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VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON APRIL 8, 2018

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 April 8, 2018 at the Craddock Terry Hotel & Event Center, 1312 Commerce Street, Lynchburg, Virginia.

COMMITTEE MEMBERS PRESENT:

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

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Paul M. Brennan, General Counsel

Chairman Hale called the meeting of the Committee to order at approximately 1:05 p.m. on April 8, 2018. 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 February 13, 2018 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The Commissioners and staff reviewed and discussed the agendas for the Committee of the Whole and meeting of the Board of Commissioners that included discussions on the infrastructure issues of the Authority and additional investment into information security.

There being no further business, the meeting was adjourned at approximately 1:47 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON APRIL 8-10, 2018

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 April 8-10, 2018, at the Craddock Terry Hotel & Event Center, 1312 Commerce Street, Lynchburg, Virginia.

COMMISSIONERS PRESENT:

Kermit E. Hale, Chairman
Clarissa McAdoo Cannon, Vice Chairman
Timothy M. Chapman
Manju Ganeriwala
Thomas A. Gibson, IV
Erik Johnston
Charles McConnell
Shekar Narasimhan
David E. Ramos
William C. Shelton

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
J. Michael Hawkins, Managing Director of Community Outreach
Arthur N. Bowen, Managing Director of Rental Housing
Toni Ostrowski, Acting Managing Director of Homeownership
Llewellyn C. Anderson, Managing Director of Administration
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs
Neal Rogers, Director of Compliance and Asset Management
Barry Merchant, Senior Policy Analyst
Beth Seward, Director of Statewide Initiatives
Sarah Jones-Anderson, Program Liaison
Sandy Edwards, Office Manager
Courtney Insley, Executive Assistant and Conference Center Administrator
Jeffery L. Smith, Executive Director, Rush Homes
Denise Crews, Director of Housing and Community Development, Lynchburg Community Action Group
Shirley D. Falwell, Branch Manager, C&F Mortgage
Blair Godsey, Partner, Altus Group, Inc.
Marjette Upshur, Director of Economic Development, City of Lynchburg
Mel Jones, Research Associate, Virginia Center for Housing Research
Andrew McCoy, Director, Virginia Center for Housing Research

Chairman Hale called the meeting of the Committee of the Whole to order at 2:03 p.m. on April 8, 2018. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Gibson, who was not present during the meeting on April 8, 2018.

Ms. Dewey reviewed the agenda of the committee meeting.

Ms. Dewey, Mr. Brennan, Mr. Carey, Mr. Bowen, Ms. Ostrowski, Mr. Hawkins, Ms. Wiglesworth and Ms. Anderson presented and discussed with the Commissioners updates on (i) succession management; (ii) the impact of recent federal legislation on the Authority's programs; (iii) the Authority's activities regarding economic development; (iv) efforts to improve information security; (v) infrastructure plans; and (vi) the redesign of vhda.com. The Board and staff also discussed options for using the 12.5% increase in per capita low-income housing tax credits provided in the omnibus spending bill recently passed by Congress.

The meeting continued with a bus tour of affordable housing developments financed or assisted by the Authority in the Lynchburg area. Upon conclusion of the tour, the committee meeting was recessed at 6:05 p.m. on April 8, 2018.

Chairman Hale reconvened the committee meeting at 8:05 a.m. on April 9, 2018. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 9, 2018.

Commissioner Narasimhan presented a report on Opportunity Zones that were established by the 2017 Tax Cuts and Jobs Act. Commissioner Johnston then reported on the efforts of the Department of Housing and Community Development and the Virginia Economic Development Partnership in identifying the census tracts that will be designated Opportunity Zones.

Mr. Merchant presented a report on the housing needs in the Lynchburg area in which he discussed the following matters relative to both the Lynchburg area and the larger Roanoke-Lynchburg-Blacksburg region: (i) the shift in the economic base; (ii) the labor market; (iii) population characteristics; (iv) housing costs; and (vi) the key housing issues for the region.

A panel composed of Mr. Hawkins, Mr. Smith, Ms. Crews, Ms. Falwell, Mr. Godsey and Ms. Upshur made presentations to the Commissioners on the strengths, weaknesses, opportunities, and threats regarding (i) the affordable housing market in the Lynchburg area and (ii) their organizations interaction with the Authority in their efforts to provide affordable housing in the Lynchburg area.

Mr. Bowen and Mr. Bondurant reported on considered changes to the Qualified Allocation Plan for the federal low-income housing tax credits for calendar year 2019 and 2020 allocation cycles. Mr. Bondurant noted that the considered changes will be presented to stakeholders at a forum to be held on May 22, 2018. Staff will present proposed changes to the Board at its meeting in June and staff will conduct a second forum on July 16, 2018. The comment period on the proposed changes will end on the day of the public hearing scheduled for July 18, 2018. The final proposed changes, along with a summary of public comments, will be presented to the Board at its meeting in August. The consensus of the Committee was for staff to proceed with soliciting public comment on the proposed changes. Staff will also present options

for the application of the 12.5% increase in per capita low-income housing tax credits for the Board to consider at its meeting in June.

The committee meeting was recessed at 12:24 p.m. on April 9, 2018.

Chairman Hale reconvened the committee meeting at 2:03 p.m. on April 9, 2018. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 9, 2018.

Ms. Jones and Mr. McCoy presented a report on the key findings from the November 2017 report to Virginia's Housing Policy Advisory Council entitled "Addressing the Impact of Housing For Virginia's Economy" that explored the relationship between housing and community development. The Commissioners separated into two groups to discuss the key findings of the report and to prioritize potential efforts by the Authority to address the findings in the report. The Commissioners reconvened to report out what was discussed at each of the small group discussions. Following this discussion, the committee meeting was recessed at 5:25 p.m. on April 9, 2018.

Chairman Hale reconvened the committee meeting at 8:03 a.m. on April 10, 2018. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the committee meeting, except Commissioners Ramos and Narasimhan, who left the meeting as noted below and Commissioner Johnston, who was not present during the meeting on April 10, 2018.

Mr. Carey reported on the significant factors that will impact the Authority's budget for fiscal year 2019, including: (i) factors affecting the Authority's net interest margin; (ii) programmatic expenses, including loan loss provision and expenses, REACH *Virginia* grants, mortgage lending and servicing costs, and ancillary fee income; (iii) administrative expenses, including staffing costs, facilities and equipment, projects and technology expenses, and professional services costs, with detail on costs for information security and the lease of Virginia Housing Center II. Mr. Carey's report also discussed (i) the Authority's expectations regarding excess revenues for fiscal year 2018 and 2019 and (ii) prior contributions to REACH Virginia funds and projected contributions through fiscal year 2020 and the creation of a new Special Initiatives Pool designed to address affordable housing issues identified in the report to Virginia's Housing Policy Advisory Council. Commissioner Ramos left the meeting after the conclusion of this report.

Ms. Neale presented a report of the results of a customer satisfaction survey sent to over 2,800 stakeholders, from which the Authority received 540 responses. The survey results were very positive, particularly with the questions regarding the likeliness to do business with the Authority again and the likeliness of recommending others to do business with the Authority.

The Board then had an open discussion on the issues discussed or not discussed during the committee meeting, including, possible uses for the 12.5% increase in low-income housing tax credits; the development of a regional strategy for deploying resources; involvement in the use of modular housing in Virginia; incentivizing development in localities that include affordable housing in their economic development plans; and targeting resources to the redevelopment of failed shopping centers.

Upon the conclusion of this discussion, the committee meeting was adjourned at 10:00 a.m. on April 10, 2018. Commissioner Narasimhan left after the adjournment of the committee meeting.

Chairman Hale convened the regular meeting of the Commissioners at 10:20 a.m. on April 10, 2018. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Johnston, Narasimhan and Ramos, who were not present during the regular meeting on April 10, 2018.

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on February 14, 2018 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Carey advised the Board on the salient features of the Authority's proposed Rental Housing Bonds, 2018 Series C-Non-AMT with a maximum issue size of \$85 million that will finance mortgage loans for approximately four multi-family developments and are expected to bear fixed interest rates and have a final maturity in 30-35 years. The underwriters for the 2018 Series C-Non-AMT are expected to be determined by competitive bid, but because of the size of the transaction it may be a candidate for a negotiated transaction.

On motion duly made and seconded, the resolution entitled "Resolution in Recognition and Appreciation of the Twenty-Fifth Anniversary of project: HOMES" dated April 10, 2018, 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 1B, 2A and 2B 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 1B, Church Hill North Phase 2A, Church Hill North Phase 2B" dated April 10, 2018, 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 bond limitations resolution for the Authority's Commonwealth Mortgage Bonds that (i) provides for issuance of Commonwealth Mortgage Bonds in aggregate amounts not to exceed \$500 million, (ii) provides for the sale of the Commonwealth Mortgage Bonds not later than May 31, 2019, and (iii) authorizes the distribution of one or more preliminary and final official statements for the Commonwealth Mortgage Bonds in substantially the form thereof presented at the meeting. On motion duly made and seconded, the resolution entitled "Bond Limitations Resolution" dated April 10, 2018, 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 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 \$500 million, (ii) provides for the sale of the Rental Housing Bonds not later than May 31, 2019, 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 April 10, 2018, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Carey presented a resolution required by Ginnie Mae that designates the officers of the Authority authorized to transact business with Ginnie Mae. On motion duly made and seconded, the resolution entitled “Resolution and Certificate of Authorized Signatures” dated April 10, 2018, 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 use \$659,098,900 of the Authority’s private activity bond authority for the mortgage credit certificate program. A motion to recommend approval of the resolution entitled “Mortgage Credit Certificate Program Resolution” dated April 10, 2018, was duly made and seconded and was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Hawkins presented a resolution on the five-year and annual plans for the Authority’s administration of the Housing Choice Voucher program. On motion duly made and seconded, the resolution entitled “Resolution Approving the PHA Five-Year and Annual Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program” dated April 10, 2018, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Hale, on behalf of the Executive Committee, reported that the Committee had reviewed the agendas for the meeting of the Board of Commissioners that included discussions on the infrastructure issues of the Authority and additional investment into information security at the Authority.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: (i) the Authority was honored for its involvement in the Residences at Government Center project that was recognized at the 2018 National Public-Private Partnership Awards; (ii) the generosity of associates in giving to the Commonwealth of Virginia Campaign; (iii) the launch a marketing campaign to drive awareness of the Authority’s programs for first-time homebuyers; and (iv) upcoming events, including: Operation Homeownership on May 14, 2018, at Nauticus in Norfolk; the 26th and final Don Ritenour Charity Golf Classic on May 24, 2018, at Ford’s Colony in Williamsburg; the annual HAND luncheon on June 12, 2018, in Washington, D.C.; the next meeting of the Board on June 13, 2018; the Virginia Housing Alliance Annual Awards Luncheon on June 14, 2018, in Richmond; the annual meeting of the Board on August 15, 2018; and the Governor’s Housing Conference to be held on November 14-16, 2018, in Arlington.

Chairman Hale thanked the Commissioners for their participation in the extended meetings of the Board and thanked staff for their efforts in coordinating the meeting.

There being no further business, the meeting was adjourned at approximately 10:50 a.m. on April 10, 2018.

Kermit E. Hale, Chairman

Paul M. Brennan
Assistant Secretary