- Resolution rated Aa1
- asset to liability ratio maintenance of 107% (Moody's PADR requirement of 104% + 3% for loan loss)
- \$14.7 million of loans held in the 1985 Resolution with no bonds outstanding were transferred to the 2013 Resolution.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

**THDA Board of Directors
Grants Committee Meeting
Tuesday, November 16, 2021 10:20 a.m. CT**

**William R. Snodgrass Tennessee Tower The
Nashville Room
312 Rosa L Parks Blvd; 3rd Floor Nashville, TN
37243**

AGENDA

- a. September 28, 2021 meeting minutes
- b. 2021 COVID-19 Rent Relief Program Description and Memo
- c. 2022 Emergency Solutions Grant Program Description and Memo
- d. 2022 HOME Program Description and Memo
- e. 2022 National Housing Trust Fund Program Description and Memo

Committee Members:

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

TENNESSEE HOUSING DEVELOPMENT AGENCY
GRANTS COMMITTEE MEETING MINUTES
September 28, 2021

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 28, 2021, at 10:20 a.m. in Conference Rooms A and C of the William R. Snodgrass Tennessee Tower Building, Nashville, Tennessee.

The following Committee members were present via webex: Chris Mustain (for Tre Hargett Secretary of Treasury), Tennion Reed, and Joann Massey. In person were Mike Hedges (Board Chair) and Katie Armstrong (for Comptroller Jason Mumpower).

Chair Hedges recognized Bruce Balcom, Chief Legal Counsel, who read the following statement:

"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. This is also necessary to protect everyone's health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone or electronically. Board members so participating were sent documents relevant to today's meeting."

There was no motion, nor a second, but with a roll call vote with all members identified as present voting "yes," consensus was to conduct business in this manner.

Recognizing a quorum present, Chair Hedges called the Committee meeting to order and called for consideration of the July 27, 2021, Grants Committee meeting minutes. Upon motion by Ms. Katie Armstrong, second by Mr. Chris Mustain, and a vote with all members identified as present voting "yes," the motion was adopted and the minutes were approved.

Chair Hedges called for consideration of the 2022 Winter Round Tennessee Housing Trust Fund Competitive Grants - Ms. Cynthia Peraza, Director of Community Programs. Ms. Peraza referenced her memorandum dated September 1, 2021, authorizing the Executive Director or a designee to award the 2022 Winter Round of the THTF Competitive Grants funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description; and allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director.

With no questions raised or discussion opened, upon motion by Ms. Armstrong, second by Mr. Mustain, and a vote with all members identified as present voting "yes," motion carried and the motion was adopted.

With no further business, the meeting was adjourned at 10:33 a.m.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 16th day of November, 2021.



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, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2021 COVID-19 Rent Relief Program Description -Updated

DATE: October 18, 2021

Recommendation

Staff recommends the THDA Board take the following action:

- Adopt the attached updated 2021 COVID-19 Rent Relief Program Description;
- Authorize staff to make minor program changes and housekeeping changes to the programs, as deemed necessary, or as directed by the U.S. Treasury; and
- Authorize all appropriate staff to do all things necessary and proper, including execution of all documents, to carry out the described changes.

Key Points

The COVID-19 Rent Relief Program opened its portal to accept applications on March 1, 2021. Since the application launched, THDA has assisted over 5,200 applications and funded over \$31,400,000 to help prevent evictions across the state.

Background

The Consolidated Appropriations Act of 2021 that was signed into law on December 27, 2020, provided over \$456 million in Emergency Rental Assistance (ERA) funds to the State of Tennessee to assist low-income tenants who experienced an economic hardship due to the COVID-19 pandemic with payments for rent or utilities. A portion of those funds were allocated directly to local governments with populations over 200,000. The total ERA allocation awarded to the State of Tennessee was \$383,440,280.40 and Governor Lee designated Tennessee Housing Development Agency to administer the State's allocation.

In July 2021, a second round of ERA funds (ERA-2) were awarded to the State of Tennessee in the amount of \$ 312,617,710. The purpose of the second round of funds is similar to the ERA, to help provide assistance with costs associated with relocating, rental and utility arrearages, and rental assistance for up to fifteen months to help prevent evictions. In certain circumstances

necessary to improve the households housing stability, the assistance may be extended to eighteen months.

To see final document please click on the attached link:

[2021-COVID-19-Rent-Relief-Program-Description-Final.pdf \(thda.org\)](#)



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, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2022 Emergency Solutions Grants Program Description

DATE: October 18, 2021

Recommendation

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2022 Emergency Solution Grants (ESG) Program Description as attached ("Program Description");
- Authorization of the Executive Director or a designee to award 2022 ESG funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description; and
- Allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director or instructed by the U.S. Department of Housing.

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

Program Changes

The changes proposed for the Program Description include:

1. Updated timetables and due dates as follows:
 - Application Due Date - March 17, 2022
 - Set-Aside Application Due Date – March 31, 2022
 - Award Announcement – May 2, 2022
 - Contract Dates: July 1, 2022 through June 30, 2023

Background

Subject to final approval of the federal budget for 2022, THDA expects to receive approximately \$3 million in Federal FY2022 Emergency Solutions Grants (ESG) resources. Combined with monies remaining from prior year allocations, THDA will make these resources available under this Program Description provided for your consideration.

To see the final document please click on the following link:

[2022-ESG-Program-Description-Final.pdf \(thda.org\)](#)



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, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2022 HOME Urban Rural Program Description

DATE: October 18, 2021

Recommendation

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2022 HOME Urban Rural Program Description (“Program Description”);
- Authorize the Executive Director or a designee to award the 2022 HOME Urban Rural Program funds to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description; and
- Allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director.

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

Program Changes

The changes proposed for the 2022 HOME Urban Rural Program Description include:

1. Updated implementation dates:
 - Application Due Date - March 11, 2022 at 4:00PM (CST)
 - Application Award Announcement – May 1, 2022
 - Award Contract Dates – July 1, 2022 through June 30, 2025

2. Maximum Award & County Maximum:

- The cost of building affordable housing has increased substantially in the last few years. In order to provide our Grantees with sufficient funds to reconstruct or rehabilitate more homes, THDA staff is recommending to increase the maximum HOME Grant award from \$500,000 to \$750,000.
- Increased the Per County Maximum from \$750,000 to \$1,000,000 to allow more than one Grantee within a County with access to HOME funds.

3. Project Close-Out Award Adjustment:

- At the end of a Grant, our Grantees do not always have sufficient HOME funds to complete the project that is last in line. In order to provide our Grantees with sufficient HOME funds, THDA staff is recommending authorization to increase those Grantee's award by the amount needed to complete a final project, so long as the grantees total amended award does not cause the maximum county award to be exceeded. Funding to increase the award will come from recaptured or roll over funding.

- Allocation of Funds:

- Replaced stating a specific amount to allocate to this round, since we don't actually know what that will be until we receive the 2022 allocation, to a minimum percentage (50%) of the 2022 allocation, after the 10% administrative set-aside, which we will commit to this round.
- Clarified the amount of administrative funds that will be allocated to awardees based on the actual award of their grant.

- Spend Down Requirements:

- Added a commitment component and the adoption of point reduction for funds not spent in previous grants that was used in the 2021 CHDO/Homeownership Round, which replaced the three-year ineligibility statement that was used in 2021.

- Eligible Activities:

- Homeowner Rehabilitation Program: Project Soft Costs
 - Replaced the fixed "\$2500 maximum fee" for work write-ups and reviews to read "THDA's current published maximum for inspections and work write-ups" to provide staff with more flexibility in the changing economic environment.

- Level of Subsidy:

- Replaced "pending approval from" to "with the range as allowed by" HUD to provide more flexibility in the changing economic environment.

- Flood Plains:
 - Added “Prohibits rehabilitation of units in floodways”
- Scoring Matrix:
 - Added Item #9, Prior Year Unexpended HOME Funds Deductions.

Background

THDA will have approximately \$14 million available for the construction and rehabilitation of affordable housing through the HOME Urban and Rural Program. Staff is proposing the attached Program Description for the 2022 HOME Urban Rural Program.

Staff will provide information to the Committee and Board regarding awards made under the 2022 HOME Urban Rural Program at the meeting immediately following the date of the awards.

To see the final documents please click on the following link:

[2022-HOME-Urban-Rural-Program-Description-Final.pdf \(thda.org\)](https://thda.org/2022-HOME-Urban-Rural-Program-Description-Final.pdf)



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, Director of Community Programs
Don Watt, Chief Program Officer

SUBJECT: 2022 National Housing Trust Fund Program Description

DATE: October 18, 2021

Recommendation:

Staff recommends the Board approve the following:

- Adoption of the attached proposed 2022 National Housing Trust Fund (NHTF) Program Description ("Program Description");
- Authorize the Executive Director or a designee to award 2022 NHTF resources to applicants for applications scored by staff. Scoring is based on the rating scale contained in the approved Program Description. Funds will be awarded in descending order from highest score to lowest score until available funding for eligible applications is exhausted, subject to all requirements in the approved Program Description; and
- Allow staff to make minor programmatic changes, as deemed necessary and appropriate, and as approved by the Executive Director.

Staff will provide information to the Committee and Board regarding awards made under the Program Description at the meeting that immediately follows the date of the awards.

Program Changes

The Program Description contains the following changes and clarifications from the 2021 National Housing Trust Fund Program Description:

1. Updated the application timetables and due dates:
 - Application Due Date - March 18, 2022 by 4:00 PM (CDT)
 - Application Award Announcement - May 6, 2022
 - Contract Dates - July 1, 2022- June 30, 2025

2. Increased the maximum award from \$900,000 to \$1,500,000.
The cost of building affordable housing has increased substantially in the last few years. In order to provide our Grantees with sufficient funds to cover the increase in costs, THDA staff is recommending to increase the maximum NHTF to \$1,500,000.
3. Clarified the approximate funding amount that is anticipated to be available under the funding competition. Final amounts will be determined based on funds made available through the earnings of designated Government-Sponsored Enterprises (GSEs) and a formula funding allocation by HUD and any amounts left over from prior funding rounds that are made available under this Program Description.
4. Updated the spend down requirements for organizations funded previously through the NHTF Program.
5. Updated the maximum per-unit subsidy limits in accordance with updated limits provided by the U.S. Department of Housing and Urban Development.
6. Updated the list of those counties designated by Governor Lee as “distressed” on July 1, 2021. This update will change the number of distressed counties from fifteen to nine, making the following counties eligible for the Designated Distressed Counties eligible for application points: Lake, Lauderdale, Perry, Clay, Grundy, Bledsoe, Scott, Hancock and Cocke.

Background:

THDA administers the NHTF to make funding available for the development of affordable rental housing for extremely low income households. THDA anticipates the receipt of \$8.76 million in funds through the NHTF. THDA is generally notified in April each year of its funding allocation.

In accordance with its allocation plan approved by HUD, THDA will set-aside 10% of these funds, or \$876,000, for its administrative costs, with the remaining \$7,884,000 made available competitively to preserve or expand rental housing options for this targeted income group. In accordance with NHTF requirements, all funded applicants must maintain these units in accordance with program requirements for a 30-year affordability period.

All funds will continue to be made available as a grant ranging between \$100,000 - \$1,000,000. Entities may seek funding to acquire and rehabilitate existing units or to newly construct rental housing. In accordance with federal requirements and to enhance the financial stability of the project, applicants may also seek NHTF funds to establish an operating reserve account for the project. All funds will be secured by a note, deed, and restrictive covenant on the property.

Eligible applicants include public housing authorities and nonprofit entities with at least two years of experience in Tennessee in the development, ownership, and management of affordable rental housing.

To see the final document please click on the following link:

[2022-National-Housing-Trust-Fund-Program-Description-Final.pdf \(thda.org\)](https://thda.org/2022-National-Housing-Trust-Fund-Program-Description-Final.pdf)



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

**THDA Board of Directors
Tax Credit Committee Meeting Tuesday,
November 16, 2021 10:30 a.m. CT**

**William R. Snodgrass Tennessee Tower The
Nashville Room
312 Rosa L Parks Blvd; 3rd Floor Nashville, TN
37243**

AGENDA

- a. October 21, 2021 meeting minutes
- b. Request for Relief - TN21-705 WCO Dickerson Flats
- c. Approval of 2022 Low Income Housing Credit Qualified Allocation Plan
- d. Preliminary Proposed Changes for 2022 Multifamily Tax Exempt Bond Authority Program Description

Committee Members:

John Snodderly, Chair
Commissioner Butch Eley
Secretary Tre Hargett
Mike Hedges
Treasurer David Lillard
Matt McGauley
Erin Merrick

TENNESSEE HOUSING DEVELOPMENT AGENCY
TAX CREDIT COMMITTEE MEETING MINUTES
October 21, 2021

Pursuant to the call of the Chairman, the Tax Credit Committee of the Tennessee Housing Development Agency Board of Directors (the “Committee”) met in special session on Thursday, October 21, 2021, at 1:02 p.m. CST via WebEx call with certain staff members being 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: John Snodderly (Chair), Doree Hicks (for Commissioner of Finance & Administration Butch Eley), Chris Mustain, Secretary of State Tre Hargett, Mike Hedges, State Treasurer David Lillard, Joann Massey, Matt McGauley, Rick Neil, Kevin Bradley, and Erin Merrick. Chair Snodderly recognized Bruce Balcom, Chief Legal Counsel, who read the following statement:

“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. This is also necessary to protect everyone’s health and safety due to COVID. Therefore, it is necessary for some members to participate via telephone. Committee members participating by telephone were sent documents relevant to today’s meeting.”

Chair Snodderly called for a motion to proceed with the meeting in this manner. Upon a motion by Secretary of State Tre Hargett, second by Mr. Hedges, and with the following roll call vote, the motion carried to approve doing business in this manner with all members identified as present voting “yes”.

Chair Snodderly called for consideration of the previously circulated September 28, 2021 Committee meeting minutes. Upon motion by Mr. Hedges, second by Mr. McGauley, and with the following roll call vote with all members identified as present voting “yes”, the motion carried to approve the September 28, 2021, minutes.

Chair Snodderly asked Ralph Perrey, Executive Director of THDA, to share updates to the committee. The discussion entailed THDA’s request for \$90 million dollars in American Rescue Plan Act funds, noting the legislative decision will take place on November 15, 2021. Additionally, THDA expects many requests for Low-Income Housing Credit exchanges to shore up these deals. Chair Snodderly asked for a motion if the committee would like to continue to bring all requests for an exchange to the TCC for consideration. There was no motion so Mr. Perrey will have the waiver authority to approve tax credit exchanges.

Chair Snodderly called on Mr. Perrey to review changes to the Qualified Allocation Plan (QAP) as described in the memo from Chief Programs Officer, Don Watt dated October 19, 2021.

Chair Snodderly called on Mr. Hedges, who commented on Section 42(m)(1)(B), referencing requirements for criteria giving preference to developments located in a Qualified Census Tract (“QCT”) and contributing to a Concerted Community Revitalization Plan (“CCRP”) to be used in determining housing priorities. Mr. Hedges suggested offering a preference not based on points. An example: consider offering rural counties a preference, only if they provide a CCRP. Mr. Perrey noted that the QCT and CCRP seem to be inseparable and that a review to satisfy a preference, rather than points, can be a continued discussion prior to the November 16th meeting.

Mr. Hedges and Ms. Hicks were concerned about the scoring language on the 50/50 split on properties rehabbing and adding units, noting it’s cheaper for a developer to work under the rehab rules. Mr. Perrey noted there was no previous model to score this type of deal and present to the committee. The language proposed gives an opportunity for that type of development to be considered.

Mr. Hedges pointed out on page 11, letters of intent, are easier to obtain than in prior years, so why continue to require this formality from the developer. Mr. Perrey responded that there have been exceptions where the prospect did not produce letters of intent.

Mr. Perrey welcomed input by committee members to explore other ways THDA can satisfy the IRS requirement besides providing 1 point scoring advantage. He also reiterated there are parts of the state, with low income communities requiring new units, which is why he was interested in removing the prohibition against new construction and qualified census tracts.

Chair Snodderly asked Mr. Perrey his recommendation on moving forward with adopting the QAP. Mr. Perrey responded that there needs to be more of an in depth examination over the QCT/CCRP preference, so there will be no action taken today. On November 16th, the first item up for discussion will be the QAP. There was no motion to adopt QAP. Discussions will continue on November 16, 2021.

With no further business, the meeting was adjourned at 2:10pm.

Respectfully submitted,

Ralph M. Perrey
Executive Director

Approved the 16th day of November, 2021.



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: Don Watt, Chief Program Officer
SUBJECT: Request for Relief TN21-075
DATE: November 2, 2021

Recommendation

Staff does not recommend approval of the Request for Relief (this proposed development applied for the Disaster Zone Round as described in Section 22 of the Low-Income Housing Credit 2021 Qualified Allocation Plan).

Background

1. WCO Dickerson Flats is a proposed new construction development to be composed of 99 single-room-occupancy units (50 of which will include supportive services for individuals who are elderly/disabled), 48 1-bedroom units, and 20 2-bedroom units for a total of 167 units.
2. Staff requests that the Tax Credit Committee determine whether this application is eligible for consideration taking into account the following points:
 - a. The staff reviewer initially raised concerns about the estimated \$150 per unit for property taxes;
 - b. The initial response from the Owner Contact was that the estimate was comparable to another (4% non-competitive) transaction;
 - c. THDA contacted MDHA to obtain information regarding average PILOTs for 9% transactions (since WCO Dickerson Flats is a 9% competitive transaction), and the MDHA representative provided an estimate of approximately \$400-\$500 per unit for a 9% competitive transaction;
 - d. The applicant asserts that the unique structure of the development would allow for the supportive service units being exempt from property taxes;
 - e. The supporting documentation that the applicant has provided from MDHA does not provide information on the property tax exemption for the supportive service units;
 - f. The supporting documentation that the applicant has provided from MDHA does not clearly state that this proposal will have a \$150 property tax rate for the other 117 units;
 - g. The letter does not appear to have been directly prepared for the applicant, so the \$150 for the 117 units for a 9% has still not been clearly been addressed in staff's opinion.

October 5, 2021

Mr. Ralph M. Perrey
Executive Director
Tennessee Housing Development Agency
Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

RE: 21-705 WCO Dickerson Flats (REVIEW NOTICE MEMO)

Dear Mr. Perrey,

We respectfully request a Board Review for the finding that the WCO Dickerson Flats (21-705) estimate for property taxes and financial feasibility are inadequate. Although unusual, this project will create a unique community for high-need individuals and contribute a significant number of units to help solve the growing affordability crisis in middle Tennessee.

WCO Dickerson Flats (the Project), will integrate two different types of housing into one community. The first piece, and most noteworthy, will utilize LIHTCs to support the construction of supportive housing for high-need individuals, including homeless and at-risk individuals. Through its experience overseeing 660 units of this housing product across Tennessee, Woodbine Community Organization (WCO) has found that single family home construction with a shared living/single room occupancy structure has led to successful outcomes for this population. Two of WCO's long-term partners, Our Place Nashville and United Health Care, will help provide intensive case management for this population. The second portion of this project will utilize WCO's extensive multi-family development experience and LIHTCs to construct a traditional garden-style apartment community for households who can live more independently.

In order to ensure a cohesive well supported community, the project will include a community building that will be used for onsite social services, including service coordination, case management, and educational services. All households across the project will be able to utilize these services to various degrees, according to need (as described in the Service Plan submitted as part of the initial application). By combining shared living units with more traditional units, WCO will create a unique residential community for an array of individuals—including anyone from a formerly homeless individual in need of intensive case management to a young parent in need of financial counseling.

This project has received support from MDHA HOME Funds and the Barnes Housing Trust Fund, and has garnered support from several tax credit investors. THDA's Disaster Round is necessary to make this project a reality.

There were 3 concerns raised in THDA's review notice:

1. Property Tax Estimate (i.e., PILOT payment estimate)
2. Financial Feasibility of Rents
3. Financial Feasibility of Construction Costs

Each of these will be addressed below:

Issue 1: Property Tax Estimate

MDHA's public PILOT documents state four eligibility requirements:

Property Location: Metropolitan Nashville-Davidson County.

LIHTC Properties: PILOT tax abatement will only be awarded to projects for properties that have received a new allocation of LIHTCs.

Site Control: The applicant must have site control equivalent to fee simple title, 99-year lease, or option to purchase with no contingencies except financing.

Financial Need: The applicant must show a need for the tax abatement and demonstrate proof that the financial viability of the project is at stake without the proposed PILOT. Financial need will be demonstrated by the pro forma for the new LIHTC projects.

The project meets the first three criteria. The fourth, flagged in the review letter, clearly states that the PILOT is dependent on financial need. Based on a PILOT activity report (attached), MDHA has approved PILOTs at less than \$56 per unit in the case of demonstrated need. Furthermore, the average PILOT for new construction projects was \$114 per unit. It is important to make the comparison to new construction units because MDHA is prohibited from granting PILOTs that lower property taxes from existing tax levels (and existing apartment complexes have higher initial tax assessments in comparison to unimproved land). At \$150 per unit, this project will raise existing property taxes by 36%.

Additionally, in general, 9% allocations receive lower PILOT amounts, but that is a function of their lower debt service as a portion of operating expenses. In many ways, this project is more like a 4% allocation than a 9% as the requested \$1,300,000 of credits amounts to 4.9% of the total qualified basis of the project.

Further, in a traditional structure (i.e., a non-LIHTC project), the 50 shared living units would qualify for a full property tax exemption based on the award of HOME funds. This has not been factored into our PILOT payment calculation but will likely result in lower PILOT payments compared to other LIHTC projects.

Given the fact the listed PILOT payment is 32% above the new construction MDHA PILOT average and the credit amount more closely mirrors a 4% allocation, we believe our Payment in Lieu of Taxes estimate is appropriately conservative.

Issue 2: Sustainability of Rents

The fifty shared living units have projected average rents of approximately \$400/month, including all utilities. Many 'weekly' motels and other non-permanent housing options are more expensive. Additionally, WCO currently operates 660 similar units—that, with comparable services, lease for \$400 per month. Presently, there is a 58-person waiting list for these units, evidencing the need for more supportive housing.

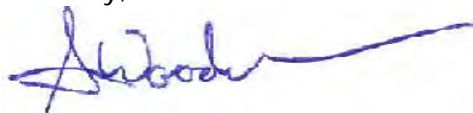
Although this project has no ongoing rental subsidies, its innovative structure and scale allow for lower rents as compared to more typical LIHTC projects. These lower rents are reflected in the project's financial model and accordingly, THOMAS.

Issue 3: Construction Costs

The project's General Contractor, BACAR, has strong experience constructing LIHTC projects and working with WCO, and WCO is comfortable with their ability to deliver the project under the current projected budget. In a smaller but similar project with HOME fund requirements, WCO is working with BACAR and has seen comparable construction costs. The low construction costs are largely a result of the single-family dwelling style construction of the small-sized shared living units. Please see the attached letter from BACAR attesting to the feasibility of the current construction cost estimate.

Please don't hesitate to reach out if you have any further questions.

Sincerely,



Tony Woodham
Executive Director
twoodham@woodbinecommunity.org

Metropolitan Development and Housing Agency

URBAN DEVELOPMENT OFFICE
35 PEABODY STREET * SUITE 301 * NASHVILLE, TENNESSEE * TELEPHONE (615) 252-8504
MAILING ADDRESS: P.O. BOX 846 NASHVILLE, TENNESSEE 37202
TELEPHONE DEVICE FOR THE DEAF (615) 252-8599
TELECOPIER (615) 252-8559

Joseph B Cain
Director of Urban Development

Direct Dial: (615) 252-8404
Facsimile: (615) 252-8559

May 28, 2021

Vice Mayor Jim Shulman
1 Public Square, Suite 204
Nashville, TN 37201

Dear Vice Mayor:

In accordance with BL2016-334, MDHA is submitting the Payment In-Lieu of Taxes report of tax year 2020. As of tax year 2020, there were 11 affordable housing developments funded through THDA's Low Income Housing Tax Credit (LIHTC) program that were placed in service and making PILOT payments. These 11 projects consist of 2,664 units and are located in 8 different Council Districts. The total property tax abatement for the 11 projects is \$1,307,930.

Sincerely,

Joseph B Cain
Director of Urban Development

Enclosures:

Cc: Metropolitan Council
Metropolitan Assessor of Property
State Board of Equalization

PILOT Payment Per New Construction Unit	Development Name	Lessee Name	Property Address	Council District	# of Units	Parcel #	Resolution	Year 1 PILOT Term	Year PILOT Expires	PILOT PMT	Real Abatement
	Old Hickory Towers	Old Hickory Towers TN, LP	930 Industrial Drive	11	217	4400003100	RS2016-148	2017	2027	\$163,807	-\$21,921
\$236	Paddock at Grandview	The Paddock at Grandview, LP	5515 Scruggs Lane	2	240	7106002900	RS2016-86	2018	2028	\$56,728	\$385,450
\$132	Hermitage Flats	ECG Hermitage, LP	5636 Old Hickory Blvd	12	284	8600035500	RS2016-435	2020	2030	\$37,500	-\$9,382
\$63	Robinson Flats	ECG Old Hickory, LP	1205 Robinson Road	11	209	4414014300	RS2017-836	2020	2030	\$13,124	\$398,392
	Haynes Gardens	LSA Grier Haynes Garden, LLC	2715 Whites Creek Pike	2	208	5900013000	RS2017-667	2020	2030	\$80,000	\$135,094
\$56	Oakwood Flats	ECG Oakwood, LP	2071 Oakwood Avenue	5	280	7201011400	RS2018-1139	2020	2030	\$15,653	\$17,440
	Trevecca Towers I & East	Lester One East, LP	60 Lester Avenue	17	354	10504040400	RS2018-1161	2019	2029	\$160,000	\$242,621
	Trevecca Towers II	Stanley Two, LP	310 Stanley Avenue	17	210	10601007300	RS2018-1162	2019	2029	\$98,796	\$111,234
\$81	Biltmore Phase II	Highmark Biltmore Place II, LP	3474 Dickerson Pike	3	261	10700018200	RS2018-1289	2020	2030	\$21,103	-\$14,079
	Sycamores Terrace	Lebanon Road Senior Housing, LP	1427 Lebanon Pike	19	128	09400007800	RS2018-1320	2020	2030	\$101,445	-\$84,156
	Hampton Terrace	300 E Webster Street Holdings, LP	300 E Webster Street	7	274	5108017800	RS2018-1390	2020	2030	\$136,846	\$147,236

Average PILOT Payment Per New Construction Unit: \$113.59

HOUSING PROJECTS CONSTRUCTED WITH **HOME** OR HOUSING TRUST FUNDS

Properties that provide low-income housing for elderly¹⁶ or disabled¹⁷ individuals that are funded by one of two specific sources may be exempt from property taxes. The properties must be funded by either the HOME Investment Partnerships Program¹⁸, or by a housing trust fund created under Tenn. Code Ann. §§ 7-8-101 et. seq. or 13-23-501 et. seq.

The property must also be owned by a Tennessee registered non-profit institution. The IRS must recognize the non-profit institution as exempt from federal income taxes, either as an exempt charitable institution or an exempt social welfare institution. In addition, the institution must have the following charter provisions:

- 1) Directors and officers must serve without compensation;
- 2) The corporation is dedicated to and operated exclusively for non-profit purposes;
- 3) The income or assets of the corporation will not be distributed to benefit any individual;
- 4) If the corporation is dissolved, its property will not be conveyed to any individual for less than fair market value; and
- 5) When the corporation dissolves, all remaining assets will be distributed only to nonprofit institutions with a similar purpose.



1898 NOLENSVILLE ROAD - NASHVILLE, TENNESSEE 37210 - TEL 615-259-1516 - FAX 615-259-9111 - www.BACAR.com

October 5, 2021

Felita (Givens) Hamilton
Multifamily Programs Division
Allocation Manager
502 Deaderick Street 3rd Floor
Nashville, TN 37243-0900

Re: WCO DICKERSON FLATS

To Whom it May Concern,

We are currently working with Woodbine Community Organization on a similar project here in Nashville (Elysian Fields); and given our confirmed costs, we are confident that our initial estimate of cost of approximately \$16,250,000 to build the 167-unit WCO Dickerson Flats project remains feasible. The WCO Dickerson Flats project includes 117-units of garden style apartments, and an additional 50 single-resident occupancy (SRO) units within five single family home style residences. Similar to the Elysian Fields development, the different construction types involved in this project have quite different cost profiles and naturally come in lower than what would be expected from a traditional 100% garden style 167-unit LIHTC development.

BACAR Constructors is a nationally-known full-service Design-Build general contractor with a portfolio of projects that span from Tennessee to California and New England.

Since 1984 BACAR Constructors has offered quality construction services that exceed our clients' expectations while adhering to our stringent budgetary guidelines. This has included hundreds of Low Income Housing Tax Credit units.

Sincerely,

BACAR Constructors, Inc.

A handwritten signature in blue ink, appearing to read "Lynn Crew", is written over a horizontal line.

Lynn crew
Vice-President



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt, Chief Program Officer

SUBJECT: Changes to Draft Low-Income Housing Credit 2022 Qualified Allocation Plan Made After October 21, 2021

DATE: November 2, 2021

Recommendation

Staff recommends and requests approval of the Low-Income Housing Credit 2022 Qualified Allocation Plan as amended by the THDA Board of Directors Tax Credit Committee on October 21, 2021, including non-substantive housekeeping and conforming changes.

<https://thda.org/pdf/DRAFT-2022-QAP-11.04.2021.pdf>

Key Points

The following items are changes made to the Draft Low-Income Housing Credit (“LIHC”) 2022 Qualified Allocation Plan (“Draft 2022 QAP”) after the called THDA Board of Directors Tax Credit Committee meeting on October 21, 2021. These changes are in addition to changes made after the THDA Board of Directors meeting on September 28, 2021, which are detailed in the following memo dated October 19, 2021. Page numbers in this memo correspond to page numbers in the footer of the revised Draft 2022 QAP.

1. Page 6, Section 2, definition of “Developer” clarified to reflect material participation must be through Placed In Service (not indefinite).
2. Page 9, Section 2, definition of “Owner” clarified to include examples of ownership entity types and to remove reference to entities with a direct or indirect interest in the owner.
3. Page 18, Section 3.K, language reflecting that no more than 20% of the annual Housing Credit Ceiling will be allocated to Housing Credit Developments proposing new construction in a QCT and that Housing Credit Developments involving a qualified CNI grant or eligible for the PHA Set-Aside will not count against this limit.
4. Page 19, Section 4.A.2, language reflecting that Initial Applications proposing a combination of new construction and Existing Multifamily Housing will be scored as new construction if the majority of the Low-Income units are new construction or will be scored as Existing Multifamily Housing if the majority of the Low-Income units are Existing Multifamily Housing

5. Page 20, Section 5.C, language reflecting that fees may be refundable and or may be applied to other types of fees or fees related to a different application if THDA determines that circumstances beyond the Applicant's anticipation or control are present.
6. Page 29, Section 9.B.1, language reflecting that the first allocation from the Public Housing Authority Set-Aside will be to a single application from the Waverly Housing Authority to address public housing destroyed by flooding.
7. Page 39, Section 14.A.1, retained language offering 1 point to new construction applications that are wholly located in a QCT and covered by a CCRP. Staff researched states in close proximity to Tennessee. No state around Tennessee has set aside. Two states use CCRP as a threshold for any QCT development (Missouri, Texas [included because of the Inclusive Communities Project lawsuit]). Five give points (Arkansas, Kentucky, Georgia, Texas, and Virginia). Three use as a tie breaker (North Carolina -1st tie breaker, Mississippi - 4th tie breaker, and Alabama - 5th tie breaker).
8. Page 45, Section 14.B.1, retained language requiring that Housing Development Location points for rehabilitation applications are only available to applications in a QCT **and** covered by a CCRP.
9. Page 59, Section 16.B, delete requirement for site plan map.
10. Page 59, Section 16.B, delete requirement for executed partnership agreement.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt, Chief Programs Officer

SUBJECT: Changes to Draft Low-Income Housing Credit 2022 Qualified Allocation Plan Made After September 28, 2021

DATE: October 19, 2021

The following items are changes were made to the Draft Low-Income Housing Credit (“LIHC”) 2022 Qualified Allocation Plan (“Draft 2022 QAP”) after the THDA Board of Directors Tax Credit Committee meeting on September 28, 2021 and/or clarifications to changes made prior to September 28, 2021. Page numbers in this memo correspond to page numbers in the footer of the revised Draft 2022 QAP.

1. Page 2, language regarding site changes added.
2. Page 9, Section 2, definition of “No Further Monitoring Status” changed to provide more clarity circumstances leading to this status.
3. Page 12, Section 2, definition of “Underlying Seller Authority” deleted.
4. Page 15, Section 3. clarification of changes to New Construction Regional Pools:
 - a. Overton, Weakley, and Decatur Counties moved from Pool 4 to Pool 3;
 - b. Cheatham County moved from Pool 1 to Pool 3;
 - c. White County moved from Pool 3 to Pool 4.
5. Page 17, Section 3.G:
 - a. Total Development Cost (“TDC”) limits increased;
 - b. Requests for waiver of TDC limits prohibited.
6. Page 17, Section 3.H, requirement regarding syndication closing for pre-2022 developments deleted.
7. Page 19, Section 4.A.2, “will not” changed to “cannot”. Because the QAP has separate scoring systems for new construction and rehabilitation, the THOMAS system is unable to process applications that combine the 2 activities.
8. Page 22, Section 6.A.2., no Major SAE for exchanging LIHC will be imposed in circumstances where THDA determines that the exchange was due to circumstances beyond the applicant’s control.
9. Page 22, Section 6.A.5., Major SAE for foreclosure now limited to a 5-year look-back.

10. Page 24, Section 6.C, the THDA Board of Directors may revisit a determination of applicant ineligibility due to 1 or more uncured SAEs.
11. Page 29, Section 9.B, language clarified.
12. Page 33, Section 12.A, language regarding disqualification of Initial Applications deleted.
13. Page 33, Section 12.A.1.g and h, “all documentation must be in full force and effect...” requirement applies to site control documentation.
14. Page 34, Section 12.A.3.c, new option added for circumstances where there are no zoning regulations.
15. Page 36, Section 12.B.3, language regarding restrictions on uses of developer fees deleted.
16. Page 39, Section 14.A.1, new scoring criterion for new construction developments in a Qualified Census Tract (“QCT”) and covered by a Concerted Community Revitalization Plan (“CCRP”).
17. Page 42, Section 14.A.4.b, clarifying language regarding assessment of Minor SAEs for new construction applications added:
 - a. “To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 14–9 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2022 development with 2 Minor SAEs. For 2022, in Table 14-9, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.”
18. Page 43, Section 14.A.6, new construction “Public Housing Waiting List” scoring criterion reduced to 1 point.
19. Page 44, Section 14.A.11, new construction “Letters of Intent” scoring criterion reduced to 4 points.
20. Page 45, Section 14.B.1, rehabilitation “Housing Credit Development Location” scoring criterion now includes CCRP requirement.
21. Page 47, Section 14.B.3, rehabilitation “Development Characteristics” scoring criterion reduced to 19 points.
22. Page 48, Section 14.B.4.b, clarifying language regarding assessment of Minor SAEs for rehabilitation applications added:
 - a. “To reward proven Tennessee Development Team experience, the Development Team will be awarded points as shown in Table 14–9 based on Minor SAEs. Minor SAE recording began on January 1, 2019. Minor SAEs are attributed by event to all individuals associated with the proposed Development Team; however, each event is counted only once regardless of the number of individuals tied to the same event. For example: Development Team A involves **20** individuals and Development Team B involves **3** individuals. Each team has a pre-2022 development with 2 Minor SAEs. For 2022, in Table 14-9, Development Team A would be assessed 2 cumulative Minor SAEs and receive 3 points. Development Team B also would be assessed 2 cumulative Minor SAEs and receive 3 points.”
23. Page 50, Section 14.B.6, rehabilitation “Public Housing Waiting List” scoring criterion reduced to 1 point.
24. Page 52, Section 14.B.11, rehabilitation “Letters of Intent” scoring criterion reduced to 4 points.

25. Page 57, Section 15.F, tie-breaker changed to preference to the new construction or rehabilitation application “requesting the least amount of Housing Credit per Housing Credit unit.”
26. Page 69, Section 20.E.1, “Housing Credit Development Location” scoring criterion for developments involving Multifamily Tax-Exempt Bond Authority (“MTBA”) now includes CCRP requirement.



Tennessee Housing Development Agency

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

Bill Lee
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

TO: THDA Board of Directors

FROM: Don Watt, Chief Program Officer

SUBJECT: Preliminary Proposed Changes for the Multifamily Tax-Exempt Bond Authority Program Description for 2022

DATE: November 2, 2021

Recommendation

Staff recommends and requests approval to move forward with the changes described below. Following posting of a Draft Multifamily Tax-Exempt Bond Authority (“MTBA”) Program Description (“PD”) for 2022 and a public comment period, the Draft MTBA PD for 2022 will be presented for approval in January, 2022.

Key Points

1. Multiple application rounds

- a. Staff proposes to have three application rounds, one each in March, June, and August.

2. Geographic pools for first round

- a. Staff proposes that the first application round would have a set amount of MTBA available for each Grand Division.
- b. Staff proposes that unallocated MTBA from the first application round would be made available to first application round applicants that did not receive MTBA in the Grand Division ranking.

3. Eliminate “first come, first served” model

- a. Staff proposes to incorporate criteria to rank/prioritize applications that satisfy threshold requirements, including the minimum score as described in Section 20 of the Low-Income Housing Credit (“LIHC”) 2022 Qualified Allocation Plan (“QAP”). Proposed criteria include:
 - i. First preference to proposed developments involving new construction or rehabilitation of existing public housing (first application round only);
 - ii. Second preference to proposed developments involving rehabilitation of existing income/rent restricted housing (first application round only);

- iii. Third preference to new construction outside a QCT (first application round only);
- iv. Fourth preference to new construction in a QCT and covered by a CCRP (first application round only);
- v. Fifth preference to new construction in a QCT without a CCRP (first application round only); and
- vi. Sixth preference to developments involving rehabilitation of existing housing that is not currently income/rent restricted (first application round only).

4. Selection criteria to be applied within each of the 6 preferences (first application round) and for all developments (second and all subsequent application rounds)

- a. Selection criterion based on the proposed development team's prior positive THDA MTBA performance (all rounds);
- b. Selection criterion based on deepest rehabilitation (all rounds, rehabilitation only);
- c. Selection criterion based on outside funding sources such as grants from local trust funds or philanthropic foundations, and PILOT commitments from local government.

5. Miscellaneous

- a. Staff proposes to modify the inducement resolution threshold requirement to specify that the amount of bond authority in the inducement resolution must be greater than or equal to the amount of MTBA requested for the proposed development.

Appendix

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-134)

1. Public Entity:			
Name:	Tennessee Housing Development Agency		
Address	Andrew Jackson Building, Third Floor, 502 Deaderick Street Nashville, TN 37243-0200		
Debt Issue Name:	Issue 2021-2		
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.			
2. Face Amount: \$ 99,990,000.00			
Premium/Discount:	\$ See Attachment 1		
3. Interest Cost: Issue 2021-2 2.23 %			
<input checked="" type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable			
<input checked="" type="checkbox"/> TIC <input type="checkbox"/> NIC <input type="checkbox"/> Variable: Index _____ plus _____ basis points; or <input type="checkbox"/> Variable: Remarketing Agent _____ <input type="checkbox"/> Other: _____			
4. Debt Obligation:			
<input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Financing Lease			
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").			
5. Ratings:			
<input type="checkbox"/> Unrated Moody's <u>Aa1</u> Standard & Poor's <u>AA+</u> Fitch _____			
6. Purpose:			
<input type="checkbox"/> General Government _____ % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input checked="" type="checkbox"/> Other <u>100.00</u> % <input type="checkbox"/> Refunding/Renewal _____ %	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #333; color: white;">BRIEF DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>Single Family Housing</td> </tr> </tbody> </table>	BRIEF DESCRIPTION	Single Family Housing
BRIEF DESCRIPTION			
Single Family Housing			
7. Security:			
<input type="checkbox"/> General Obligation <input type="checkbox"/> General Obligation + Revenue/Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax Increment Financing (TIF) <input type="checkbox"/> Annual Appropriation (Financing Lease Only) <input checked="" type="checkbox"/> Other (Describe): <u>Special Limited Obligation</u>			
8. Type of Sale:			
<input type="checkbox"/> Competitive Public Sale <input type="checkbox"/> Interfund Loan _____ <input checked="" type="checkbox"/> Negotiated Sale <input type="checkbox"/> Loan Program _____ <input type="checkbox"/> Informal Bid			
9. Date:			
Dated Date: <u>11/2/2021</u>	Issue/Closing Date: <u>11/2/2021</u>		

To view a full copy of this report, please click on the following link:

<https://thda.org/pdf/THDA-Issue-2021-2-Executed-CT-025-Filing-Documents.pdf>