

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE FINANCE COMMITTEE  
HELD ON DECEMBER 13, 2023

Pursuant to the call of the Committee Chair and notice duly given, the meeting of the Finance Committee of the Board of Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on December 13, 2023, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

David Richardson, Chair  
Thomas A. Gibson, IV  
Carlos Larrazabal  
William C. Shelton

COMMITTEE MEMBERS ABSENT:

Abigail Johnson  
Bryan Horn

OTHER COMMISSIONERS PRESENT:

Nathalia Artus  
Davon Gray  
Donald E. Scoggins  
Sarah B. Stedfast  
Dominique Hicks-Whitaker

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer  
Fred W. Bryant, Chief Counsel  
Tammy Neale, Chief of Programs  
Hil Richardson, Chief Financial Officer  
Janet Wiglesworth, Chief of Operations  
Llewellyn C. Anderson, Managing Director of Federal Programs  
Herman Aparicio, Managing Director of Information Technology  
David Henderson, Managing Director of Finance and Administration  
Monique Johnson, Managing Director of Community Outreach  
Janet Little, Acting Managing Director of Capital Markets  
Steve Mintz, Deputy Chief Counsel  
Mike Urban, Managing Director of Homeownership  
Lisa Watson, Managing Director of Human Resources  
Bill Corcoran, Special Advisor to Capital Markets  
Shannon Cribbs, Enterprise Portfolio Management Director  
Bryce Dort, Audio Visual Technician  
Sandy Edwards, Assistant to the Chief Executive Officer  
Candice Evans, Finance Associate  
Fabrizio Fasulo, Director of Policy and Planning  
Joe Feaser, Director of Homeownership Finance  
Alex Gambale, Finance Associate

David Glassman, Assistant Director Rental Housing Development  
Cindy Hii, Internal Audit Director  
Michelle Jackson, Senior Executive Assistant  
Tara Jenkins, Director of Executive Services  
Chamara McCray, Senior Executive Assistant  
Sandy Redd, Senior Finance Manager  
Heather Richey, Director of Rental Housing Finance  
Mindy Sanders, Lead Internal Auditor  
Keyron Scott, Internal Staff Auditor  
Jason Thompson, Associate Chief  
David Jones, CSG Advisors  
Kathleen Orlandi, Hawkins, Delafield & Wood LLP

The meeting of the Finance Committee was called to order by Chair Richardson at approximately 9:30 AM on December 13, 2023. 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 a motion duly made and seconded, the minutes of the Committee meetings held on June 6, 2023, in the form attached hereto, were approved by the affirmative vote of the Committee members present, other than Commissioner Gibson who abstained because he was not on the Committee as of June 6<sup>th</sup>.

Mr. Richardson and Mr. Jones gave a report on the Enterprise-Wide Economic Model. The two key objectives of the model are to (1) forecast financial resources, and (2) evaluate future REACH allocations in relation to financial position. Limitations of the exercise were described including the inability to predict the timing and magnitude of future economic and environmental events. Metrics evaluated included profitability, balance sheet impact, and funds available for REACH. The Model projects a range of financial outcomes under Base Case, Optimistic and Pessimistic scenarios. The takeaways from profitability review are that: (1) there is a wide range of potential results, (2) recurring revenues from the Authority's sizeable mortgage loan portfolio provide stability, (3) grants and expenses to increase but, in the Base Case scenario, are offset by increased revenues, and (4) continued active management is key. Annual REACH allocations are assumed to be 75% of a 3-year average of adjusted net income beginning in FY25 and are projected to remain stable or slightly increase in the Optimistic and Base Case scenarios but decline in the Pessimistic scenario. The balance sheet is likely to continue its growth and Net Position is likely to increase marginally and (3) future REACH allocations are quite stable. Additional observations include: (1) stable and growing net position is key, (ii) the revised REACH formula based on 3-year average of net income before grants (compared to prior 5-year avg) adjusts REACH allocations more quickly, and (3) the impact of REACH loan interest rate reduction subsidies on future net income and the volume of future loan production required to deploy such subsidy should continue to be evaluated.

There being no further business, the meeting was adjourned at approximately 10:35 AM.