

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE RETREAT AND REGULAR MEETINGS OF THE
THE COMMISSIONERS HELD ON APRIL 2-4, 2017

Pursuant to the call of the Chairman and notice duly given, the retreat and regular meetings of the Commissioners of the Virginia Housing Development Authority (the “Authority”) were held on April 2-4, 2017 at the Morrison House, 116 South Alfred Street, Alexandria, Virginia.

COMMISSIONERS PRESENT:

Timothy M. Chapman, Chairman
Sarah B. Stedfast, Vice Chairman
Lemella Y. Carrington
Thomas A. Gibson, IV
Kermit E. Hale
Charles McConnell
Shekar Narasimhan
David E. Ramos
William C. Shelton

COMMISSIONERS ABSENT:

Clarissa McAdoo Cannon
Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Arthur N. Bowen, Managing Director of Rental Housing
Janet Wigglesworth, Managing Director of Homeownership
J. Michael Hawkins, Managing Director of Community Outreach
Paul M. Brennan, General Counsel
Patrick J. Carey, Managing Director of Finance
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Julie Camus, Managing Director of Risk
Jay Howard, Managing Director of Information Technology (Acting)
Dale Wittie, Director of Rental Housing
Toni Ostrowski, Director, Homeownership Lending Programs
J. D. Bondurant, Director of Low Income Housing Tax Credit Programs
Barry Merchant, Senior Policy Analyst
Sarah Jones-Anderson, Associate Program Liaison
Sandy Edwards, Office Manager
Neal Rogers, Director of Compliance and Asset Management
Ayan Addou, Strategic Housing Officer
Larry Laws, Executive Director, First Home Alliance
Helen S. McIlvaine, Director, Office of Housing, City of Alexandria
Sarah Pichardo, Senior Vice President, George Mason Mortgage, LLC
Carmen Romero, Vice President, Arlington Partnership for Affordable Housing
Aleksandr Belinskiy, Arlington County

Chairman Chapman called the retreat meeting to order at 1:33 p.m. on April 2, 2017 and welcomed the Commissioners and staff to Alexandria. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 2, 2017, except Chairman Chapman who left the meeting as noted below and did not return to the meeting on April 2, 2017.

Ms. Dewey reviewed the agenda of the retreat meeting.

Mr. Bowen, Mr. Howard, Mr. Brennan, Ms. Blankenship, Ms. Neale, Ms. Wiglesworth and Mr. Carey presented and discussed with the Commissioners updates on (i) the results of the Authority's efforts to close equity gaps in 2016 low-income housing tax credit developments that were created by a decrease in the value of tax credits; (ii) legislation that has been introduced in Congress to modernize the low-income housing tax credit program; and (iii) the Authority's progress on the eight strategic areas of emphasis in Goal 4 of the Authority's Strategic Direction and Priorities through 2020.

The meeting continued with a bus tour of affordable housing developments financed or assisted by the Authority in Alexandria. Commissioner Chapman was not present on the bus tour.

The retreat meeting was recessed at 5:48 p.m. on April 2, 2017.

Chairman Chapman reconvened the retreat meeting at 8:30 a.m. on April 3, 2017. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 3, 2017, except Commissioner Narasimhan who left the meeting as noted below and did not return to the meeting on April 3, 2017.

Mr. Merchant presented a report on the housing needs in the northern tier region of Virginia in which he discussed the following matters relative to the region: (i) the weakening of net migration in recent years; (ii) the age profile; (iii) the cost burden of both rental housing and homeownership on households; (iv) the increase of minority households; (v) the variability of the recovery in the home prices; and (vi) the home purchase affordability for first-time homebuyers.

A panel composed of Mr. Hawkins, Mr. Laws, Ms. McIlvaine, Ms. Pichardo and Ms. Romero made presentations to the Commissioners on the strengths, weaknesses, opportunities, and threats regarding (i) the affordable housing market in the northern tier region and (ii) their organizations interaction with the Authority in their efforts to provide affordable housing in the northern tier region.

Mr. Carey, Mr. Hawkins, Mr. Bowen and Ms. Wiglesworth provided an overview of the Authority's Strategic Direction and Priorities through 2020 and the metrics proposed to measure progress on the goals, including, creating a survey of nonprofits and local government agencies to create a baseline on the strength of the housing delivery network; a rental housing focus on creating new affordable housing units in northern Virginia and preserving affordable units in the balance of the state with an emphasis on creating economically integrated communities; and increasing the Authority's market share of first-time home buyers in underserved markets.

After the lunch recess, the Commissioners separated into two groups to discuss the three programmatic goals of the Authority's Strategic Direction and Priorities through 2020 and the metrics being developed to monitor progress on the goals. Commissioner Narasimhan left the

meeting during these discussions. The Commissioners reconvened to report out what was discussed at each of the small group discussions. Following this discussion, the retreat meeting was recessed at 4:40 p.m. on April 3, 2017.

Chairman Chapman reconvened the retreat meeting at 8:56 a.m. on April 4, 2017. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the retreat meeting, except Commissioner Narasimhan, who was not present during the meeting on April 4, 2017.

Mr. Carey made a presentation on the Authority's plan for the allocation of funds in the REACH Virginia program for fiscal year 2018 that described the total subsidy available to REACH Virginia program for the upcoming fiscal year compared to the budgeted and year-end projections for fiscal year 2017 in the Authority's (i) homeownership programs, including support for Habitat for Humanity and down payment assistance, (ii) rental programs as a loan subsidy; and (iii) community outreach efforts, including network capacity support, community market support, homeownership market support and accessibility. The presentation also described the status of REACH Virginia funds in the Special Initiatives Pool.

Mr. Carey reported on the significant factors that will impact the Authority's budget for the fiscal year 2018, including: (i) factors affecting the Authority's net interest margin; (ii) programmatic expenses, including loan loss provision and expenses, REACH *Virginia* grants, mortgage lending and servicing costs, and ancillary fee income; (iii) administrative expenses, including staff compensation and projects and technology expenses. Mr. Carey also discussed the Authority's expectations regarding excess revenues for fiscal year 2017 and 2018.

Upon the conclusion of this report, the retreat meeting was adjourned at 10:05 a.m. on April 4, 2017. Commissioner Stedfast left after the adjournment of the retreat meeting.

Chairman Chapman convened the regular meeting of the Commissioners at 10:25 a.m. on April 4, 2017. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Narasimhan and Stedfast, who were not present during the regular meeting on April 4, 2017.

Mr. Belinskiy requested an opportunity to make comments during the public comment period of the meeting. Mr. Belinskiy presented a report on whether the demolition of property in Arlington County previously financed by the Authority and paid off prior to maturity would be non-conformant with state law.

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on February 3, 2017 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the resolution entitled "Amended and Restated Resolution Establishing Meeting Dates of the Board of Commissioners from July 1, 2017 through December 31, 2017" dated April 4, 2017, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Brennan presented a bond limitations resolution for the Authority's Commonwealth Mortgage Bonds that (i) provides for issuance of Commonwealth Mortgage Bonds in aggregate amounts not to exceed \$500 million, (ii) provides for the sale of the Commonwealth Mortgage

Bonds not later than May 31, 2017, and (iii) authorizes the distribution of one or more preliminary and final official statements for the Commonwealth Mortgage Bonds in substantially the form thereof presented at the meeting. On motion duly made and seconded, the resolution entitled “Bond Limitations Resolution” dated April 4, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Brennan presented a bond limitations resolution for the Authority’s Rental Housing Bonds that (i) provides for issuance of Rental Housing Bonds in aggregate amounts not to exceed \$500 million, (ii) provides for the sale of the Rental Housing Bonds not later than May 31, 2017 and (iii) authorizes the distribution of one or more preliminary and final official statements for the Rental Housing Bonds in substantially the form thereof presented at the meeting. On motion duly made and seconded, the resolution entitled “Bond Limitations Resolution” dated April 4, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Hawkins presented a resolution on the five-year and annual plans for the Authority’s administration of the Housing Choice Voucher program. On motion duly made and seconded, the resolution entitled “Resolution Approving the PHA Five-Year and Annual Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program” dated April 4, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Chapman, on behalf of the Executive Committee, reported that (i) the Committee had reviewed the agendas for the retreat and regular meeting of the Board of Commissioners and (ii) the Committee would serve as an ad hoc committee to address infrastructure issues at the Authority.

Commissioner Shelton reported on current activities in the Department of Housing and Community Development. In this report, Commissioner Shelton discussed (i) the Department’s housing budget items remained intact, but language was added to the budget directing the Department to lead a study, in collaboration with the Authority and other state agencies, on the housing needs of the severely mentally impaired population; (ii) the hiring of a new deputy director for housing, Pamela Kestner; and (iii) the pending announcement of the recipients of the Department’s housing resources (federal housing trust fund, state housing trust fund and HOME) and his appreciation of the Authority’s support in processing the applications for those funds.

Ms. Dewey presented her report on operations of the Authority in which she advised the Commissioners of the following matters: (i) the Housing Policy Advisory Council’s next meeting is on May 31, 2017, which will include a further update on the university research project; (ii) a report on NCSHA’s Leg Con meeting held in Washington, D.C. in March; (iii) the first meeting of the Authority’s Rural Advisory Committee will be held in April; and (iv) upcoming events, including the following: the Authority charity golf tournament to be held on May 25, 2017; the annual HAND luncheon to be held on June 20, 2017; the regular meeting of the Board of Commissioners to be held on June 7, 2017; the annual meeting of the Board of Commissioners to be held on August 9, 2017; Virginia Housing Alliance - Housing Credit Conference to be held on September 26-27, 2017; and the Governor’s Housing Conference to be held on November 15-17, 2017.

There being no further business, the meeting was adjourned at approximately 10:56 a.m. on April 4, 2017.

Timothy M. Chapman, Chairman

Paul M. Brennan
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON APRIL 2, 2017

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 2, 2017 at the Morrison House, 116 South Alfred Street, Alexandria, Virginia.

COMMITTEE MEMBERS PRESENT:

Timothy M. Chapman, Chairman
Sarah Stedfast, Vice Chairman
Kermit E. Hale
Charles McConnell

COMMITTEE MEMBER ABSENT:

Clarisa McAdoo Cannon

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Paul M. Brennan, General Counsel
Patrick J. Carey, Managing Director of Finance
Barbara Blankenship, Managing Director of Human Resources

Chairman Chapman called the meeting of the Committee to order at approximately 12:12 p.m. on April 2, 2017. All of the members of the Committee listed above as 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 January 31, 2017 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The Commissioners and staff reviewed and discussed the agendas for the retreat and regular meetings of the Board of Commissioners. Following a discussion of the parking and office space needs of the Authority, Chairman Chapman appointed the Executive Committee to serve as an ad hoc committee to address infrastructure issues at the Authority. Staff is requesting changing the date of the August Board meeting from August 2 to August 9 in order to complete financial reporting needed for the year-end performance report which will be presented at the August Board meeting and to change the date of future Board meetings beginning in 2018 to the second Wednesday of each meeting month. Ms. Blankenship reviewed the schedule for the upcoming Board meetings regarding compensation discussions for staff and the executive director.

There being no further business, the meeting was adjourned at approximately 1:22 p.m.