

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 18, 2019

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 18, 2019, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Abigail Johnson
Clarissa McAdoo Cannon
Thomas A. Gibson, IV (via phone)

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Paul M. Brennan, Chief Counsel
Patrick J. Carey, Chief of Program Strategy
Janet Wigglesworth, Chief of Operations
Tammy Neale, Chief of Staff
Myriam Michaels, Korn Ferry

Chairman Narasimhan called the meeting of the Committee to order at approximately 4:00 p.m. on December 18, 2019. 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 Committee meeting held on November 20, 2019, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Brennan provided the Committee an update on the expansion of the headquarters building. The Authority will likely select three or four contractors to interview after the public hearing on December 19 and select a contractor before the end of February.

The Commissioners and staff reviewed and discussed the agendas for the meetings of the Audit Committee and the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 5:35 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON DECEMBER 19, 2019

Pursuant to the call of the Acting 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 19, 2019 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Abigail Johnson, Acting Chairman
Manju Ganeriwala

COMMITTEE MEMBERS ABSENT:

Thomas A. Gibson, IV, Chairman
David E. Ramos

OTHER COMMISSIONERS PRESENT:

William C. Shelton, Vice Chairman

OTHERS PRESENT:

Patrick J. Carey, Chief of Program Strategy
Fred Bryant, Deputy Chief Counsel
Ross Strodel, Internal Audit Director
David Henderson, Director of Accounting and Administration
Jeff Quann, Senior Counsel

The meeting of the Audit Committee was called to order by Acting Chairman Johnson at approximately 8:15 a.m. on December 19, 2019. The members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

On motion duly made and seconded, the minutes of the meetings of the Audit Committee held on October 9, 2019, were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Quann provided an update on the Authority’s Anti-Money Laundering Policy (the “Policy”). Mr. Quann reported he has completed the required annual Policy review and the Policy complies with current law and regulations. He also reported on the two Suspicious Activity Report filings made to Financial Crimes Enforcement Network (FinCEN) during the past year. Both involved the use of fraudulent bank statements by two borrowers during the mortgage loan application process. Lastly, Mr. Quann reported on several new processes that have been implemented to maintain regulatory compliance and alignment with industry best practices.

Mr. Strodel provided an update on the results of Internal Audit’s recent audit of IT system user access provisioning and termination processes, in which no reportable issues were identified. He

then presented Internal Audit's main focus areas for planned audit activities over the next year based on items such as the significance of the activity and other risk factors including time since last audit and staffing turnover. Lastly, Mr. Strodel provided the required annual attestation confirming ongoing conformance with Professional Standards and Code of Ethics.

Commissioner Ganeriwala inquired about the Authority's process for making its loan loss reserve calculation. Mr. Henderson will provide her with a written summary of that process. Commissioner Ganeriwala also inquired about the Authority's controls regarding termination of employees' access to external systems when an employee departs the Authority. Staff will provide a summary at the February meeting.

Commissioner Shelton inquired about quantifying the financial and reputational risk of processes numerically to determine the Internal Audit schedule. Staff will provide a summary at the February meeting.

There being no further business, the meeting was adjourned at approximately 8:58 a.m. on December 19, 2019.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 18-19, 2019

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 18-19, 2019, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Barbara Blackston
Abigail Johnson
Erik Johnston
Clarissa McAdoo Cannon
Manju Ganeriwala
Thomas A. Gibson, IV (via telephone)

COMMISSIONERS ABSENT:

Lisa R. Porter
David E. Ramos
Michael J. Schewel

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Chief Counsel
Patrick J. Carey, Chief of Program Strategy
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 Administration
Lisa Watson, Managing Director of Human Resources
Fred Bryant, Deputy Chief Counsel
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs
Stephanie Flanders, Senior Tax Credit Allocation Officer
Sandy Edwards, Assistant to the Executive Director
Courtney Insley, Senior Executive Assistant
Barry Merchant, Senior Policy Analyst
Francis Stanley, Research and Policy Analyst
Amit Acharya, Program Support Analyst
Brenda Bradley, Associate Default QA Analyst
Robert Lyle, Quality Review Analyst
Kayla Moses, Program Support Analyst
Charlitta Pamplin, Customer Service Supervisor

Trent Dickson, Maintenance Supervisor
Melissa Gayle, Sr. Accountant/Data Reporting Officer
David Birkelien, Senior Program Manager
Kyla Goldsmith Ray, Communications Director
Jason Melvin, Executive Speech Writer
Mel Jones, Virginia Center for Housing Research, Virginia Tech
Fabrizio Fasuluro, Center for Urban and Regional Analysis, VCU
Ryne Johnson, Astoria
Gil DiMazo, Barton Malow
Wes Patterson Hourigan
Liz Amaral, Gresham Smith
Josh Bennett, Moseley Architects
Corey McCalla, Moseley Architects
John Carty, VHB
Denise McKeever, S.B. Ballard Construction Company
Myriam Michaels, Korn Ferry

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 4:52 p.m. on December 18, 2019. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on December 18, 2019.

Ms. Michaels presented the CEO Performance Evaluation Plan - Goals, Metrics and Process for evaluating the performance of the Chief Executive Officer. The Plan included (i) core competencies and the goals for evaluating the Chief Executive Officer; (ii) the process for implementing the plan; (iii) how the plan was linked to compensation; and (iv) the tools that would be used to evaluate the competencies and the goals. On motion duly made and seconded, the CEO Performance Evaluation Plan - Goals, Metrics and Process was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Neale reported on the common themes that emerged from her survey of the Commissioners that included Board development, strategic planning, including the use of REACH *Virginia* funds, and communications. Ms. Dewey would be scheduling a meeting with each of the Commissioners to follow-up on the survey results as well as to get Commissioners' thoughts on the new strategic plan. Ms. Michaels will help in Board development and the Commissioners agreed to share their survey responses with Ms. Michaels. Ms. Neale would confirm with the Commissioners not present that they also agree to share their responses prior to sending their responses to Ms. Michaels.

Mr. Carey presented a report on the usage of REACH *Virginia* funds in fiscal year-to-date ending October 30, 2019. Mr. Carey then presented a memorandum on a proposal to allocate additional REACH *Virginia* resources for strategic initiatives that also included scenarios on the projected financial impact on the REACH *Virginia* program. The proposal would treat the REACH *Virginia* commitment to the Amazon HQ2 initiative of \$15 million per year for five years over and above the calculation of the REACH *Virginia* funds. The REACH *Virginia* funds made available by the removal of the Amazon HQ2 commitment from the calculation would be allocated to minority homeownership, public housing transformation and innovation. On motion duly made and seconded, the proposal as outlined in the memorandum

was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Upon conclusion of the report, the meeting was recessed at 6:59 p.m. on December 18, 2019.

Chairman Narasimhan reconvened the regular meeting of the Board of Commissioners at 9:02 a.m. on December 19, 2019. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Blackston, who was not present at the meeting on December 19, 2019 and Commissioner Gibson, who left the meeting as indicated below and did not return.

Ms. Dewey introduced seven members of the Authority's Emerging Leaders Program that would be observing the regular meeting of the Board of Commissioners.

The following items, in the forms attached hereto, were approved by the affirmative vote of each of the Commissioners then present at the meeting on a motion to approve the consent agenda: (i) the minutes of the regular meeting of the Commissioners held on November 22, 2019; and (ii) the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits" dated December 19, 2019.

The Authority invited public comment on two items: (1) recommendation for allocating low-income housing tax credits in calendar year 2020 to public housing; and (2) the proposals received by the Authority for the design and construction of the expansion of the Authority's headquarters building pursuant to the Public-Private Education Facilities and Infrastructure Act. No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

Mr. Bowen and Mr. Bondurant presented a report that presented options for allocating low-income housing tax credits in calendar year 2020 to public housing that also included comments received on the options presented. On motion duly made and seconded, the options for calendar year 2020 as outlined in the report was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey presented a report on the activities and operations of the Authority that focused on four subjects: innovation, economic development, community impact, and telling our story. On the topic of innovation, Ms. Dewey discussed (i) the display of manufactured housing and container housing at the Governor's Housing Conference and the Authority's efforts to expose these options in housing to other housing providers; and (ii) a new online resource, Lending Wizard, that provides potential homebuyers information on products available from the Authority. On the topic of community impact, Ms. Dewey discussed (i) the Tribe committed to revitalizing Main Street in Pulaski and a mixed income development financed by the Authority; and (ii) the Cumberland Plateau project, a grant to study the replacement of a hotel structure for housing for the elderly. On the topic of economic development, Ms. Dewey discussed (i) Gilliam Place, a mixed use project in Arlington that created 173 low-income units on a site previously owned by a church; (ii) St. Luke's Apartments that the Authority, through its administration of the low-income tax credit program, worked to make sure that the rehabilitation of the development met the needs of the residents and the County of Henrico; and (iii) the opening of Whittaker Place, an adaptive re-use of an historic hospital in Newport News. On the

topic of telling our story, Ms. Dewey discussed (i) the press coverage generated by the display of the container home at the Governor's Housing Conference; (ii) a new show on PBS on homeownership and tenant education; (iii) publicity generated by the Community Heroes Grant program; (iv) the next phase of the Homeownership media campaign; (v) presentations by Antoine Thompson, on minority homeownership, and David Powers, on public housing, at the Advisory Council luncheon; (vi) the new logo for the re-branding effort to be unveiled in June; (vii) the open house for the container home displayed at the Housing X Conference; and (viii) release of the annual report for 2019.

Chairman Narasimhan, on behalf of the Executive Committee, reported that the Committee had discussed (i) an update on the expansion of the headquarters building that included the schedule for selecting and interviewing contractors that had submitted proposals to the Authority; and (ii) reviewed the agendas for the Audit Committee and Board meetings.

Commissioner Johnson, on behalf of the Audit Committee, reported that the Committee had received and discussed the Authority's Anti-Money Laundering Policy that has been updated to maintain regulatory compliance and alignment with industry best practices and reported on the two Suspicious Activity Report filings made to FinCEN during the past year. Commissioner Johnson also reported that Internal Audit presented (i) results of their audit covering IT system user access provisioning and termination processes; and (ii) their main focus areas for planned audit activities over the next year. Internal Audit also provided the required annual attestation confirming ongoing conformance with Professional Standards and Code of Ethics.

Mr. Richardson advised the Board on the salient features of the Authority's proposed (i) Commonwealth Mortgage Bonds, 2020 Series A Pass –Thru with an anticipated issue size of \$100 million; and (ii) Rental Mortgage Bonds, 2020 Series A-Non-AMT (tax-exempt) and Series B-Taxable with a maximum issue size of \$265 million that will permanently finance up to 10 rental developments.

Ms. Anderson reported on the Authority's financial results for the fiscal year-to-date ending October 30, 2019. In her report, Ms. Anderson noted the following: (i) excess revenue is \$56.1 million, ahead of plan, but lower than last year; (ii) the Authority's net interest margin was \$97.2; (iii) both programmatic and administrative expenses were below plan; and (iv) total net position (total assets less total liabilities) was \$3.5 billion, \$194.8 million greater than last fiscal year.

Mr. Bowen presented a report on the tenant profile in the Authority's Rental loan portfolio that included comparisons the renter population in Virginia by (i) people per household; (ii) tenant costs; and (iii) tenant age, race and ethnicity. Mr. Bowen also reported on the household income of the tenants and that over half of the portfolio is occupied by tenants making less than 40% of the area median income.

Ms. Anderson and Ms. Goldsmith Ray demonstrated the interactive nature of the 2019 Annual Report.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development, including the following: (i) the detail of the Governor's \$92 million dollar budget request for affordable housing that included increases for the Housing Trust Fund,

permanent supportive housing, and eviction prevention and diversion programs; and (ii) the finalization of the regulations for the state-wide building and fire codes.

Mr. Merchant, Ms. Jones and Mr. Fasulo presented the high level outputs, impacts and outcomes that will be detailed in the upcoming Authority Economic Impact report that will be ready for release in January 2020; including activity from 2014-2018 that helped more than 70,000 households access to affordable housing units generating almost \$10 billion in economic activity.

There being no further business, the meeting was adjourned at approximately 1:50 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary