

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 5, 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 December 5, 2017 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Sarah B. Stedfast, Chairman
Clarissa McAdoo Cannon, Vice Chairman
Timothy M. Chapman
Kermit E. Hale
Charles McConnell

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Paul M. Brennan, General Counsel
Llewellyn C. Anderson, Managing Director of Executive Services
Arthur N. Bowen, Managing Director of Rental
Patrick J. Carey, Managing Director of Finance

Chairman Stedfast called the meeting of the Committee to order at approximately 6:14 p.m. on December 5, 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 meetings of the Committee held on October 10, 2017 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The members of the Committee reviewed the performance objectives for Ms. Dewey for fiscal year 2018.

The Commissioners and staff reviewed and discussed the agendas for the Committee of the Whole and meeting of the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 7:25 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON DECEMBER 6, 2017

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on December 6, 2017 at the Authority's offices at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Chairman
Manju Ganeriwala
David E. Ramos

COMMITTEE MEMBERS ABSENT:

Sarah B. Stedfast
Shekar Narasimhan

OTHER COMMISSIONER PRESENT:

Clarissa McAdoo Cannon

OTHERS PRESENT:

Patrick J. Carey, Managing Director of Finance
Julie Camus, Managing Director of Enterprise Risk Management
J. Michael Hawkins, Managing Director of Community Outreach
J. Kyle Howard, Managing Director of Information Technology
Ross Strodel, Internal Audit Director
Fred Bryant, Deputy General Counsel
David Kohan, Enterprise Information Security Officer
David Henderson, Assistant Controller
Sharon Fairburn, Housing Choice Voucher Program Director
Randy Jackson, IT Auditor
Justin Short, Internal Staff Auditor

The meeting of the Audit Committee was called to order by Committee Chairman McConnell at approximately 8:00 a.m. on December 6, 2017. 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 Ganeriwala who joined the meeting in progress as noted below and thereafter remained present during the meeting.

On motion duly made and seconded, the minutes of the meeting of the Audit Committee held on October 11, 2017 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Strodel presented the results of the completed internal audits covering the ITS Patch Management Processes and the Housing Choice Voucher SEMAP Program. Mr. Strodel then provided updates detailing current status of active internal audits involving Low Income Housing

Tax Credit Allocations, Periodic Expense Report Processing, IT Asset Security Controls and Anti-Money Laundering and Bank Secrecy Act Program Compliance. Commissioner Ganeriwala joined the meeting during this presentation.

Ms. Camus provided an update on Strategic Objectives of Records Management, Procurement and Compliance and Risk. Mr. Kohan provided an update on enterprise information security activities.

There being no further business, the meeting was adjourned at 8:30 a.m. on December 6, 2017.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 6, 2017

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority (the “Authority”) were held on December 6, 2017 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Sarah B. Stedfast, Chairman
Clarissa McAdoo Cannon, Vice Chairman
Lemella Y. Carrington
Timothy M. Chapman
Manju Ganeriwala
Thomas A. Gibson, IV
Kermit E. Hale
Charles McConnell
David E. Ramos
William C. Shelton

COMMISSIONER ABSENT:

Shekar Narasimhan

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
Tammy Neale, Chief Learning Officer
Llewellyn C. Anderson, Managing Director of Executive Services
Julie Camus, Managing Director of Risk
Toni Ostrowski, Director, Homeownership and Lending Programs
Pamela Holmes, Director of Single Family Servicing
Janice Burgess, Assistant Director, Homeownership Loan Programs
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs
Demas Boudreaux, Legislative Liaison
Zach Mayo, Risk and Organizational Data Analyst
Fred Bryant, Deputy General Counsel
David Henderson, Assistant Controller
Sally Fisher, Database Developer
Kara Nickerson, Program Support Analyst
Amy Herzing, Program Support Trainee
Keyron Scott, Program Support Analyst
Kaylyn Chandler, Program Support Trainee
Peter Netteberg, Loan Program Underwriter

Brian Johnson, Loan Mitigation Supervisor
Nakeda Scott, Business Data Administrator
Sandy Edwards, Office Manager
Courtney Insley, Executive Administrator
Sarah Jones-Anderson, Program Liaison
Bill Corcoran, Director of Single-Family Finance
Tarik Claiborne, Regional Portfolio Manager
Erica Etterling, Multi-Family Compliance Support Manager
Joe Feaser, Senior Finance Manager
Jennifer Hanson, Treasurer
Carol Jackson, Regional Portfolio Manager
Jeremy Kahl, Regional Portfolio Manager
Sandy Redd, Finance Manager
Hil Richardson, Director of Capital Markets
Heather Richey, Finance Manager
Neal Rogers, Director of Compliance and Asset Management
Sarah Shafer, Senior Asset Manager
Mary Waugh, Senior Asset Manager
Morgan Rogers, Goochland
Nancy Rogers, Goochland
Aleksandr Belinskiy, Arlington

Chairman Stedfast called the meeting of the Committee of the Whole to order at 8:45 a.m. on December 6, 2017. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting except Commissioner Shelton, who left the meeting as indicated below.

Ms. Dewey introduced the members of the Authority's Emerging Leader Program that would be observing the meeting of the Committee of the Whole and the regular meeting of the Commissioners.

Mr. Brennan, Mr. Carey, Mr. Bowen, Ms. Wigglesworth and Mr. Hawkins reported on the potential impacts that the Congressional tax reform bills would have on Authority programs and the affordable housing community; and discussed the actions the Authority is taking in response to the proposed changes to the tax law, including preparing for a potentially large tax-exempt multi-family bond issue that will occur prior to year-end to preserve tax-exempt financing and low-income housing tax credits for multi-family developments that have a reasonable expectation to be funded in 2018.

Mr. Carey advised the Board on the salient features of the Authority's proposed Rental Housing Bonds, 2017 Series F-Non-AMT with a maximum issue size of \$860 million. Mr. Carey advised the Board that the final size of the bond issue will be determined in consultation with bond counsel regarding the legal sufficiency of the readiness of each development that is to be included in the bond issue.

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 \$860 million, (ii) provides for the sale of the Rental Housing Bonds not later than May 31, 2018, 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 December 6, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Shelton left the meeting after the approval of the bond limitations resolution.

Mr. Henderson reported on the Authority’s financial results for the fiscal year-to-date ending on October 31, 2017. In his report, Mr. Henderson noted the following: net interest margin for October totaled \$20.6 million and for year-to-date totaled \$87.3 million, which is \$4.6 million higher than the budget plan; year-to-date programmatic expenses were \$11.3 million less than budget, primarily due to delayed spending in grants and higher ancillary fee income; year-to-date administrative expenses were \$6.3 million less than budget, primarily due to lower spending on staffing costs; technology costs and marketing; October’s excess revenues were \$11.1 million (prior to GASB adjustments), which is over budget by \$5.4 million and year-to-date excess revenues are \$55.2 million, \$22.6 million higher than budget; the Authority’s net position (total assets less total liabilities) was \$3.2 billion, which is 5.5% greater than last year; and the Authority’s total assets and securitized loans totaled \$11.2 billion, which is over \$1.2 billion more than one year ago.

Mr. Bowen and Mr. Bondurant presented a report on the Authority’s Low-income Housing Tax Credit (LIHTC) program which included: federal requirements the Authority must follow on the LIHTC program; the Authority’s tax credit pool structure; selection criteria for applications in the Authority’s Qualified Allocation Plan and their alignment with the Authority’s strategic goals; and the underlying principles of the LIHTC program. Mr. Bowen and Mr. Bondurant also reviewed the process and the schedule for amending the LIHTC program’s Qualified Allocation Plan that will begin in calendar year 2018 and be in place for the 2019 application round.

Ms. Dewey discussed the results of the staff survey of the Commissioners on the Authority’s strengths, weaknesses, opportunities and threats; and the actions taken and recommended to address the themes that came from the comments of the Commissioners.

Mr. Brennan presented a report on the Board’s roles and responsibilities and the guiding principles of the Board.

Mr. Thompson demonstrated the features and functionality of Tableau, a visualization tool that will now be used to present the Authority’s performance report and the strategic report. Mr. Carey, Mr. Hawkins, Mr. Bowen and Ms. Wiglesworth presented the information that will appear in the strategic report and the metrics that will show progress in addressing the goals of the Authority’s strategic plan.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 12:17 p.m. on December 6, 2017.

Chairman Stedfast called the regular meeting of the Board of Commissioners to order at approximately 12:37 p.m. on December 6, 2017. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Shelton who was not present during the regular meeting of the Board.

The minutes of the Committee of the Whole and the annual meeting of the Commissioners held on October 11, 2017 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Jennifer B. Hanson” dated December 6, 2017, was read by Ms. Neale, and on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Cornelius T. Rogers” dated December 6, 2017, was read by Ms. Neale, and on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

One member of the public requested an opportunity to make comments during the public comment period of the meeting. Mr. Belinskiy presented a report on the affordability issues of Fisher House II, a low-income housing tax credit development for low-income residents in the Westover neighborhood in Arlington County and voiced his support for the development.

Mr. Brennan presented a resolution to approve and ratify the reservations of federal low-income housing tax credits for four developments in the Accessible Supportive Housing pool known as Carlton Views II, New Clay House II, New Manchester Flats V-9, and Townhomes at Warwick Place II. On motion duly made and seconded, the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated December 6, 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 resolution to authorize the financing of a mortgage loan for Church Hill North Phase 1A that will be secured by a leasehold estate. On motion duly made and seconded, the resolution entitled “Resolution Authorizing a Multi-Family Mortgage Loan to Finance Church Hill North Phase 1A” dated December 6, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Bowen briefed the Board on (i) plans to return and substitute low-income housing tax credits on four developments that will not be able to meet their December 31, 2017 deadline to place the developments in service; and (ii) the Authority’s agreement to finance a locality supported development as a mixed-use/mixed-income development with one market rate unit and the remainder of the units as affordable in addition to a small amount of commercial space.

On motion duly made and seconded, the resolution entitled “Resolution Establishing Meeting Dates of the Board of Commissioners from July 1, 2018 through December 31, 2018” dated December 6, 2017, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Stedfast, on behalf of the Executive Committee, reported that the Committee had (i) received and approved the Executive Director’s performance objectives, a copy of which has been provided to all Commissioners; and (ii) discussed and reviewed the agendas for the committee meetings and the meeting of the Board of Commissioners.

Commissioner McConnell, on behalf of the Audit Committee, reported that the Committee had received and discussed staff reports on the Authority's (i) current internal audit activities, including the results of the audits of the IT Patch Management Processes and the Housing Choice Voucher SEMAP program; and (ii) progress on strategic areas of emphasis involving information security, records management, and compliance and risk.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: (i) the success of the Governor's Housing Conference and the release of the Housing Policy Advisory Council (HPAC) report at the conference; (ii) the six key findings of the HPAC report and plans to develop next steps with the new administration to address the reports' findings; (iii) reports from Moody's and S&P ratings agencies that discuss the Authority's multi-family program; (iv) discussions with a consultant to consider alternatives to meet the infrastructure needs of the Authority; (v) the next meeting of the Board to be held on February 14, 2018, at the Authority's Headquarters; and (vi) the regional meeting of the Board to be held on April 8-10, 2018, in Lynchburg.

There being no further business, the meeting was adjourned at approximately 1:20 p.m. on December 6, 2017.

Sarah B. Stedfast, Chairman

Paul M. Brennan
Assistant Secretary