

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON FEBRUARY 12, 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 February 12, 2019 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman  
Charles McConnell, Vice Chairman  
Thomas A. Gibson, IV  
Clarissa McAdoo Cannon

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Paul M. Brennan, Chief Counsel  
Tammy Neale, Chief of Staff  
Patrick J. Carey, Chief of Program Strategy  
Janet Wigglesworth, Chief of Operations  
Barbara Blankenship, Managing Director of Human Resources  
Lisa Watson, Managing Director of Human Resources

Chairman Hale called the meeting of the Committee to order at approximately 6:00 p.m. on February 12, 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 meetings of the Committee held on October 9, 2018 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Blankenship presented a proposal for a mid-year bonus for the Executive Director. The members of the Committee discussed the proposal and approved a 5% mid-year bonus that the Committee would recommend to the Board of Commissioners.

Chairman Hale discussed the hiring of Korn Ferry to conduct a compensation study of the Authority and the role of the Board in guiding the portion of the study that applies to the Executive Director position.

Mr. Brennan provided an update to the Committee on the expansion of the Authority's headquarters, including, the hiring of a consultant to help with the planning and management of the construction and the hiring of a law firm that specializes in procurement under the Public-Private Education Facilities Infrastructure Act of 2002, and the adoption of guidelines required by the Act.

The Commissioners and staff reviewed and discussed the revised format for the meetings of the Board of Commissioners.

Ms. Dewey provided an overview of the Authority's involvement in the Commonwealth's Amazon HQ2 proposal and its commitment to provide an additional \$15

million of REACH funds a year for 5 years. Staff will provide the Board with a proposal that will provide pre-approved support for the Authority's involvement in future economic development opportunities. Ms. Dewey also advised the Committee that it planned to start investigating locations for a satellite office in northern Virginia to support its activities in that region.

There being no further business, the meeting was adjourned at approximately 7:00 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE  
HELD ON FEBRUARY 13, 2019

Pursuant to the call of the 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 February 13, 2019 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS ABSENT:

Shekar Narasimhan

OTHERS PRESENT:

Paul M. Brennan, Chief Counsel  
Patrick J. Carey, Chief of Program Strategy  
Janet Wigglesworth, Chief of Operations  
Fred Bryant, Deputy Chief Counsel  
Barbara Blankenship, Managing Director of Human Resources  
Lisa Watson, Managing Director of Human Resources  
Toni Ostrowski, Managing Director of Homeownership  
Ross Strodel, Internal Audit Director  
David Henderson, Director of Accounting and Administration

The meeting of the Audit Committee was called to order by Chairman Gibson at approximately 8:15 a.m. on February 13, 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 August 15, 2018 and October 10, 2018 were approved by the affirmative vote of the members of the Committee then present at the meeting.

Mr. Strodel presented the results of Internal Audit’s completed audits covering the Mortgage Credit Certificate and Down Payment Assistance Programs and VHDA’s Retiree Healthcare Program. Ms. Blankenship and Mr. Henderson also provided some background information on the Retiree Healthcare Program.

Mr. Strodel also provided an update on the current status of Internal Audit’s active audits involving the Investments Department, Rental Compliance and Asset Management and Rental Development activities.

Mr. Strodel then provided Internal Audit’s required annual attestation confirming ongoing conformance with Professional Standards and Code of Ethics.

Ms. Ostrowski provided an update on the guidance from Fannie Mae on “red flags” regarding fraudulent W2 forms, fictitious employers and procedures for verifying employment that was discussed during the Audit Committee meeting on August 15, 2018. Ms. Ostrowski confirmed that the Authority’s quality control procedures address these risks.

There being no further business, the meeting was adjourned at 8:36 a.m. on February 13, 2019.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON FEBRUARY 13, 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 February 13, 2019, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Kermit E. Hale, Chairman  
Charles McConnell, Vice Chairman  
Barbara Blackston  
Clarissa McAdoo Cannon  
Manju Ganeriwala  
Thomas A. Gibson, IV  
Abigail Johnson  
Erik Johnston  
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, Managing Director of Homeownership  
Hil Richardson, Managing Director of Capital Markets  
Llewellyn C. Anderson, Managing Director of Administration  
Barbara Blankenship, Managing Director of Human Resources  
Lisa Watson, Managing Director of Human Resources  
Julie Camus, Managing Director of Risk  
J. Kyle Howard, Managing Director of Information Technology  
Fred Bryant, Deputy Chief Counsel  
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs  
Michael Urban, Director, Homeownership Lending  
Janice Burgess, Director, Homeownership Lending  
Demas Boudreaux, Legislative Liaison  
Steven Mintz, Associate Chief Counsel  
Jeffrey Quann, Senior Counsel  
David Henderson, Director of Accounting and Administration  
Stephanie Flanders, Tax Credit Allocation Officer  
Ross Strodel, Internal Audit Director  
Courtney Insley, Executive Assistant

Janet Groessler, Senior Executive Assistant  
Marco Howard, Senior Desktop Support Analyst  
Zachary Mayo, Risk & Organizational Data Analyst  
Erica Etterling, Regional Compliance Support Manager  
Elizabeth Conwell, IT Infrastructure Manager  
Stephanie Johnson, Senior Staff Auditor  
Chris Thompson, Director of Strategic Housing  
Daniel Kern, Business Development and Training Manager  
Deanna Pomeroy, Loan Program Underwriter  
James Wells, Business and Reporting Analyst  
David Layman, Rental Owned Property Portfolio Manager  
Jennifer McCarthy, Senior Counsel  
Alena Henderson, Rental Business Analyst  
Jason Thompson, Director of Risk and Organizational Reporting  
Mindy Hal-Sexton, Loan Programs Manager

Chairman Hale called the regular meeting of the Board of Commissioners to order at approximately 9:00 a.m. on February 13, 2019. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Narasimhan, who joined the meeting as noted below and Commissioner Shelton, who left the meeting as noted below.

Chairman Hale, on behalf of the Board, welcomed Ms. Watson to the Authority.

No members of the public requested an opportunity to make comments during the public comment period of the meeting.

Ms. Dewey introduced twelve members of the Authority's Leadership Development Program that would be observing the regular meeting of the Commissioners. Ms. Dewey also reviewed the revisions to the format of the Board meetings.

Ms. Dewey presented a report on the activities and operations of the Authority that focused on three topics; low-income housing, innovation and economic development. On the topic of low-income housing, Ms. Dewey discussed (i) the redevelopment of Buckingham Mobile Home Park; (ii) the rehabilitation of Diggs Town I, a public housing development in HUD's Rental Assistance Demonstration Program; (iii) the construction of Columbia Hills, the first 9%/4% low-income housing tax credit development; and (iv) the impact of an Authority grant to the Lynchburg Collaborative to finance a study of the current housing stock in Lynchburg. On the topic of innovation, Ms. Dewey discussed the Authority's efforts in researching methods that lower the cost of producing affordable housing, including, (i) reviewing construction with a 3-D printer; (ii) the Authority's intention to purchase a shipping container home to display at an innovation conference in May; (iii) improving the method of financing manufactured housing; and (iv) viewing a prisoner built housing program. On the topic of economic development, Ms. Dewey discussed the Authority's support of Executive Order 25 in developing partnerships to link housing with economic development through its creation of a Northern Virginia Task Force on Affordable Housing to help the Authority develop plans for the utilization of an additional annual \$15 million of REACH funds pledged for five years resulting from Amazon HQ2 discussions.

The following items 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 Committee of the Whole and the regular meeting of the Commissioners held on October 10, 2019; (ii) the resolution entitled “Resolution Ratifying the Reservations of Tax Credits for the Developments in the Accessible Supportive Housing (ASH) Pool” dated February 13, 2019, in the form attached hereto; and (iii) the resolution entitled “Resolution Establishing Regular Meeting Dates of the Board of Commissioners from July 1, 2019, through December 31, 2019” dated February 13, 2019, in the form attached hereto.

Mr. Brennan presented the rules and regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income that update the rules and regulations to reflect changes made to the Authority’s homeownership loan programs. The Authority did not receive any comments from the public on the proposed rules and regulations and no additional changes were made to the rules and regulations that were presented at the Board’s meeting in October, 2019. On motion duly made and seconded, the resolution entitled “Resolution Revising and Restating Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income” dated February 13, 2019, in the form attached hereto, was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Brennan presented the rules and regulations for Qualified Mortgage Credit Certificate Programs that update the rules and regulations to reflect changes references to the Authority’s rules and regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income. The Authority did not receive any comments from the public on the proposed rules and regulations and no additional changes were made to the rules and regulations that were proposed at the Board’s meeting in October, 2019. On motion duly made and seconded, the resolution entitled “Resolution Revising and Restating Rules and Regulations for Qualified Mortgage Credit Certificate Programs” dated February 13, 2019, in the form attached hereto, was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Brennan presented guidelines for implementing the Public-Private Education Facilities and Infrastructure Act of 2002. The guidelines are required if the Authority decides to pursue the procurement of a contractor under the requirements of the Act. On motion duly made and seconded, the resolution entitled “Resolution Adopting the Guidelines for Public-Private Education Facilities and Infrastructure Act of 2002” dated February 13, 2019, in the form attached hereto, was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Chairman Hale reported that the Executive Committee had discussed (i) the selection of the firm, Korn Ferry, to conduct a compensation study of the Authority and that Korn Ferry will be interviewing all Commissioners regarding the role of the Executive Director; (ii) an update on the expansion of the headquarters building, including the selection of a construction management firm to help plan and manage the construction of the addition and the hiring of a law firm the specializes in procurement issues and the requirements of the Public-Private Education Facilities and Infrastructure Act of 2002; (iii) the Authority’s involvement in the Commonwealth’s bid for Amazon HQ2; and (iv) plans to start investigating locations for a satellite office in northern Virginia.

Commissioner Gibson, on behalf of the Audit Committee, reported that the Committee had received and discussed the results of the completed audits covering Mortgage Credit Certificate and Down Payment Assistance Programs and the Retiree Healthcare Program. Commissioner Gibson also reported that Internal Audit provided (i) an update on active audits; and (iii) its annual attestation affirming their objectivity and independence as required by Auditor professional standards.

Ms. Anderson reported on the Authority's financial results for the fiscal year-to-date ending December 31, 2017.

Mr. Richardson advised the Board on the salient features of the Authority's proposed Rental Housing Bonds, 2019 Series B-Non-AMT with a maximum issue size of \$55 million that will finance mortgage loans for approximately six multi-family developments.

Mr. Carey, Mr. Hawkins, Mr. Bowen, and Ms. Ostrowski presented the Authority's mid-year strategic report and year-to-date progress on the metrics that show the Authority's progress in addressing the goals of the Authority's strategic plan; that included: (i) the Authority's current financial position, including projected excess revenues of \$135 million for the 2019 fiscal year, and the \$378 million in REACH *Virginia* resources resulting from the Authority's financial performance; (ii) progress on the Authority's outreach efforts to organizations in Virginia's affordable housing delivery network and to the Go Virginia Regional Boards; (iii) the number of rental units produced for unmet rental needs in Virginia; and (v) the Authority's homeownership market share in underserved markets. The report also included the impact of the federal government shutdown on the Authority's programs and its stakeholders. Ms. Wiglesworth provided a report to the Board on the internally focused goals of the Authority that included: (i) the engagement of TMI Consulting to help with the diversity and inclusion efforts at the Authority; (ii) plans to convert the data center to hyper-converged infrastructure that will save the Authority an estimated \$2.2 million over a five year period but will negatively impact the fiscal year 2019 budget by \$2 million; and (iii) the kickoff of the Authority's rebranding effort.

Mr. Bowen and Mr. Bondurant presented the Authority's plan to award low-income housing tax credits to developments incorporating innovation into the development process. Applications will be submitted in July, which will be reviewed by an Innovation Committee prior to presentation to the Board.

Ms. Dewey provided an overview of plans for the Regional Board meeting in Abingdon on April 7-9, 2019.

Mr. Brennan provided an update on legislation at the current session of the General Assembly, including the passage of Senate Joint Resolution 94, confirming the appointments of Commissioners Blackston and Narasimhan

Commissioner Johnston reported on recent activities of the Department of Housing and Community Development, including the following: (i) the Governor's advocating for a \$19 million increase in funding to the Housing Trust Fund; (ii) the six eviction bills in the General Assembly, including one creating an eviction diversion program and the Department's involvement in eviction prevention; (iii) the request to increase the budget from \$20 to \$50 for the last mile of broadband; and (iv) the restarting of the building code cycle in March that will



include a review of the Building Code as it relates to resiliency and innovative technology. Commissioner Shelton left the meeting at the conclusion of Commissioner Johnston's report.

On motion duly made and seconded, a resolution that the Committee convene in closed session to discuss and consider the performance and compensation of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and further that Ms. Blankenship, Ms. Wiglesworth, Ms. Watson 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 vote of the Commissioners noted above 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. On motion duly made and seconded, a motion to award a mid-year bonus for the Executive Director in the amount recommended by the Executive Committee, was approved by the affirmative vote of the Commissioners. Commissioners Hale, McConnell, Blackston, McAdoo Cannon, Ganeriwala, Gibson, Johnson and Johnston voted in favor of motion; Commissioner Ramos voted to oppose the motion.

There being no further business, the meeting was adjourned at approximately 1:15 p.m. on February 13, 2019.

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Kermit E. Hale, Chairman  
Chairman

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Paul M. Brennan  
Assistant Secretary