

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON FEBRUARY 24, 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 February 24, 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
Carlos Larrazabal
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
Maria Garnett, JLARC
Myriam Michaels, Korn Ferry

The meeting of the Executive Committee was called to order by Chairman Narasimhan via WebEx at 8:30 a.m. on February 24, 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 December 17, 2020 were approved the affirmative roll-call vote of each member of the Committee noted above as present at the meeting.

Ms. Michaels presented the Committee with an update on (i) the activities taken on the timeline for the CEO performance evaluation cycle; (ii) a review of the weights given to the performance goals of the CEO; and (iii) the current state of the scorecards for each of the performance goals. Ms. Michaels provided an update on Board effectiveness project and discussed with the Commissioners how to proceed with the project in positioning the Board for the future.

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 9:15 a.m.

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON FEBRUARY 24, 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 February 24, 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, 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

Janet Groessler, Senior Executive Assistant
Adrienne Whitaker
Maria Garnett, JLARC
Keegan Edgar, JLARC

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 10:00 a.m. on February 24, 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.

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 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. On the topic of addressing state housing needs, Ms. Dewey discussed (i) the Authority's involvement in a review of the affordable housing needs in the Commonwealth by the Joint Legislative Audit and Review Commission; (ii) progress on the HB854 housing study requested by the General Assembly; (iii) a capacity building grant provided to the Virginia Association of Housing and Community Development Officials; and (iv) the exploration of partnership opportunities between the Authority and Amazon in leveraging a housing equity fund recently announced by Amazon. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) Pecan Acres, a new construction public housing revitalization project in Petersburg; (ii) Loudoun Views Senior Living, a mixed-income development incorporating universal design; and (iii) The Landing, an affordable housing preservation project in Fairfax that leveraged the Authority's Amazon Impact Funds. On the topic of first-time homeownership, Ms. Dewey discussed (i) the Authority's first loan securitization pool with Freddie Mac; (ii) the Authority's partnerships with NAACP and the local CBS affiliate to promote homeownership education and awareness of the Authority's loan products; and (iii) an update on the Homeownership campaign. On the topic of financial and operational performance, Ms. Dewey discussed (i) activities in the General Assembly that impact the Authority, including the confirmation of the appointments of Commissioners Artus, Gibson and Larrazabal to the Board; (ii) a meeting of the Authority's Minority Business Advisory Committee that featured presentations by Enterprise, LISC and Blue Vista on their respective efforts in addressing racial disparities; (iii) the meeting schedule for the Board of the Commissioners, including a change in the date for the annual meeting in August. On the topic of

telling our story, Ms. Dewey discussed (i) her appointment to the Virginia Chamber Board of Directors; (ii) the cancellation of the Authority's charity golf tournament in 2021; (iii) a social media campaign connected to Black History month; and (iv) a review of the Virginia Housing branding campaign.

The following items, in the forms attached hereto, were approved by the affirmative roll-call vote of each of the Commissioners noted above as 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 December 17, 2020; and (ii) the resolution entitled "Mortgage Credit Certificate Program Resolution" dated February 24, 2021.

Chairman Narasimhan, on behalf of the Executive Committee, reported that the Committee reviewed and discussed (i) a report from Korn Ferry that included, (i) an update on the activities to be taken during the CEO Performance Evaluation Cycle; (ii) a review of the weight given to each of the performance goals of the CEO and the current state of the scorecards for each of the goals; and (iii) a discussion on how to proceed with Korn Ferry's work on positioning the Board for the future; and (iv) the agenda for the meeting of the Board.

Commissioner Gibson, on behalf of the Audit Committee, reported that the Committee reviewed and discussed (i) a report on the annual review of the Authority's Anti-Money Laundering Policy, which included two suspicious activity report filings made to the Financial Crimes Enforcement Network during the past year; (ii) revisions to the Internal Audit Charter approved by the Committee; (iii) an update on Internal Audit activity, specifically a completed internal audit of the Rental Housing Development department; and (iv) revisions to the Audit Committee Charter and that the Committee recommended approval of the Audit Committee Charter as revised. On motion duly made and seconded, the revised Audit Committee Charter, in the form attached hereto, was approved by the affirmative roll-call vote of each of the Commissioners noted above as present at the meeting.

Mr. Richardson advised the Commissioners on the salient features of the Authority's proposed Rental Housing Bonds, 2021 Series C-Non-AMT and Series D-Taxable with a maximum issue size of \$385 million that provides financing for up to 15 multi-family housing developments. Mr. Richardson also advised the Commissioners of a particularly successful pricing of a recent bond issuance due to strong corporate demand for the Authority's debt.

Mr. Henderson reported on the Authority's financial results for the fiscal year-to-date ending December 31, 2020. In his report, Mr. Henderson noted the following: (i) the Authority's net interest margin of \$101.3 million was \$17.6 million lower than budget, primarily due to lower interest income and servicing fees; (ii) programmatic expenses were \$8.8 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 \$9.2 million lower than budget due to lower staffing costs and project expenses; (iv) excess revenues over expenses (before GASB adjustment) of \$40.7 million was \$20.8 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 \$1.5 billion, mostly in cash equivalents; (vi) total liabilities of \$5.3 billion represented an increase of \$1.4 billion; (vii) net position (total assets less total liabilities) was approximately \$3.6 billion, an increase of \$103.6 million; (viii) the Authority's total mortgage portfolio was \$12.4 billion, a \$712 million

increase over last year; and (ix) the combined assets and serviced loans of the Authority totaled \$14.9 billion; a \$1.9 billion increase over last fiscal year.

Staff presented a report on Virginia Housing's organizational performance for the first half of fiscal year 2021 that included, (i) activities of the Authority pursuant to each of the strategic goals of the Authority; and (ii) the development of metrics for each of the strategies for accomplishing the goals of the Authority. As to strategic goal 1 – Address State Housing Needs Partnering with the Housing Delivery Network, staff reported on (i) the accomplishments and status of landlord and tenant applications under the Rent Mortgage Relief Program; (ii) participation in the Homeownership Education Program; (iii) the utilization of the HAP subsidy for the Housing Choice Voucher Program; and (iv) the successful sale of the homeownership units constructed by Next Step pursuant to a pilot program in Danville to permit manufactured housing units within city limits. As to strategic goal 2 – Address Unmet Rental Needs of Low-Income and Critical Needs Populations, staff reported on (i) the trend in rental housing loan production by dollars and units since fiscal year 2015; (ii) the trends in the performance of the rental housing loan portfolio by size, at-risk loans, delinquency status, and loans ended and the manner in which such loans ended; (iii) activities taken to amend the Qualified Allocation Plan; and (iv) efforts to prevent qualified contract submissions to preserve affordable housing. As to strategic goal 3 – Strengthen Homeownership for First-Time Homebuyers in Virginia, staff reported on (i) the trend in homeownership loan production by dollars and units since fiscal year 2015; (ii) a breakdown of the Authority's production by loan product for the first half of fiscal year 2021; (iii) production trends in down payment assistance and closing cost assistance since fiscal year 2016; (iv) the trends in the performance of the homeownership loan portfolio by size, delinquency status, loss mitigation efforts and foreclosures; (v) the ability to maintain underwriting criteria when other lenders tightened standards; and (vi) the efforts to reach more first-time homebuyers through the creation of strategic partnerships and the marketing program. As to strategic goal 4 – Provide Financial Strength and Drive for Operational Excellence, staff reported on (i) the trends in net interest margin, excess revenues and grants, total assets, net assets, the size of the mortgage loan portfolio, capital markets activity, mortgage credit certificate activity and REACH *Virginia* utilization; (ii) progress on enterprise governance in resource allocation and prioritization; and (iii) progress on diversity, equity and inclusion efforts, including the recent hiring of a Diversity Equity and Inclusion Director. Ms. Neale introduced Ms. Whitaker, the new DEI Director to the Commissioners.

Mr. Fasulo reviewed the next steps in further developing Opportunity 2024 including, data development in fiscal year 2021 with continuing dialogue with Board liaisons on each strategic goal and an update to the Opportunity 2024 timeline.

Mr. Fasulo presented a status report on the HB854 Statewide Housing Study, including the components of the study, the scope of work, a project timeline, preliminary results of a statewide housing providers survey and the next steps for analyzing the data from the survey; the activities of nine focus groups reviewing existing programs; and the planned work of three subgroups through June 2021.

Ms. Anderson presented a report on REACH *Virginia* for the fiscal year-to-date ending December 31, 2020, detailing approximately \$29.5 million in the reservations and commitments under the programs that utilize REACH *Virginia* funds. Mr. Hawkins presented a report on a new REACH *Virginia* grant initiative with the Planning District Commissions that is designed to

promote regional approaches to housing planning and programming that will advance the priorities outlined in the Authority's Strategic Plan.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development, including the following: (i) an update on the Emergency Rental Assistance Program; (ii) the difficulty in rapidly rehousing the homeless due to the lack of housing created by the eviction moratorium; (iii) the forthcoming announcement of grants under the Affordable Special Needs Housing program and for the Virginia Eviction Reduction Pilot program; (iv) the completion of the update to the building code, with a focus on energy efficiency, resiliency and technology; (v) near term plans for Housing Innovations in Energy Efficiency loans, which will use funds from a regional greenhouse initiative in the Affordable Special Needs Housing Program and the Weatherization Assistance program.

There being no further business, the meeting was adjourned at approximately 2:05 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary