

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON JUNE 18, 2020

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 18, 2020, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Thomas A. Gibson, IV
Clarissa McAdoo Cannon (Via Webex)

OTHER COMMISSIONERS PRESENT:

Manju Ganeriwala
Erik Johnston

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Patrick J. Carey, Chief of Programs
Janet Wigglesworth, Chief of Operations
Tammy Neale, Chief of Staff
Lisa Watson, Managing Director of Human Resources
Myriam Michaels, Korn Ferry (via telephone)

Chairman Narasimhan called the meeting of the Committee to order at approximately 10:00 a.m. on June 18, 2020. 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.

Chairman Narasimhan reminded the non committee members that they would have a chance to discuss the agenda items in the full Board meeting.

The minutes of the meeting of the Committee held on December 18, 2019 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey discussed with the members of the Committee the process for nominations of the Chairman and Vice Chairman of the Board of Commissioners. Commissioner Gibson made a motion to recommend the nominations of Commissioner Narasimhan for Chairman of the Board of Commissioners and Commissioner Shelton for Vice Chairman of the Board of Commissioners. Commissioner McAdoo Cannon seconded the motion. The motion was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Watson presented a report on compensation of the Authority staff. This report included a recommendation for the combined pool for staff merit and bonuses for the current year and consideration for a mid-year bonus pool at a later meeting. Ms. Michaels presented a report on the current state of compensation in the market. On a motion duly made and seconded, the Committee's recommendation that the Board approve a combined pool for staff merit and

bonuses in an amount equal to \$2,730,900 to be allocated between staff merit increases and bonuses and bonus pool equal to \$65,000 for the Associates that had been regularly coming into the Authority's offices during the COVID pandemic was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Brennan provided an update on the progress on the plans to build an addition over the parking deck of the headquarters building. The Executive Committee recommended that work on the project be postponed except for the permitting process with the City of Richmond.

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

There being no further business, the meeting was adjourned at approximately 11:03 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON JUNE 18, 2020

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 18, 2020, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman
Abigail Johnson
Erik Johnston
Manju Ganeriwala
Thomas A. Gibson, IV
Clarissa McAdoo Cannon (via WebEx)
Lisa R. Porter (via WebEx)
David E. Ramos (via WebEx)
Michael J. Schewel (via WebEx)

COMMISSIONER ABSENT:

Barbara Blackston

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Chief Counsel
Patrick J. Carey, Chief of Programs
Janet Wiglesworth, 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, Deputy Chief of Programs
Lisa Watson, Managing Director of Human Resources
Herman Aparicio, Managing Director of Information Technology
Fred Bryant, Deputy Chief Counsel
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs
Stephanie Flanders, Senior Tax Credit Allocation Officer
David Henderson, Controller
Sandy Edwards, Assistant to the Chief Executive Officer
Janet Groessler, Senior Executive Assistant
Courtney Insley, Senior Executive Assistant
Myriam Michaels, Korn Ferry
Ryne Johnson, Astoria
Tom Johnston, The Franklin Johnston Group
James Noel, The Franklin Johnston Group
Rhonda Mixer, The Franklin Johnston Group
Chris Sterling, Virginia Community Development Corporation

Karen Wilds – Newport News Redevelopment Housing Authority
Steve Morales – Norfolk Redevelopment Housing Authority
Charlie Heritage – Southcreek Development
Approximately 27 unidentified members of the public via Webex

Chairman Narasimhan called the regular meeting of the Board of Commissioners to order at 11:13 a.m. on June 18, 2020. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Schewel, who left the meeting as indicated below. Commissioners McAdoo Cannon, Porter, Ramos and Schewel participated in the meeting via electronically for medical reasons from their residences in Newport News, Fairfax, Bristol and Richmond respectively, as per the Authority's electronic participation policy.

Chairman Narasimhan welcomed Commissioner Gibson back from his military deployment. Chairman Narasimhan also acknowledged the current environment and expressed (i) thanks to the essential workers coming to the office during the COVID-19 pandemic; (ii) Virginia Housing's support for the Black Lives Matter movement and its commitment to furthering the goals of racial equity with its programs, its partnerships and its employees, including the two strategic goals of addressing the minority homeownership gap and helping to revitalize public housing; and (iii) recognition of June as Pride month and the recent Supreme Court decision prohibiting employment discrimination based on gender identity or sexual orientation.

Mr. Brennan advised the Commissioners that, upon his return from his military deployment, Commissioner Gibson had taken a position with Pennrose, a real estate development company. Penrose is a development partner in the Carrier Point I application for low-income housing tax credits. Although Commissioner Gibson has no role in the application, he disclosed his interest in Pennrose and recused himself from any discussion of the transaction before the Board and did not discuss the transaction with Authority staff.

Mr. Bowen, Mr. Bondurant and Mr. Bryant gave an overview of the applications requesting low-income housing tax credits in the 2020 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; all the developments above threshold in the Local Housing Authority Pool; and the two developments in the Accessible Supportive Housing Pool.

Chairman Narasimhan opened the discussion for public comment. Four members of the public chose to make oral comments during the public comment period of the meeting. Ms. Wilds spoke in favor of reserving low-income housing tax credits to Carrier Point 1. Mr. Johnston and Mr. Morales spoke in favor of reserving low-income housing tax credits to Block 20 Apartments. Mr. Heritage spoke in favor of reserving low-income housing tax credits to all the developments in the Tier One At-Large Pool.

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; all the developments above threshold in the Local Housing Authority Pool; and the two developments in the Accessible Supportive Housing Pool, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, except Commissioner Gibson, who abstained.

Ms. Dewey presented a report on the Authority's key enterprise-wide, financial, strategic programmatic and operational accomplishments during fiscal year 2020; including (i) record levels in: availability of REACH *Virginia* funds, net assets, combined assets and loans serviced, number of loans securitized with Fannie Mae and Ginnie Mae, rental housing loan production, rental housing, loans serviced, homeownership mortgage loans purchased and homeownership mortgage loans serviced; and (ii) firsts for the Authority in: the creation of a Minority Business Advisory Council, the allocation of REACH *Virginia* funds for housing in the Amazon HQ2 impact area, the completion of an "innovation round" in the low-income housing tax credit program, and the response to the COVID pandemic with the design and implementation of a grant program to support the housing delivery network and the creation of a loan forbearance program for the rental housing portfolio. Ms. Dewey also provided an update of the accomplishments related to each of the strategic goals.

Ms. Watson presented a report on compensation of the Authority staff. This report included a recommendation for the combined pool for staff merit and bonuses in an amount equal to \$2,730,900 to be allocated between staff merit increases and bonuses at fiscal year-end, with consideration of the mid-year bonus pool to be deferred until later in the year. Chairman Narasimhan, on behalf of the Executive Committee, reported that the Executive Committee recommended approval of a combined pool for staff merit and bonuses in an amount equal to \$2,730,900 for staff merit increases and bonuses (with merit pool being approximately 3% of salaries) and a one-time special recognition pool equal to \$65,000 to be allocated to the Associates that had been regularly coming into the in the Authority's offices during the COVID pandemic. On motion duly made and seconded, a motion to approve the combined pool for staff merit and bonuses in an amount equal to \$2,730,900 and a one-time bonus pool equal to \$65,000 for a special recognition pool, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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; strengthening first-time homeownership; (iv) internal operations initiatives; and (v) and telling our story. On the topic of responding to the impact of COVID pandemic, Ms. Dewey described (i) the creation and implementation of a grant program for the housing delivery network, a forbearance program for rental mortgage loans and homeownership loans; (ii) the acquisition of \$1.4 billion in capital since March 2020; and (iii) the creation of the StayHomeVirginia.com website. On the topic of addressing state housing needs, Ms. Dewey discussed (i) the results of the needs assessment survey for public housing revitalization; (ii) efforts to make public housing revitalization a priority in affordable housing initiatives; and status of the allocation of REACH *Virginia* funds in the Amazon HQ2 Impact area. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) the acquisition financing for Parkstone Alexandria, which will convert units in a market rate development to affordable housing units in the Amazon HQ2 Impact area; (ii) New Lake Anne, which will preserve 240 units of affordable senior housing in Fairfax; (iii) 3900 West Broad Street, a mixed-income development that is part of a revitalization of a

Richmond neighborhood. On the topic of first-time homeownership, Ms. Dewey discussed (i) the Authority's efforts to engage minority organizations to develop strategies and initiatives to increase minority homeownership; (ii) efforts in foreclosure prevention and homeownership education; and (iii) the creation of a mobile payment application. On the topic of internal operations initiatives, Ms. Dewey discussed (i) efforts taken to accomplish the work remotely; (ii) modernization efforts of the data center; and (iii) the implementation of an operational governance structure. On the topic of telling our story, Ms. Dewey discussed (i) high-level results of the Authority's economic impact study and how this information is being shared; (ii) the hiring of a Regional Manager for northern Virginia; (iii) the airing of Virginia Housing TV on Fairfax public access channels; (iv) participation in the NOVA Housing Expo; (v) the promotion of June as Homeownership Month; and (vi) the launch of the new Virginia Housing brand.

The following items, in the forms attached hereto, were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting on a motion to approve the consent agenda: (i) the minutes of the regular meeting of the Commissioners held on December 19, 2019; (ii) the minutes of the regular meeting of the Commissioners held on April 20, 2020; and (iii) the resolution entitled "Resolution Establishing Meeting Dates of the Board of Commissioners for Annual Meeting and for Meetings from January 1, 2021 through December 31, 2021" dated June 18, 2020.

Mr. Brennan presented an amendment to the Authority's Policy Governing Electronic Participation in Board Meetings that would allow Commissioners to participate in a meeting through electronic means for a personal matter that prevents attendance up to two times per calendar year. After discussion by the Commissioners, on motion duly made and seconded, the amendment to the Policy Governing Electronic Participation in Board Meetings was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Brennan provided an update on the progress on the plans to build an addition over the parking deck of the headquarters building and the need to close the RFP process by the adoption of an Interim Agreement. Commissioner Shelton set forth the recommendation of the Executive Committee that work on the project be postponed except for the permitting process with the City of Richmond to give the Board time to assess the full impact of the COVID pandemic on the Authority's operations and environment. On motion duly made and seconded, the Interim Agreement with Hourigan Construction was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Carey made a presentation on the Authority's proposed annual budget for fiscal year 2021. During this presentation, the Commissioners and the staff discussed the following matters: (1) the significant variances between the fiscal year 2020 adopted budget and the fiscal year 2020 projected budget; (2) the significant variances between the fiscal year 2020 projected budget and the fiscal year 2021 proposed budget; (3) the impact of COVID pandemic on REACH *Virginia*, the loan loss provision, loan production, interest rates, cash flow and liquidity and staffing; (4) a comparison of the major components of the fiscal year 2018 actuals, the fiscal year 2019 projected and the proposed budget for fiscal year 2020; (5) 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 2017; (6) a comparison of budgeted revenues for fiscal year 2021; (7) debt balance and interest expense trends since 2017; (8) the net interest margin trend since 2017; (9) REACH *Virginia* grant expense trends since 2017; (10) a

comparison of programmatic costs for fiscal year 2021; (11) staffing trends since 2017; (12) a comparison of administrative costs for fiscal year 2021; and (13) the trends in excess revenue over expenses since 2017. On motion duly made and seconded, the resolution entitled “Resolution - Adoption of 2021 Fiscal Year Operating Budget” dated June 18, 2020, in the form attached hereto, as amended to include the portion of the pool representing the amount of merit increases from the combined \$2,730,900 pool for staff merit and bonuses, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey presented a draft strategic plan for the Commissioner’s to review and consider for a future meeting. The draft plan described the Authority’s commitment to diversity, equity and inclusion and outlined four strategic goals to (i) address state housing needs by partnering with the housing delivery network; (ii) address unmet rental needs of low-income and critical needs populations; (iii) strengthening homeownership for first-time homebuyers; and (iv) deliver superior long-term financial performance to strengthen the Authority’s ability to achieve its mission. Staff would seek input from stakeholders on the draft and report back the Board.

Mr. Carey presented a report on REACH *Virginia* that (i) described the fiscal year 2021 allocation of REACH *Virginia* funds for programs in Community Outreach, Rental Housing, Homeownership, economic development and COVID-19 recovery programs; and (ii) provided 5 year projections for REACH *Virginia* funding.

Mr. Carey made a presentation on how the Authority would like to proceed in expanding its initiative with indieDwell to bring a modular manufacturing facility to Virginia. The proposal included a mixed-use mixed-income loan that would finance the manufacturing facility and homeownership and rental housing in Newport News and an equity investment in the local ownership of the manufacturing facility. The Commissioners discussed the merits of the proposal and the appropriateness of this type of loan and investment. Chairman Narasimhan asked to poll the Commissioners to get a sense from the Board on whether staff should proceed to expand the indieDwell initiative as described in the report. Commissioners Narasimhan, Shelton, Johnson, Johnston, McAdoo Cannon, and Porter voted yes; Commissioner Schewel voted no; and Commissioners Ganeriwala, Gibson, and Ramos abstained. At the conclusion of the discussion, Commissioner Schewel left the meeting.

Chairman Narasimhan on behalf of the Executive Committee, reported that the Committee had discussed (i) the proposal for staff compensation; (ii) the status of the proposed addition to the headquarters building; and (iii) the agenda for the meeting of the Board of Commissioners. Commissioner Gibson also reported the Executive Committee, in its role as the nominating committee for the positions of Chairman and Vice Chairman of the Board, recommended that Commissioner Narasimhan be nominated for Chairman and Commissioner Shelton be nominated for Vice Chairman at the next Board meeting in August.

Commissioner Gibson, on behalf of the Audit Committee, reported that the Committee had (i) discussed the Authority’s process for making its loan loss reserve calculation for its homeownership and rental housing programs; (ii) received a presentation from KPMG on its plan for the audit of the Authority’s fiscal year 2020 financial statements; (iii) received a report on the Authority’s controls regarding termination of employees’ access to external systems when an employee departs the Authority; and (iv) received a report on the method for determining the Internal Audit schedule.

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development, including the following: (i) the current budget status of the Virginia Housing Trust Fund; (ii) the success in sheltering the homeless population through the use of emergency solutions grants with funds made available by the CARES Act; (iii) the exploration of possible uses for Community Development Block Grants to respond to the effects of the COVID pandemic; (iv) the creation of a \$50 million rent and mortgage relief program with CARES Act funds; (v) the hiring of five more staff to support expanding broadband throughout Virginia; (vi) the upcoming hearing on the update to the building code which will focus on energy efficiency and resiliency issues; and (vii) update on work by GO Virginia on economic development and resiliency issues.

There being no further business, the meeting was adjourned at approximately 5:13 p.m.

Shekar Narasimhan, Chairman

Paul M. Brennan, Assistant Secretary