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VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON JUNE 22, 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 June 22, 2021.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBER ABSENT:

Abigail Johnson

OTHER COMMISSIONERS PRESENT:

Nathalia Artus
Barbara Blackston
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
Stephanie Papps, JLARC
Myriam Michaels, Korn Ferry

The meeting of the Executive Committee was called to order by Chairman Narasimhan via WebEx at 2:00 p.m. on June 22, 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.

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.

The minutes of the meeting of the Committee held on April 19, 2021 were approved the affirmative roll-call vote of each member of the Committee noted above as present at the meeting.

Ms. Dewey discussed with the members of the Committee the process for making nominations of the Chairman and Vice Chairman of the Board of Commissioners. On motion duly made and seconded, the Committee approved, by the affirmative roll-call vote of each of the members of the Committee noted above as present at the meeting, recommending the nominations of Commissioner Shelton for Chairman and Commissioner Gibson for Vice Chairman to the Board of Commissioners.

Ms. Michaels presented to the Committee a report that covered: (i) Board effectiveness in three areas, the role of a Commissioner, meeting management , and Board culture; and (ii) Korn Ferry's process in conducting a market review for the CEO with a review of the CEO evaluation process, including the remaining items in the timeline for the CEO performance evaluation cycle.

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

On motion duly made and seconded, a resolution that the Committee convene in closed session to discuss and consider the acquisition of real property for a public purpose in accordance with Section 2.2-3711.A.3 of the Code of Virginia and further that Ms. Dewey, Ms. Wiglesworth and Mr. Brennan, who are deemed necessary to be present or will reasonably aid the Committee in its consideration of the aforesaid topics, be present during the closed session was approved by the affirmative roll-call vote of the Commissioners then present at the meeting. 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.

There being no further business, the meeting was adjourned at approximately 3:30 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS HELD ON JUNE 22-23, 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 June 22 - 23, 2021.

COMMISSIONERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Nathalia Artus
Barbara Blackston
Manju Ganeriwala
Thomas A. Gibson, IV
Abigail Johnson

Erik Johnston
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, Managing Director of Federal Relief 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
JD Bondurant, Director of Low Income Housing Tax Credit Programs
Stephanie Flanders, Senior Tax Credit Allocation Officer
Everett Gardner, Rental Housing Senior Counsel Manager
Sheila Stone, Senior Tax Credit Allocation Officer
Phil Cunningham, Associate Tax Credit Allocation Officer
Pam Freeth, Tax Credit Allocation Analyst
Sandy Edwards, Assistant to the Chief Executive Officer
Courtney Insley, Senior Executive Assistant
Janet Groessler, Senior Executive Assistant
Ervin Best, Systems Engineer
Najla Craddock, Systems Administrator
Stefanie Papps, JLARC
Ellie Rigsby, JLARC
James Noel, TFJG
Ryne Johnson, Astoria
Jeremiah Burroughs
Zach Cavender
Alicia Garcia, RRHA
Ben Titter, RRHA
Desi Wynter, RRHA
Chris Arlington, Arlington County Housing Division
Kim Hart, Good Works LP
Jim Edmondson, E&G Group

Mike Chiappa, APAH
David Koogler, Mark Dana Corporation
Jennifer Schneider, The Community Builders, Inc.
Paul Browne, Joseph Browne Development Associates
Estelle Chan
Timothy Trant II, Kaufman & Canoles, PC
Sam Sari
Approximately 5 unidentified members of the public via Webex

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 4:00 p.m. on June 22, 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 on June 22, 2021.

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) delivering superior long-term 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 activities of the Community Outreach, Rental and Homeownership Divisions, including the number of rental mortgage loans and homeownership loans in forbearance, the number of tenants served through the landlord portal of the Rent Mortgage Relief Program; and (ii) the status of the Homeownership Assistance Fund. On the topic of addressing state housing needs, Ms. Dewey discussed (i) a grant to the Little Ten Housing Authorities to advance COVID vaccinations; (ii) the status of the grant applications from the Planning District Commissions to address housing issues on a regional basis; (iii) the receipt of 350 additional housing choice vouchers from the American Rescue Plan Act; and (iv) the progress on bringing the indieDwell manufacturing facility to Newport News. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) Arlington View Terrace East, a new construction project in the Colombia Pike corridor of Arlington; (ii) Francisco Landing, a mixed-use, mixed income revitalization project in Hopewell; (iii) Sleepy Meadows, a revitalization of a manufactured housing development in Buckingham; (iv) Senseny Place, a new construction development for seniors in Winchester; and (v) the Authority participation in the revitalization of three shopping malls with new rental housing construction. On the topic of first-time homeownership, Ms. Dewey discussed (i) the use of the Acquire Renovate Sell program by the Norfolk Redevelopment Housing Authority; (ii) the feedback obtained from the Homeownership Advisory Council on several topics, including the Homeownership Assistance Fund; (iii) the Authority's promotion of homeownership in the month of June; and (iv) an update on the Homeownership Campaign. On the topic of delivering superior, long-term financial and operational performance, Ms. Dewey discussed (i) the Authority's initiatives on diversity, equity and inclusion; and (ii) improvements to information security. On the topic of telling our story, Ms. Dewey discussed (i) press coverage of the first 3D printed home in Virginia made possible by a grant provided by the Authority; (ii) a press release by the New River Valley Regional Commission on the completion of a regional housing study funded in part by a grant from the Authority; (iii) the resumption of in-person groundbreakings, including Carrier Point; (iv) partnering with the Urban League on a food drive in Hampton Roads; (v) recent awards received

by the Authority, including VCU's Excellence in Government Award for Public-Private Partnership; and (vi) the first issue of the Board Brief.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development (DHCD), provided an update the Department's recent activities, including (i) the Rental Relief Program, which has distributed \$244.6 million since last June to over 49,000 households, the majority of which have children under 8 years old; (ii) preparations to implement the additional funds appropriated to the Housing Trust Fund; and (iii) an update on the Governor's funding priorities related to housing to be considered in the upcoming General Assembly session that will develop a spending plan for the funds received by the Commonwealth under the American Rescue Plan.

Chairman Narasimhan, on behalf of the Executive Committee, reported that the Executive Committee, in its role as the nominating committee for the positions of Chairman and Vice Chairman of the Board, recommended that Commissioner Shelton be nominated for Chairman and Commissioner Gibson be nominated for Vice Chairman at the next Board meeting in August. Chairman Narasimhan also reported that the Committee had discussed a report from Korn Ferry on (i) Board effectiveness and the development of a Commissioner success profile; and (ii) a review of the timeline for the CEO performance evaluation cycle. Chairman Narasimhan also reminded the Commissioners of the Board's August meeting schedule.

Commissioner Gibson, on behalf of the Audit Committee, reported that the Committee had (i) received a presentation from KPMG on its plan for the audit of the Authority's fiscal year 2021 financial statements; and (ii) received a report from Internal Audit on the results of its recent audit of the Housing Choice Voucher program. Commissioner Gibson also invited the Commissioners to review the results of the Single Audit by KPMG, at the end of KPMG's presentation, in the Audit Committee materials.

Mr. Richardson advised the Commissioners on the salient features of the Authority's proposed Rental Housing Bonds, 2021 Series G-Taxable and Series H-Non-AMT, with a maximum issue size of \$295 million that will provide financing for up to 10 multi-family housing developments. Mr. Richardson also advised the Commissioners on the salient features of the Authority's proposed Commonwealth Mortgage Bonds, 2021 Series A with a maximum issue size of \$120 million that will provide permanent financing for homeownership mortgage loans.

Mr. Henderson reported on the Authority's financial results for the fiscal year-to-date ending April 30, 2021. In his report, Mr. Henderson noted the following: (i) the Authority's net interest margin of \$172.5 million was \$25.6 million lower than budget, primarily due to lower interest income and servicing fees; (ii) programmatic expenses were \$21.4 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 \$12.4 million lower than budget due to lower staffing costs and project expenses; (iv) excess revenues over expenses (before GASB adjustment) of \$79.3 million was \$46.2 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, an increase of \$906 million over last year, mostly in cash equivalents; (vi) total liabilities of \$5.3 billion represented an increase of \$792 million over last year; (vii) net position (total assets less total liabilities) was approximately \$3.7 billion, an increase of \$114.4 million; (viii) the Authority's

total mortgage portfolio was \$12.4 billion, a \$258 million increase over last year; and (ix) the combined assets and serviced loans of the Authority totaled \$15 billion; a \$1.2 billion increase over last year.

Upon conclusion of the report, Chairman Narasimhan recessed the regular meeting of the Board of Commissioners at 5:26 p.m. on June 22, 2021.

Chairman Narasimhan reconvened the regular meeting of the Board of Commissioners to order at 8:30 a.m. on June 23, 2021. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Johnston who left the meeting as noted below and did not return to the meeting, and Commissioner Johnson who left the meeting and returned to the meeting as noted below.

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.

Mr. Bowen and Ms. Flanders gave an overview of the applications requesting low-income housing tax credits in the 2021 competitive round; reviewed the rules of ranking for such applications; presented the final rankings for reservations of the low-income housing tax credits; and recommended reservations of tax credits to the developments having scores high enough to receive all of the approved amount of tax credits in each of the pools; all the developments in the Tier One At-Large Pool; the remaining unfunded development above threshold in the Local Housing Authority Pool; the four developments above threshold in the Accessible Supportive Housing Pool; and the second ranked, partially funded development in the Tier Two At-Large Pool.

Chairman Narasimhan opened the discussion for public comment. One member of the public chose to make oral comments during the public comment period of the meeting. Ms. Garcia spoke in favor of reserving low-income housing tax credits to Creighton Phase A.

Upon conclusion of the public comments, the Board discussed the staff recommendation. On motion duly made and seconded, a motion that the staff proceed with the reservations of tax credits to the developments having scores high enough to receive all of the approved amount of tax credits in each of the pools; all the developments in the Tier One At-Large Pool; the remaining unfunded development above threshold in the Local Housing Authority Pool; the four developments above threshold in the Accessible Supportive Housing Pool and the second ranked, partially funded development in the Tier Two At-Large Pool, was approved by the affirmative roll-call vote of each of the Commissioners noted above as present at the meeting.

Mr. Bowen, Mr. Bondurant and Mr. Bryant presented a report on the status of 37 developments previously allocated low-income housing tax credits that are still under construction with a recommendation that those developments that have equity gaps resulting from the recent increase material and labor costs be allowed to submit abbreviated applications for a pre-allocation of 2022 low-income housing tax credits without having to wait until next year's competitive process. The recommendation would require the chief executive officer to exercise her discretion to waive or modify provisions in the Authority's Qualified Allocation Plan deemed appropriate for good cause to promote the goals and interests of the Commonwealth in the federal low-income housing tax credit program. On motion duly made and seconded, all

the Commissioners, by a roll-call vote, voted in favor of permitting the executive officer to exercise discretion to modify provisions in the Authority's Qualified Allocation Plan in the interest of the low-income housing tax credit program in order to provide for an abbreviated application process to developments seeking additional 2022 tax credits to fill equity gaps in the funding of their developments under the terms outlined in the report; provided that the pre-allocation of 2022 credits does not exceed 50% of Virginia's 2022 allocation of federal low-income housing tax credits.

Mr. Bowen and Mr. Bondurant reported on proposed changes to the Qualified Allocation Plan for the federal low-income housing tax credits for calendar year 2022-2023 allocation cycle. Mr. Bondurant noted that staff will conduct a survey to obtain input from stakeholders on the proposed changes; conduct a focus group discussion on the proposed changes at the Virginia Housing Alliance Credit Conference; and solicit comments at a public hearing. The final proposed changes, along with a summary of public comments, will be presented to the Board at its meeting in October. Mr. Bondurant reviewed the significant changes regarding (i) internet access, (ii) cost limits, (iii) new construction in rural areas; (iv) applicant credit caps; (v) resident well-being, (vi) developer experience, (vii) diversity, equity and inclusion, and (viii) aggregators of tax credit developments. The consensus of the Board was for staff to proceed with soliciting public comment on the proposed changes.

Mr. Bowen presented proposed regulations for the housing opportunity tax credit needed to implement the tax credit legislation passed by the General Assembly. Mr. Bowen noted that staff will obtain input from stakeholders on the proposed regulations and solicit comments at a public hearing. The proposed final regulations, along with a summary of public comments, will be presented to the Board at its meeting in October. The consensus of the Board was for staff to proceed with soliciting public comment on the proposed regulations.

Ms. Dewey, Ms. Neale, Mr. Brennan, Mr. Carey and Ms. Wiglesworth presented a report on the Authority's key enterprise-wide, financial, strategic programmatic and operational accomplishments during fiscal year 2021; including (i) record levels in rental housing mortgage loan financing, families served by homeownership mortgage loan financing and loans serviced; (ii) the completion of the strategic plan and the rebranding campaign; (iii) new initiatives in creating additional single-family housing stock; (iv) implementation of the landlord portal for the Rent Relief Program; (v) creation of the Authority's Inclusion, Diversity, Equity, Access framework; (vi) new grant programs to sustain the housing delivery network and to advance strategic priorities through the Planning District Commission network; (vii) support provided to public housing revitalization; (viii) assistance to 7,200 families with homeownership loan forbearance plans; and (ix) several operational accomplishments.

Mr. Henderson made a presentation on the Authority's proposed annual budget for fiscal year 2022. During this presentation, the Commissioners and the staff discussed the following matters: (i) a breakdown of income sources; (ii) loan production trends in the dollar amount of loans and the number of units of production in the Authority's homeownership and rental programs since fiscal year 2018; (iii) total mortgage loan balances and average portfolio interest rates since fiscal year 2018; (iv) debt balance and interest expense trends since fiscal year 2018; (v) a comparison of total revenues for fiscal years 2020 (actual), 2021 (projected) and 2022 (proposed); (vi) trends in revenues and net interest margin since fiscal year 2018; (vii) the REACH *Virginia* grant expense trend since fiscal year 2018; (viii) a comparison of direct program awards for fiscal years 2020 (actual), 2021 (projected) and 2022 (proposed); (ix) the

trends in loan loss allowance and loan loss provision since fiscal year 2018; (x) staffing trends since fiscal year 2018; (xi) breakdown of the larger operating costs of the Authority; (xii) a comparison of operating expenses for fiscal years 2020 (actual), 2021 (projected) and 2022 (proposed); (xiii) the trend in excess revenue since fiscal year 2018; and (xiv) the proposed budget for fiscal year 2022. On motion duly made and seconded, the resolution entitled “Resolution - Adoption of 2022 Fiscal Year Operating Budget” dated June 23, 2021, in the form attached hereto, was approved by the affirmative roll-call vote of each of the Commissioners then present at the meeting. Commissioner Johnston left the meeting during this presentation and did not return.

Ms. Carey presented a report on REACH *Virginia* that included (i) a summary of the allocations available for fiscal years 2021 and 2022; and (ii) the program allocations and projected usage of REACH *Virginia* fund for fiscal year 2022. Commissioner Johnson left the meeting during this report and returned to the meeting as noted below.

The following items, in the forms attached hereto, were approved by the affirmative roll-call vote of each of the Commissioners then 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 April 19-20, 2021; (ii) the resolution entitled “Resolution Establishing Meeting Dates of the Board of Commissioners for a Special Meeting in 2021 and for the Meetings from January 1, 2022, to December 31, 2022” dated June 23, 2021; and (iii) the resolution entitled “Procurement Resolution” dated June 23, 2021.

On motion duly made and seconded, a resolution that the Board convene in closed session to discuss and consider the acquisition of real property for a public purpose in accordance with Section 2.2-3711.A.3 of the Code of Virginia and further that Ms. Dewey, Ms. Wigglesworth 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 roll-call vote of the Commissioners then present at the meeting. 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. Commissioner Shelton made a motion to authorize the Chief Executive Officer to enter into a contract to purchase real property after consultation with the Chairman and Vice Chairman of the Board of Commissioners. The motion was seconded and approved by the affirmative roll vote of each of the Commissioners noted above as present at the meeting. Commissioner Johnson returned to the meeting and participated in the closed session.

There being no further business, the meeting was adjourned at approximately 1:32 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary