

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON APRIL 19, 2021

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Executive Committee of the Board of Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on April 19, 2021.

COMMITTEE MEMBERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Thomas A. Gibson, IV
Abigail Johnson

OTHER COMMISSIONERS PRESENT:

Nathalia Artus
Erik Johnston
Manju Ganeriwala
Lisa Porter

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Chief Counsel
Patrick J. Carey, Chief of Programs
Tammy Neale, Chief of Staff
Janet Wiglesworth, Chief of Operations
Lisa Watson, Managing Director of Human Resources
Courtney Insley, Senior Executive Assistant
Stephanie Papps, JLARC
Myriam Michaels, Korn Ferry

The meeting of the Executive Committee was called to order by Chairman Narasimhan via WebEx at 2:01 p.m. on April 19, 2021. The Committee met by electronic communication means (WebEx) as permitted by the Governor’s declared state of emergency due to novel coronavirus (COVID-19) that made it unsafe to assemble in a single location. The members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

The minutes of the meeting of the Committee held on February 24, 2021 were approved the affirmative roll-call vote of each member of the Committee noted above as present at the meeting.

Ms. Michaels presented to the Committee a report that covered (i) the CEO Goals and Assessment Process and (ii) a Summary on Board Effectiveness. As to the CEO Goals and Assessment Process, Ms. Michael covered the timeline for the CEO performance evaluation cycle, including the addition of a meeting of the Board to discuss CEO performance; CEO and Board approved goals; the scorecard for each of the performance goals and executive compensation philosophy. As to the Summary on Board Effectiveness, Ms. Michaels provided a summary of feedback from surveys and interviews with Commissioners, management and external parties with potential action plans in the areas of (i) Board Commissioner Role; (ii)

process/meeting management; and (iii) Board dynamics and culture. The Committee would continue to considering options for the structure of the Board meeting, including options on the frequency of Board meetings. With the addition of an opportunity for the Board to meet and discuss CEO performance in the evaluation cycle, the Committee discussed the functions of the Executive Committee and considered making the committee responsible to make the decision on CEO compensation after receiving feedback on CEO performance from the Board.

The Commissioners and staff reviewed and discussed the agenda for the meeting of the Board of Commissioners.

In consideration of adding the decision on CEO compensation to the Committee's responsibilities, on motion duly made and seconded, a recommendation of the Committee to the full Board of Commissioners to adopt the resolution entitled "Amendment to Resolution - Committees of the Board of Commissioners" dated April 20, 2021, was approved in the form attached hereto, by the affirmative roll-call vote of each of the members of the Committee noted above as present at the meeting.

There being no further business, the meeting was adjourned at approximately 3:17 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS HELD ON APRIL 19 -20, 2021

Pursuant to the call of the Chairman and notice duly given, the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") was held on April 19 - 20, 2021.

COMMISSIONERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Nathalia Artus
Barbara Blackston
Thomas A. Gibson, IV
Abigail Johnson
Erik Johnston
Manju Ganeriwala
Carlos Larrazabal
Lisa R. Porter
Michael J. Schewel

COMMISSIONERS ABSENT:

None

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Chief Counsel
Patrick J. Carey, Chief of Programs
Janet Wigglesworth, Chief of Operations

Tammy Neale, Chief of Staff
J. Michael Hawkins, Managing Director of Community Outreach
Arthur N. Bowen, Managing Director of Rental Housing
Toni Ostrowski, Managing Director of Homeownership
Hil Richardson, Managing Director of Capital Markets
Llewellyn C. Anderson, Managing Director of Federal Relief Programs
Lisa Watson, Managing Director of Human Resources
Fred Bryant, Deputy Chief Counsel
Herman Aparicio, Managing Director of Information Technology
David Henderson, Managing Director of Finance and Administration
Fabrizio Fasulo, Director of Policy and Planning
DJ Benway, Policy Analyst
Barry Merchant, Contractor
JD Bondurant, Director of Low Income Housing Tax Credit Programs
Stephanie Flanders, Senior Tax Credit Allocation Officer
Sheila Stone, Senior Tax Credit Allocation Officer
Phil Cunningham, Associate Tax Credit Allocation Officer
Sandy Edwards, Assistant to the Chief Executive Officer
Courtney Insley, Senior Executive Assistant
Janet Groessler, Senior Executive Assistant
Rhonda Newsome, JLARC
Keegan Edgar, JLARC
Ryne Johnson, Astoria
Lou Bosso, Sugar Creek Capital
Tom Johnson, SL Nusbaum
Miles Leon, SL Nusbaum
Richard Counselman, SL Nusbaum
Sarah Gentry, Sugar Creek Capital
Approximately 8 unidentified members of the public via Webex

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 3:32 p.m. on April 19, 2021. The Board of Commissioners met by electronic communication means (WebEx) without a quorum physically assembled at one location as permitted by the Governor's declared state of emergency due to novel coronavirus (COVID-19) that made it unsafe to assemble a quorum in a single location. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Ganeriwala, who left the meeting as noted below and did not return.

Ms. Dewey and Ms. Watson presented a report on the succession management activities undertaken by the Authority to increase diversity, provide opportunities for staff development, ensure stability in management, promote readiness for new challenges, and mitigate loss of institutional knowledge.

Ms. Dewey presented a report on the activities and operations of the Authority in which she advised the Commissioners on the Authority's efforts in (i) responding to the impact of COVID pandemic; (ii) addressing state housing needs; (iii) addressing unmet rental needs; (iv) strengthening first-time homeownership; and (v) telling our story. On the topic of responding to the impact of the COVID pandemic, Ms. Dewey provided updates on (i) the activities of the Community Outreach, Rental and Homeownership Divisions, including the number of rental

mortgage loans and homeownership loans in forbearance, as well as the number of landlords and tenants served in the Rent Mortgage Relief Program; and (ii) the status of the remote work policies at the Authority. Ms. Dewey also discussed the challenges presented by external federal and state mandates on strategic initiatives and the need to prioritize the work efforts at the Authority. She noted the Authority would be administering the federal Homeowner Assistance funds on behalf of the Commonwealth. On the topic of addressing state housing needs, Ms. Dewey updated the Commissioners on the plans for grants to Planning District Commissions. She also discussed (i) a planning grant to assess housing needs in the Town of Halifax and a feasibility grant to explore potential uses for the Chincoteague Firehouse; (ii) the Authority's involvement in certain events, including an MBA webinar to mitigate evictions, the annual VOICE meeting, and the NCSHA Legislative Conference; (iii) the affordable housing provisions in the American Jobs Plan; and the status of the Housing Opportunity Tax Credit. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) Richmond Family Housing, a scattered-site public housing revitalization project in Richmond; (ii) 2244 Glebe Road, a supportive housing project in Arlington; (iii) The View at Broadlands, a new construction project in Loudoun; (iv) Potomac Church, a new construction development in Stafford; and (v) the items covered at a productive meeting with the Rental Advisory Board. On the topic of first-time homeownership, Ms. Dewey discussed (i) the Authority's partnership efforts in northern Virginia with Wesley Housing, Alexandria Housing Development Corporation and KellerWilliams; (ii) DEI outreach efforts with the African Methodist Episcopal Church, and with A-4 Development Group, a minority builder and developer; (iii) homeownership education efforts in Spanish; and (iv) an update on the Homeownership campaign. On the topic of telling our story, Ms. Dewey discussed (i) a plan for additional communications with the Board between meetings; (ii) the promotion of the Authority's podcasts on CBS; (iii) the integration of the Authority's renter and homebuyer education offerings; and (iv) the featuring of Gateway Senior in the news, a tax credit development in Fishersville that features an innovative construction process.

Upon conclusion of the report, Chairman Narasimhan recessed the regular meeting of the Board of Commissioners at 4:56 p.m. on April 19, 2021.

Chairman Narasimhan reconvened the regular meeting of the Board of Commissioners to order at 8:30 a.m. on April 20, 2021.

Mr. Brennan advised the Commissioners that, because the meeting was being held electronically without a quorum physically assembled at one location, all actions that require approval of the Board would be done with a roll-call vote.

Ms. Dewey announced a new position, the Managing Director of Federal Relief Programs, and that the position has been filled by Ms. Anderson. The initial duties of the new position are (i) managing the landlord portal of the Rental Relief Program until the Department of Housing and Community Development is able to combine the landlord portal and tenant portal under one grantee which is expected by the end of the calendar year; and (ii) creating and managing the Homeowner Assistance Fund with funds made available under the American Rescue Plan Act.

Ms. Anderson presented a report on the Authority's activities on (i) the landlord portal of the Rental Relief Program, including the number of grants, amount disbursed, demographics of the grant recipients, geographic distribution of grants by region, and the impact of the program

on the Authority's rental loan portfolio; and (ii) plans to create and administer the Homeownership Assistance Fund.

Ms. Dewey informed the board due to time lost caused by the pandemic and the Authority's focus on the response to the pandemic, including the Rent Relief Program, the strategic plan would be extended to 2025. Despite the extension, the large number of recent federal and state mandates will require the Authority to focus on key priorities, which the Board will discuss at the annual meeting in August. Mr. Fasulo gave a report on progress made on the strategic plan, next steps in testing strategic metrics and plans for future reporting to the Board.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development (DHCD), provided an update the Department's efforts to reducing evictions including (i) the creation of a Virginia Eviction Reduction Pilot program; (ii) the Rental Relief Program, which will be a \$1.0 billion program through 2025, and (iii) the use of HOME funds to create housing for people experiencing or at risk of homelessness, which will receive an additional \$39 million under the American Rescue Plan. Commissioner Johnston also presented a report on the Housing Innovations in Energy Efficiency (HIEE) Program from which he discussed: (i) DHCD's share of the \$21.7 million first installment of funds received from Regional Greenhouse Gas Initiative (RRGI) auction; (ii) the proposed allocation percentages of such funds between the Weatherization Program, Affordable and Special Needs Program, and Housing Innovations Partnership Grants for fiscal years 2021 and 2022; (iii) and the anticipated benefits from leveraging the funds with existing DHCD programs.

Mr. Bowen and Mr. Bondurant presented a report on the Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan the included: (i) the Authority's responsibilities under the LIHTC program; (ii) tax credit development selection criteria and the alignment with strategic goals; (iii) the tax credit pool structure; and (iv) proposed amendments to the 2022 Qualified Allocation Plan, including suggested changes to the pool structure, amenity items, cost and efficient use of resources, housing needs characteristics, services, developer experience, and (v) potential changes that might be required to address the state Housing Opportunity Tax Credit. The presentation also included a description of the national problem of tax credit development aggregators acquiring LIHTC developments and removing the developments from LIHTC affordability requirements which should be addressed with changes to the 2022 Qualified Allocation Plan.

Mr. Henderson and Ms. Wiglesworth presented a report on the process for the preparation of the fiscal year 2022 budget and the impact of the major factors that will influence the budget including; consistent and strong loan production in both Homeownership and Rental; slightly increasing revenues and net interest margin; increasing REACH *Virginia* grants; slightly increasing the loan loss allowance; increasing staffing needs; increasing technology costs; and the impact of the effects of Covid-19.

Ms. Anderson presented a report on REACH Virginia for the fiscal year-to-date ending February 28, 2021, describing the new report format that distinguishes set asides for public housing revitalization and the Amazon impact funds and a new entry for the grant program to Planning District Commissions. Ms. Andersen informed the Board that fiscal year 2022 allocations of REACH *Virginia* funds would be made at a later time to assess the impact of the new federal housing funds.

Chairman Narasimhan, on behalf of the Executive Committee, reported that the Committee reviewed and discussed a report from Korn Ferry that included a review of (i) the timeline for the CEO Performance Evaluation Cycle; and (ii) the feedback on Board meetings. The Committee is considering options for the structure of the Board meeting, including options on the frequency of Board meetings. Regarding the evaluation of the CEO, an opportunity for the Board to meet and discuss CEO performance has been added to the evaluation cycle. With the addition of that meeting, it was the recommendation of the Executive Committee that the functions of the Executive Committee be amended to include making the decision on CEO compensation after receiving feedback on CEO performance and discussion with the Board. After discussion by the Commissioners, on motion duly made and seconded, the resolution entitled "Amendment to Resolution - Committees of the Board of Commissioners" dated April 20, 2021, was approved in the form attached hereto, with the addition to the fourth listed duty of the Executive Committee requiring a discussion of the Board, by a roll-call vote of the Commissioners then present at the meeting. Commissioners Artus, Blackston, Gibson, Johnson, Johnston, Larrazabal, Narasimhan, Schewel, and Shelton voted in favor of the resolution and Commissioner Porter voted against the resolution. Commissioner Ganeriwala left the meeting during the report of the Chairman prior to the vote and did not return to the meeting.

Commissioner Gibson, on behalf of the Audit Committee, reported that (i) the process for selecting an external auditor will commence beginning with a request for proposal and that he would be part of the effort; and (ii) there is no provision for meeting with the external auditor in closed session and that the chair of the Audit Committee would meet with the external auditor prior to the release of the annual audit. Commissioner Gibson also expressed his gratitude to the other Commissioners that served on the Committee for the commitment of their time to the work of the Committee.

Mr. Richardson advised the Commissioners on the salient features of the Authority's proposed Rental Housing Bonds, 2021 Series E-Taxable and Series F-Non-AMT, with a maximum issue size of \$400 million that will provide financing for up to 12 multi-family housing developments.

Mr. Henderson reported on the Authority's financial results for the fiscal year-to-date ending February 28, 2021. In his report, Mr. Henderson noted the following: (i) the Authority's net interest margin of \$134.4 million was \$24.1 million lower than budget, primarily due to lower interest income and servicing fees; (ii) programmatic expenses were \$14.5 million less than budget, mostly due to the timing of the loan loss provision being evenly distributed in the budget throughout the fiscal year; (iii) administrative expenses were \$13.6 million lower than budget due to lower staffing costs and project expenses; (iv) excess revenues over expenses (before GASB adjustment) of \$50.2 million was \$23.6 million greater than budget, again mostly due to the manner in which the loan loss provision is budgeted and mortgage servicing rights amortization due to homeownership loan payoffs; (v) total assets of \$8.9 billion increased \$1.3 billion over last year, mostly in cash equivalents; (vi) total liabilities of \$5.3 billion represented an increase of \$1.2 billion over last year; (vii) net position (total assets less total liabilities) was approximately \$3.7 billion, an increase of \$81.4 million; (viii) the Authority's total mortgage portfolio was \$12.5 billion, a \$502 million increase over last year; and (ix) the combined assets and serviced loans of the Authority totaled \$14.9 billion; a \$1.5 billion increase over last year.

The following items, in the forms attached hereto, were approved by the affirmative roll-call vote of each of the Commissioners then present at the meeting on a motion to approve the

items in the consent agenda: (i) the minutes of the meeting of the Commissioners held on February 24, 2021; (ii) the resolution authorizing the issuance of Commonwealth Mortgage Bonds entitled “Bond Limitations Resolution” dated April 20, 2021; (iii) the resolution authorizing the issuance of Rental Housing Bonds entitled “Bond Limitations Resolution” dated April 20, 2021; (iv) the resolution entitled “Resolution Approving the PHA Five-year and Annual Plans for Virginia Housing’s Housing Choice Voucher Program” dated April 20, 2021; and (v) the resolution entitled “Resolution Establishing Meeting Date of the Board of Commissioners for the 2021 Annual Meeting” dated April 20, 2021.

There being no further business, the meeting was adjourned at approximately 12:20 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary