

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 17, 2020

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 December 17, 2020.

COMMITTEE MEMBERS PRESENT:

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

OTHER COMMISSIONERS PRESENT:

Nathalia Artus
Barbara Blackston
Erik Johnston
Manju Ganeriwala
Carlos Larrazabal
Lisa Porter

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
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
Myriam Michaels, Korn Ferry

The meeting of the Executive Committee was called to order by Chairman Narasimhan via WebEx at 9:00 a.m. on December 17, 2020. 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, except Commissioner Johnson who left as indicated below.

Ms. Michaels presented the Committee with an update on the development of the CEO goals for fiscal year 2021, that included additional development of metrics for measuring progress on the goals and a timeline for the CEO performance evaluation. Ms. Michaels also presented a timeline for Board Effectiveness project. Commissioner Johnson left the meeting after this presentation and did not return to the meeting.

Ms. Dewey and Ms. Neale made a presentation on the Authority’s accomplishments in the current fiscal year. Ms. Watson reviewed the Authority’s performance evaluation process and included a recommendation for amending the fiscal year 2021 budget to provide for a mid-year bonus pool similar to previous years. On a motion duly made and seconded, the Committee’s recommendation that the Board approve an amendment to the fiscal year 2021

budget to provide for a staff merit mid-year bonus pool in an amount equal to \$1,980,000 to be distributed in accordance with the Authority's performance evaluation process was approved by the affirmative roll-call vote of each of the members of the Committee then present at the meeting.

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

There being no further business, the meeting was adjourned at approximately 10:06 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 17, 2020

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 December 17, 2020.

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, Deputy Chief of 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
Sandy Edwards, Assistant to the Chief Executive Officer
Courtney Insley, Senior Executive Assistant
Maria Garnett, JLARC
Keegan Edgar, JLARC

Clarissa McAdoo Cannon
David Ramos

Ryne Johnson, Astoria

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 10:30 a.m. on December 17, 2020. 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 Schewel, who joined the meeting as indicated below; and Commissioners Artus and Ganeriwala, who left the meeting as indicated below and did not return.

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.

No members of the public requested an opportunity to make comments during the public comment period of the meeting.

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; (v) financial and operational performance; and (vi) telling our story. On the topic of responding to the impact of the COVID pandemic, Ms. Dewey provided updates on (i) the number of grants provided to the housing delivery network and the number of rental mortgage loans and homeownership loans in forbearance, as well as the percentages such loans represent in the Authority's loan portfolios; (ii) efforts made in administering the Commonwealth's Rent and Mortgage Relief Program, including the number of landlords and tenants reviewed and approved for assistance; and (iii) the status of the remote work policies at the Authority. On the topic of addressing state housing needs, Ms. Dewey discussed (i) progress on the HB854 housing study requested by the General Assembly; (ii) the annual training provided to Habitat for Humanity chapters in Virginia; and (iii) the creation of video training for landlords and housing choice voucher recipients on recent changes made in Virginia fair housing laws. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) the strong multi-family development production activity for the fiscal year through November 30, 2020; (ii) Vanguard Landing, a community serving developmentally and intellectually disabled individuals in Virginia Beach; (iii) Armstrong Renaissance, a public housing transformation effort in Richmond; (iv) Carrier Point I, a low-income housing tax credit development in Newport News that also had support of a HUD Choice Neighborhood Initiative grant and a DHCD Vibrant Community Initiative grant; (v) Gateway Senior, a senior development in Augusta funded with low-income housing tax credits awarded through the Innovation Demonstration Program; (vi) Chimborazo Boulevard, a development owned by a new nonprofit partner, Urban Hope; and (vii) the timeline for updating the Qualified Allocation Plan. On the topic of first-time homeownership, Ms. Dewey discussed (i) the strong homeownership production activity for the fiscal year through November 30, 2020; (ii) efforts made in the Authority's initiative to increase minority homeownership called Homeownership Opportunities for Prosperity and Equity (HOPE); (iii) recognition of top producing homeownership loan officers in fiscal year 2020, including Commissioner Larrazabal; and (iii) updates made to the homebuyer education courses. On the topic of financial and operational performance, Ms.

Dewey discussed the use of the Authority's headquarters in filming scenes for the upcoming movie Dopesick. On the topic of telling our story, Ms. Dewey discussed (i) the completion of the annual report; (ii) a press release on the Church Street Housing Development in Martinsville, that will create 27 affordable single family homes with the help of a grant from the Innovation Demonstration Program; (iii) the discussion at the Governor's Housing conference regarding Next Step bringing superior manufactured housing to Danville with the help of a planning grant from the Authority; (iv) the many virtual events that the Authority participated in the fall, including the Governor's Housing Conference; (v) the Authority's selection of Richmond Residential Services to receive the Sharon Fairburn Housing Choice Voucher Award of Excellence; and (vi) the upcoming advertising in the new year for Virginia Housing branding campaign.

Chairman Narasimhan provided the Board an update on his participation on housing panels in which he discussed the Authority's efforts in renter education and the need for renter counseling and eviction prevention for the impending renter crisis created by the COVID pandemic.

The following items, in the forms attached hereto, were approved by the affirmative roll-call vote of each of the Commissioners listed as present at the meeting, except Commissioner Schewel, who had not yet joined the meeting, on a motion to approve the consent agenda: (i) the minutes of the annual meeting of the Commissioners held on October 14-15, 2020; (ii) the resolution entitled "Resolution in Recognition and Appreciation of Clarissa McAdoo Cannon" dated December 17, 2020; (iii) the resolution entitled "Resolution in Recognition and Appreciation of David E. Ramos" dated December 17, 2020; and (iv) the resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by David L. Holsapple" dated December 17, 2020.

Staff presented progress to date on the development of long-term strategic metrics, priority actions for fiscal year 2021 and key performance indicators for each of the strategic goals of Opportunity 2024 after discussions between staff and the Commissioners assigned as Board liaisons for each of the strategic goals. Mr. Fasulo reviewed the next steps in further developing Opportunity 2024, including, implementation of fiscal year 2021 priorities; continuing dialogue with Board liaisons on each strategic goal to discuss the system for reporting progress; the development of baselines from which to measure progress; and planning for the actions to be taken in fiscal year 2022. Upon the conclusion of this discussion, Chairman Narasimhan recessed the meeting at 12:27 p.m.

Chairman Narasimhan reconvened the meeting at 1:00 p.m. and Commissioner Schewel had joined the meeting. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Artus, who did not return to the meeting after the recess and Commissioner Ganeriwala, who left the meeting as indicated below.

Former Commissioners McAdoo Cannon and Ramos joined the meeting. Ms. Neale read the resolution entitled "Resolution in Recognition and Appreciation of Clarissa McAdoo Cannon" dated December 17, 2020, approved by the Commissioners, and the Commissioners thanked Ms. McAdoo Cannon for her service on the Board of Commissioners. Ms. Neale read the resolution entitled "Resolution in Recognition and Appreciation of David E. Ramos" dated

December 17, 2020, approved by the Commissioners, and the Commissioners thanked Mr. Ramos for his service on the Board of Commissioners.

Chairman Narasimhan, on behalf of the Executive Committee, reported that the Committee reviewed and discussed (i) the materials presented by Korn Ferry on the development of the goals for the Chief Executive Officer; (ii) how the efforts of the Authority in reenter education can be used to aid eviction prevention; and (iii) a recommendation by the Committee to amend the 2021 fiscal year budget to provide for a staff bonus in the amount of \$1.98 million to be distributed as per the Authority's performance management process. On motion duly made and seconded, the recommendation of the Committee to amend the budget was approved by the affirmative roll-call vote of each of the Commissioners then present at the meeting.

Mr. Henderson reported on the Authority's financial results for the fiscal year-to-date ending October 31, 2020. In his report, Mr. Henderson noted the following: (i) the Authority's net interest margin of \$69.2 million was \$10.3 million lower than budget; (ii) programmatic expenses were \$9.9 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) excess revenues over expenses (before GASB adjustment) of \$37 million was \$23.7 million greater than budget, again mostly due to the manner in which the loan loss provision is budgeted; (iv) total assets of \$8.7 billion increased \$1.4 billion, mostly in cash equivalents; (v) total liabilities of \$5.7 billion represented an increase of \$1.3 billion; (vi) net position (total assets less total liabilities) was approximately \$3.6 billion, an increase of \$103.6 million; (vii) the Authority's total mortgage portfolio was \$12.3 billion, a \$826 million increase over last year; and (vi) the combined assets and serviced loans of the Authority totaled \$14.8 billion; a \$1.9 billion increase over last fiscal year.

Mr. Richardson advised the Commissioners on the salient features of the Authority's proposed Rental Housing Bonds, 2021 Series A-Non-AMT and Series B-Taxable with a maximum issue size of \$300 million that provide financing for up to 16 multi-family housing developments.

Ms. Anderson presented a report on (i) REACH *Virginia* for the fiscal year-to-date ending October 31, 2020, detailing approximately \$14.7 million in the reservations and commitments under the programs that utilize REACH *Virginia* funds; and (ii) the Authority's efforts to date on the Rent and Mortgage Relief Program, including awarding \$14.7 million under the program, and plans for the program beginning January 1, 2021.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development, including the following: (i) the issuance of a request for proposals to implement the Virginia Eviction Reduction Pilot program to demonstrate locally coordinated systems to reduce evictions; (ii) planning for possible uses for the increase in funding to the Virginia Housing Trust Fund from \$7.5 million to \$55 million, including \$15.7 million for the Rent and Mortgage Relief Program; (iii) continued work on the expansion of broadband availability with increased funding in the budget to \$50 million; (iv) the use of \$56 million in CARES Act funds to create a utility relief fund; (v) the allocation of \$3 million for Main Street recovery; (vi) planning for the use of funds from a regional greenhouse initiative that focuses on energy efficiency to benefit low income Virginians which is estimated to create \$50 million annually to be distributed to DHCD for housing; and (vii) approval by the Board of Housing and Community Development to finalize the update to the building code.

On motion duly made and seconded, a resolution that the Board convene in closed session to discuss and consider the investment of funds in accordance with Section 2.2-3711.A.6 of the Code of Virginia and further that Ms. Dewey, Mr. Carey, Mr. Hawkins and Mr. Brennan, who are deemed necessary to be present or will reasonably aid the Board of Commissioners in its consideration of the aforesaid topics, be present during the closed session was approved by the affirmative vote of the Commissioners then present at the meeting. Commissioner Ganeriwala left the meeting during closed session. At the conclusion of the closed meeting, the Commissioners reconvened in an open meeting. Each Commissioner certified, by roll call vote, that to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Commissioners. On motion duly made and seconded, the Board approved the Authority to proceed with negotiations on a potential investment of up to \$2.5 million with Commissioners Narasimhan, Shelton, Blackston, Johnston, Larrazabal and Porter voting in favor and Commissioners Gibson, Johnson and Schewel voting against.

There being no further business, the meeting was adjourned at approximately 3:12 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary