

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
MINUTES OF THE ANNUAL MEETING OF THE COMMISSIONERS
HELD ON AUGUST 30-31, 2021

Pursuant to the call of the Chairman and notice duly given, the annual meeting of the Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on August 30-31, 2021, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia

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 of Staff
Fred Bryant, Chief Counsel
Tammy Neale, Chief of Programs
Janet Wigglesworth, Chief of Operations
Patrick J. Carey, Special Advisor to the Chief Executive Officer
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 Programs
Lisa Watson, Managing Director of Human Resources
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
Michele Jackson, Senior Executive Assistant

Ron Brown, Desktop Support Analyst
Najla Craddock, Business Application Administrator
Brian Ball, Secretary of Commerce and Trade
John Begala, Assistant Secretary of Commerce and Trade
Bobbie Wert, USDA
Myron Wooden, USDA
Ava Gabrielle-Wise, New Road Community
Elaine Meil, Accomack-Northampton Planning District Commission
Amy Schwartz, Strategic Lending Manager
Stefanie Papps, JLARC
Sam Lesemann, JLARC
Ellie Rigsby, JLARC
Charles Yang
Ryne Johnson, Astoria
One unidentified member of the public via Webex

Chairman Narasimhan called the annual meeting of the Board of Commissioners to order at 10:30 a.m. on August 30, 2021. 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, except Commissioner Johnson, who joined the meeting as indicated below.

Chairman Narasimhan asked for a moment of silence for the service members and victims of the recent bombing in Kabul and those impacted by Hurricane Ida. Chairman Narasimhan provided an overview of the agenda for the annual meeting of the Board of Commissioners.

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 resumption of in-person homebuyer education classes, the number of rental mortgage loans and homeownership loans in forbearance; (ii) the number of tenants served through the landlord portal of the Rent Relief Program; and (iii) the status of the Mortgage Relief Program. On the topic of addressing state housing needs, Ms. Dewey discussed (i) a capacity building grant to the Alexandria Housing Development Corporation; (ii) the status of the grant applications from the Planning District Commissions to address housing issues on a regional basis; (iii) a proposal for a public housing revitalization grant; and (iv) the relocation of manufactured housing to support Family Crisis Support Services in Wise County. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) Barton Mansion, an adaptive re-use development in Richmond; (ii) the Mutual Building, a mixed-use, mixed income adaptive re-use development in Richmond; and (iii) Queens Court, a 249-unit new construction development in Rosslyn. On the topic of first-time homeownership, Ms. Dewey discussed (i) the results of the Homeownership marketing campaign for fiscal year 2021 and plans for the campaign in fiscal year 2022; and (ii) partnerships with the National Association of Real Estate Brokers and Radio One to further minority homeownership.

On the topic of delivering superior, long-term financial and operational performance, Ms. Dewey discussed the Authority's implementation of the Governor's vaccine directive and the adjustment in plans for employees returning to the office. On the topic of telling our story, Ms. Dewey discussed (i) topics covered in meetings with the Authority's Minority Business Advisory Council and the Supportive Housing Solutions Advisory Council; (ii) the Authority's participation in an housing counseling podcast; (iii) plans for recognizing the Authority's 50th anniversary; (iv) additional press coverage of the 3D printed home in Richmond; and (v) a recap of the results of the brand campaign.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development (DHCD), including (i) an update on the General Assembly's spending plan for the funds received by the Commonwealth under the American Rescue Plan, that provides \$700 million for last mile broadband, \$8 million for the Main Street Program, \$45 million for the industrial revitalization fund, \$120 million to continue the Utility Relief Program, \$2.5 million for legal aid housing attorneys, \$7.5 million for house lead reduction, and the extension of the requirement that landlords and tenants cooperate in the Rent Relief Program prior to any eviction process. Commissioner Johnston also advised the Board that DHCD will be starting the process for revising the building code and that Cindy Davis has been elected President of the International Code Council Board of Directors.

The Commissioners viewed a welcoming video from Governor Northam. Chairman Narasimhan expressed appreciation for the Governor's support of housing and Secretary Ball provided an overview of significant housing accomplishments by Virginia Housing during the Northam Administration.

The meeting was recessed at 12:06 p.m. on August 30, 2021.

Chairman Narasimhan reconvened the meeting at 1:05 p.m. on August 30, 2021. All of the Commissioners listed above as present at the meeting were present at that time, including Commissioner Johnson, and remained present throughout the meeting on August 30, 2021.

Ms. Anderson presented a report on the Virginia Mortgage Relief Program in which she discussed (i) the launch of the pilot program; (ii) the results of a needs assessment required by Treasury; (iii) the design of the program; (iv) the selection of IEM as the program administrator; (v) the plans for delivering mortgage relief; and (vi) the selection of performance measures.

Ms. Neale presented a report that provided an overview of Eastern Shore demographics and housing conditions. Ms. Neale then introduced a panel composed of Ms. Wert, Ms. Gabrielle-Wise, Ms. Meil and Ms. Schwartz that made presentations to the Commissioners on the following: their participation in the Authority's housing programs; the challenges in creating affordable housing on the Eastern Shore; and possible ways the Authority could further assist their efforts to provide affordable housing.

Mr. Hawkins led an exercise in which the Commissioners reviewed aspects of REACH Virginia. Upon conclusion of the exercise, the meeting was recessed at 4:30 p.m.

Chairman Narasimhan reconvened the meeting at 8:30 a.m. on August 31, 2021. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on August 31, 2021.

Mr. Carey presented a report on the Authority's use of internally generated resources to create subsidy programs in which he discussed: (i) the Virginia Housing Fund and how subsidy amounts were determined; (ii) the history of the creation of REACH *Virginia* as a new methodology for determining subsidy levels; (iii) the history of increases to the calculated subsidy dollars and the amounts contributed to REAH *Virginia*; (iv) the policy considerations in balancing the amount of the contribution levels to REACH *Virginia*; (v) the reasoning for selecting 60% of net earnings as the contribution level to REACH *Virginia*; (vi) the principal reasons for retaining the remaining net revenues; (vii) potential scenarios for future contributions to REACH *Virginia* through fiscal year 2026; (viii) possible policy recommendations; and (ix) the financial effect of grants and loans on the Authority's operating statement. After discussing the report, a motion, duly made and seconded, to affirm the contribution level to REACH *Virginia* at 60% of net earnings was approved by the affirmative vote of each of the Commissioners listed above as present at the meeting.

Mr. Fasulo provide an update on the Authority's strategic plan Opportunity 2025 in which he discussed (i) purpose and expectations of the strategic plan and future performance reports; (ii) the status of the development of metrics for the plan; and (iii) two proposed changes to the plan to emphasize a specific focus on the redevelopment of public housing in strategic goal 2.1 and the decrease in the homeownership gap among young minority households in strategic goal 3.1, respectively. On a motion, duly made and seconded, to amend the desired outcomes of strategic goals 2.1 and 3.1 as proposed, was approved by the affirmative vote of each of the Commissioners listed above as present at the meeting

Prior to a discussion involving a grant initiative to local housing authorities, Mr. Brennan informed the Board that, based upon past guidance from the Virginia Conflict of Interest Act Ethics Advisory Council (the "Council") regarding Commissioners Porter's participation in discussions of the use of Authority resources for public housing transformation, the Council has advised that a personal interest in a transaction exists; however, Commissioners Porter may participate in such discussions, since she is a member of a group of three or more members affected by the transaction. Commissioner Porter has submitted the required written declaration with the Authority stating that she can participate in the transaction "fairly, objectively, and in the public interest." Mr. Hawkins presented a report on the Authority's efforts in the revitalization of public housing in which he discussed (i) the capital needs of the public housing in Virginia; (ii) the current approach to addressing the capital needs; (iii) new REACH *Virginia* grant initiative with the local housing authorities that is designed to accelerate the use of REACH *Virginia* funds to address the capital needs of public housing; (iv) conditions for the grants; and (v) potential benefits to the local housing authority network from the administration of the grant program.

Mr. Carey, Ms. Anderson, Mr. Hawkins, Mr. Bowen, Ms. Ostrowski, Mr. Henderson and Ms. Wiglesworth presented a report on Virginia Housing's organizational performance for fiscal year 2021. In discussing this report, staff highlighted (i) the implementation of the landlord portal for the Rent Relief Program; (ii) participation in the Homeownership Education Program;

(iii) the level of rental loan production and loan performance, (iv) the level of homeownership loan production and loan performance; (v) the impact of COVID and the mandated loan forbearance requirements; (vi) the high level of capital market activity; (vii) the completion of the DEI strategic plan; and (viii) the level of rental loan production and loan performance.

Mr. Richardson advised the Commissioners on the salient features of the Authority's proposed Rental Housing Bonds, 2021 Series J-Taxable and Series K-Non-AMT, with a maximum issue size of \$575 million that will provide financing for up to 25 multi-family housing developments. Mr. Richardson also advised the Commissioners on the salient features of the Authority's proposed Commonwealth Mortgage Bonds, 2021 Series B 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 June 30, 2021. In his report, Mr. Henderson noted the following: (i) the Authority's net interest margin of \$212.6 million was \$25.1 million lower than budget, primarily due to lower interest income and servicing fees; (ii) programmatic expenses were \$37.7 million less than budget, mostly due the loan loss provision to budget; (iii) administrative expenses were \$13.2 million lower than budget due to lower staffing costs and project expenses; (iv) excess revenues over expenses (before GASB adjustment) of \$116.1 million was \$76.3 million greater than budget, again mostly due to the loan loss provision to budgeted; (v) total assets of \$9.1 billion, an increase of \$822.1 million over last year, mostly in cash equivalents; (vi) total liabilities of \$5.4 billion represented an increase of \$689.8 million over last year; (vii) net position (total assets less total liabilities) was approximately \$3.7 billion, an increase of \$132.3 million; (viii) the Authority's total mortgage portfolio was \$12.5 billion, a \$322 million increase over last year; and (ix) the combined assets and serviced loans of the Authority totaled \$15.4 billion; a \$942.2 million increase over last year.

The following items, in the forms attached hereto, were approved by the affirmative vote of the Commissioners listed 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 June 22-23, 2021; (ii) the minutes of the meeting of the Commissioners held on August 10, 2021; (iii) the resolution entitled "Resolution Amending the Meeting Date of the Board of Commissioners Established for October 2022" dated August 31, 2021; (iv) the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits" dated August 31, 2021; (v) the resolution entitled "Mortgage Credit Certificate Program Resolution" dated August 31, 2021; and (vi) the resolution entitled "Resolution of Board of Directors and Certificate of Authorized Signatures" dated August 31, 2021.

Chairman Narasimhan called for the election of the Board's Chairman and Vice Chairman for the coming year, which would become effective immediately following the meeting. Chairman Narasimhan reported that the Executive Committee at its June meeting had recommended the nomination of Commissioner Shelton for Chairman and Commissioner Gibson for Vice Chairman. Chairman Narasimhan declared the floor open for nominations for Chairman. Commissioner Johnson nominated Commissioner Shelton, and Commissioner Schewel seconded the nomination. There being no further nominations, the floor was closed. Commissioner Shelton was elected Chairman by the affirmative vote of each of the

Commissioners listed above as present at the meeting. Chairman Narasimhan declared the floor open for nominations for Vice Chairman. Commissioner Johnson nominated Commissioner Gibson, and Commissioner Schewel seconded the nomination. There being no further nominations, the floor was closed. Commissioner Gibson was elected Vice Chairman by the affirmative vote of each of the Commissioners listed above as present at the meeting. Commissioner Shelton expressed appreciation to Chairman Narasimhan for his leadership, particularly during the pandemic.

There being no further business, the meeting was adjourned at approximately 1:25 p.m.

William C. Shelton, Chairman

Fred Bryant, Assistant Secretary