

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 12, 2024

Pursuant to the call of the Chair and notice duly given, the regular meeting of the Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on December 12, 2024, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Sarah B. Stedfast, Chair
William C. Shelton, Vice Chair
Matthew Fields (Via Webex)
Davon Gray (Via Webex)
Dominique Hicks-Whitaker
Bryan Horn
Abigail Johnson (Via Webex)
Dare Ruffin
Donald E. Scoggins

COMMISSIONERS ABSENT:

Michael Olivieri
David L. Richardson

OTHERS PRESENT:

Tammy Neale, Chief Executive Officer
Fred Bryant, Chief Counsel
Tara Jenkins, Chief of Staff
Hil Richardson, Chief Financial Officer
Janet Wiglesworth, Chief of Operations
Herman Aparicio, Managing Director of Information Technology
JD Bondurant, Managing Director of Rental Housing
Andrew Burguiere, Managing Director of Capital Markets
David Henderson, Managing Director of Finance and Administration
Steven Mintz, Deputy Chief Counsel
Madelyn Peay, Managing Director of Community Outreach
Mike Urban, Managing Director of Homeownership
Lisa Watson, Managing Director of Human Resources
Marissa Arnold, Executive Program Administrator
Artonda Cheeseman, Executive Office Manager
Bryce Dort, Conference Center Liaison
Sandy Edwards, Assistant to the Chief Executive Officer
Fabrizio Fasulo, Director of Policy and Planning
Fred Gatty, Strategy and Change Management Consultant
Tavish Grade, Audio Visual Technician

Michelle Jackson, Senior Executive Assistant
Monica Jefferson, Associate Chief
Salathia Johnson, Associate Chief
Cindy Patterson, Internal Audit Director
Maria Pruner, Associate Chief
Hope Rutter, Director of Rental Housing Servicing
Matthew Steele, Organizational Development Consultant
Jason Thompson, Associate Chief
Adrienne Whitaker, Director of Diversity, Equity and Inclusion
Shelli Jost Brady, Floricane
Thomas Gordon, KPMG (Webex)
John Sarvay, Floricane

Chair Stedfast called the regular meeting of the Board of Commissioners to order at approximately 10:50 AM on December 12, 2024. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Johnson who joined the meeting as noted below and Commissioners Gray and Hicks-Whitaker who left the meeting as noted below. Per Virginia Housing's Amended and Restated Policy Governing Electronic Participation in Board Meetings dated August 13, 2024, Mr. Bryant noted that Commissioner Johnson would subsequently join the meeting and participate in the meeting via Webex from Bologna, Italy due to her principal residence being more than 60 miles from the meeting location, Commissioner Fields was participating in the meeting via Webex from Grundy, Virginia due to a personal matter, and Commissioner Gray was participating in the meeting via Webex from Manassas, Virginia due to a personal matter.

Ms. Neale presented updates on (i) her activities in the role of Chief Executive Officer, including meetings with Board members and partners and her Chief Executive Officer Connect Tour; (ii) a legislative watch report for the 2025 General Assembly session, (iii) policy issues related to the federal election results, (iv) Advisory Council meetings; (v) efforts with respect to economic development and housing, including the new Workforce Housing Investment Program, (vi) telling our story at events and conferences, (vii) Inclusion, Diversity, Equity and Access efforts, including a new program to recruit and retain veterans, active-duty military and military spouses as Virginia Housing employees and recruiting at HBCUs, and (viii) the Virginia Housing FY24 Annual Report. Ms. Neale also congratulated Commissioner Ruffin on her completion of the Lead757 program and Mr. Richardson for thirty years of service at Virginia Housing. Commissioner Johnson joined the meeting during Ms. Neale's report.

Commissioner Horn provided an update on the recent activities of the Department of Housing and Community Development (DHCD). This included (i) the successful Virginia Governor's Housing Conference, (ii) the Governor's issuance of Executive Order 42 regarding economic development and housing, (iii) the upcoming awards from DHCD's Affordable and Special Needs Housing (ASNH) and homelessness programs, (iv) the pending announcement of federal funding of housing programs for 2026, and (v) an update on DHCD's work on extending broadband service (including the BEAD program).

Mr. Fasulo presented Board Brief #17 - Operating Costs in Affordable Multifamily Properties detailing rising operating costs as a growing challenge for multifamily housing providers. Ms. Rutter provided additional detail on rapidly escalating hazard insurance premium increases for developments in Virginia Housing's rental housing loan portfolio. Commissioner Johnson provided information on a recent ASTM guide for Property Resilience Assessments as a potential tool for identifying ways to lower hazard insurance costs.

The meeting was recessed for lunch from 11:50 AM to 12:25 PM.

Chair Stedfast reconvened the meeting at approximately 12:25 PM. All Commissioners listed above as present at the meeting were present at that time and remained present throughout the remainder of the meeting, except Commissioner Gray and Commissioner Hicks-Whitaker who left the meeting during the lunch recess and did not return.

Mr. Fasulo updated the Commissioners regarding progress on, and the process for, developing Virginia Housing's next Strategic Plan, and introduced Ms. Brady and Mr. Sarvay from Floricane, Virginia Housing's strategic planning consultant firm. Ms. Brady and Mr. Sarvay provided an update on the focus groups they conducted with Virginia Housing customers and stakeholders and emerging themes for the Strategic Plan based on those discussions.

Chair Stedfast opened the floor for discussion of other Board matters. Commissioner Scoggins commented on the importance of encouraging the creation of entry level for-sale homes. Commissioner Ruffin also spoke in support of creating homeownership opportunities for first-time homebuyers.

Chair Stedfast, on behalf of the Executive Committee, reported that, at its meeting that morning, the Committee took the following actions (i) approved the minutes of its October 23rd meeting, (ii) reviewed the Board meeting agenda, (iii) received a report from Ms. Neale on the Chief Executive Officer performance review timeline and a comprehensive staff compensation study, and (iv) Ms. Wiglesworth provided updates on leased office space and the evaluation of a potential parking deck at Virginia Housing headquarters.

In Commissioner Richardson's absence, Chair Stedfast, on behalf of the Finance Committee, reported that, at its meeting that morning, the Committee took the following actions (i) approved the minutes of its June 4th meeting, and (ii) received a report from Mr. David Jones from Virginia Housing's financial advisor, CSG, on the five-year Enterprise-Wide Economic Model.

Mr. Henderson reported on the financials and budget, specifically with respect to Virginia Housing's financial statements as of September: (i) year to date, Virginia Housing achieved \$26.2 million in excess revenue over expenses (before GASB Adjustments), which is \$3.5 million greater than budget but \$5.9 million below last year; (ii) year to date net interest margin of \$73.6 million, which is \$2.2 million under budget but \$4.7 million above last year; (iii) year to date programmatic expenses were \$5.0 million lower than budget: MSR amort, Loan Acquisition & Pooling Costs were \$2.0 million higher than budget which were offset by \$5.8 million in lower than budgeted loan loss provision and expenses; (iv) year to date administrative expenses are \$2.7 million lower

than budget mostly due to lower than budget staffing costs (\$1.5 million) and below budget projects & technology costs (\$1.1 million); (v) total assets of \$11.1 billion, an increase of \$1.8 billion above last year; (vi) total liabilities of \$7.2 billion, an increase of \$1.6 billion above last year, with the average cost of debt at 3.77% versus 3.40% last year; (vii) a net position of \$3.9 billion, an increase of \$136.1 million from last year, an annualized increase of 3.6%; (viii) annual investment interest return of 4.73%, which is 0.43% above budget and 0.24% higher than last year; (ix) total market value of investments (excluding cash) was \$2.6 billion, including a \$43.5 million decrease in GASB 31 market value adjustments, with 70.5% of investments held in money market instruments and 29.4% held in mortgage backed securities (“MBS”); (x) a total mortgage portfolio of \$15.1 billion (including loans serviced for the government sponsored entities (“GSEs”)), a \$1.0 billion increase over last year; (xi) total assets and GSE servicing of \$17.0 billion, a \$1.4 billion increase over last year; and (xii) year to date interest subsidy costs of \$3.6 million, which reflects the cost to Virginia Housing of REACH Virginia loan subsidies.

Mr. Burguiere (i) discussed the prior and anticipated bond issuance calendar; and (ii) presented salient features memoranda for the Commonwealth Mortgage Bonds, 2023 Series E-5 Non-AMT (tax exempt), 2025 A-Taxable and Rental Housing Bonds, 2025 Series A-Taxable and Series B-Non-AMT (tax-exempt) as of November 12, 2024.

On a motion duly made and seconded to approve the consent agenda, the following, in the forms attached hereto, were approved by the affirmative vote of the Commissioners then present: (i) minutes of the regular meeting of the Commissioners held on October 23, 2024, (ii) a resolution entitled “Bond Limitations Resolution” dated December 12, 2024, and (iii) a resolution entitled “Resolution Approving and Ratifying Reservations of Virginia Housing Opportunity Tax Credits” dated December 12, 2024.

There being no further business, the meeting was adjourned at approximately 1:30 PM on December 12, 2024.

Sarah B. Stedfast, Chair

Fred W. Bryant, Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 12, 2024

Pursuant to the call of the Committee Chair and notice duly given, the meeting of the Executive Committee of the Board of Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on December 12, 2024, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Sarah B. Stedfast, Chair
David L. Richardson
William C. Shelton

COMMITTEE MEMBERS ABSENT:

Davon Gray

OTHERS PRESENT:

Tammy Neale, Chief Executive Officer
Fred Bryant, Chief Counsel
Tara Jenkins, Chief of Staff
Hil Richardson, Chief Financial Officer
Janet Wigglesworth, Chief of Operations
Lisa Watson, Managing Director of Human Resources
Artonda Cheeseman, Executive Office Manager

The meeting of the Executive Committee was called to order by Chair Stedfast at approximately 9:00 AM on December 12, 2024. 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 meeting held on October 23, 2024, were approved by the affirmative vote of the Commissioners present at the meeting.

The Committee reviewed and discussed the agenda for the Board Meeting.

Ms. Neale provided an update on her recent attendance at the NCSHA Executive Director’s Workshop and the Chief Executive Officer performance review timeline. The consensus of the Committee was that Ms. Neale will deliver her midyear progress notes to Chair Stedfast in January and the two will meet and discuss performance in February, tentatively set for the day prior to the February Board meeting.

Ms. Neale updated the Board regarding a comprehensive staff compensation study. Staff will terminate the existing engagement and immediately begin work to hire a new consultant (drawn from the pool of consultants previously submitting proposals to Virginia Housing) to

perform such study and the goal is to materially complete the study prior to the annual budget discussion in June of 2025.

Ms. Wiglesworth provided updates on leased office space and the evaluation of a potential parking deck at Virginia Housing headquarters. Both projects are proceeding on schedule.

There being no further business, the meeting was adjourned at approximately 9:20 AM on December 12, 2024.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE FINANCE COMMITTEE
HELD ON DECEMBER 12, 2024

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 12, 2024, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

David Richardson, Chair
Sarah B. Stedfast
Matthew Fields (Via Webex)
Bryan Horn
Abigail Johnson (Via Webex)
Dare Ruffin

COMMITTEE MEMBERS ABSENT:

None

OTHER COMMISSIONERS PRESENT:

Donald E. Scoggins
Dominique Hicks-Whitaker
William C. Shelton

OTHERS PRESENT:

Tammy Neale, Chief Executive Officer
Fred W. Bryant, Chief Counsel
Tara Jenkins, Chief of Staff
Hil Richardson, Chief Financial Officer
Janet Wiglesworth, Chief of Operations
Herman Aparicio, Managing Director of Information Technology
JD Bondurant, Managing Director of Rental Housing
Andrew Burguiere, Managing Director of Capital Markets
David Henderson, Managing Director of Finance and Administration
Steven Mintz, Deputy Chief Counsel
Madelyn Peay, Managing Director of Community Outreach
Mike Urban, Managing Director of Homeownership
Lisa Watson, Managing Director of Human Resources
Marissa Arnold, Executive Program Administrator
DJ Benway, Senior Policy Analyst
Artonda Cheeseman, Executive Office Manager
Sandy Edwards, Assistant to the Chief Executive Officer
Fabrizio Fasulo, Director of Policy and Planning
Tavish Grade, Audio Visual Technician
Monica Jefferson, Associate Chief
Janet Little, Special Advisor to Capital Markets

Jason Thompson, Associate Chief
David Jones, CSG

The meeting of the Finance Committee was called to order by Chair Richardson at approximately 9:30 AM on December 12, 2024. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting. Per Virginia Housing's Amended and Restated Policy Governing Electronic Participation in Board Meetings dated August 13, 2024, Mr. Bryant noted that Commissioner Johnson was participating in the meeting via Webex from Bologna, Italy due to her principal residence being more than 60 miles from the meeting location and Commissioner Fields was participating in the meeting via Webex from Grundy, Virginia due to a personal matter.

On a motion duly made and seconded, the minutes of the Committee meetings held on June 4, 2024, in the form attached hereto, were approved by the affirmative vote of the Committee members.

Mr. Richardson introduced Mr. Jones from Virginia Housing's financial advisor, CSG. Mr. Jones gave a report on the five-year Enterprise-Wide Economic Model ("the Model"). The two key objectives of the Model are to (1) forecast financial resources, and (2) evaluate future REACH allocations. Mr. Jones noted that the model is inherently limited by the inability to predict the timing and magnitude of future economic 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 are that: (1) there is a wide range of potential results, (2) recurring revenues from Virginia Housing's sizeable mortgage loan portfolio provide stability, (3) grants and expenses are projected to stabilize, and (4) continued active management is key. Annual REACH allocations are projected to remain relatively stable or increase in the Base Case and Optimistic scenarios but decline in the Pessimistic scenario. It is anticipated that the Board will receive an overview of REACH from staff at the April 2025 meeting. The balance sheet and total loans serviced are forecasted to grow and net position is expected to increase marginally.

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