

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON JUNE 26, 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 June 26, 2024, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Thomas A. Gibson, IV, Chair
Nathalia Artus, Vice Chair (via Webex)
Davon Gray
Dominique Hicks-Whitaker
Bryan Horn
Abigail Johnson
Carlos Larrazabal
David L. Richardson
Donald E. Scoggins
William C. Shelton
Sarah B. Stedfast (via Webex)

COMMISSIONERS ABSENT:

None

OTHERS PRESENT:

Tammy Neale, CEO
Fred Bryant, Chief Counsel
Tara Jenkins, Chief of Staff
Monique Johnson, Chief of Programs
Hil Richardson, Chief Financial Officer
Janet Wigglesworth, 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
Mike Urban, Managing Director of Homeownership
Lisa Watson, Managing Director of Human Resources
Hadia Ali, Tax Credit Allocation Coordinator
Shayla Bailey, Internal Staff Auditor
Artonda Cheeseman, Executive Office Manager
Shannon Cribbs, Enterprise Portfolio Management Director
Phillip Cunningham, Assistant Director of Tax Credit Programs
Lauren Dillard, Associate Tax Credit Allocation Officer

Bryce Dort, Audio Visual Technician
Sandy Edwards, Assistant to the Chief Executive Officer
Fabrizio Fasulo, Director of Policy and Planning
Stephanie Flanders, Director of Tax Credits
Everett Gardner, Associate Deputy Counsel
Kelly Gartner, PMO Manager
Cindy Hii, Internal Audit Director
Michelle Jackson, Senior Executive Assistant
Monica Jefferson, Associate Chief
Salathia Johnson, Associate Chief
Jonathan, Kinsey, Senior Tax Credit Allocation Officer (via Webex)
Janet Little, Special Advisor to Capital Markets
Chamara McCray, Senior Executive Assistant
Maria Pruner, Associate Chief
Hope Rutter, Director of Rental Housing Servicing
Keyron Scott, Internal Staff Auditor
Adrienne Whitaker, Director of Diversity, Equity and Inclusion
Deputy Secretary Maggie Beal, Office of Secretary of Commerce & Trade
Allison Bogdanovic, VSH
Erin Chapman, CHP
Mike Chiappa, APAH
Andy Davenport, CHP
Alan Goldstein, AHC Inc. (via Webex)
Ryne Johnson, Astoria
Takis Karantonis, Arlington County Board (via Webex)
Haley Norris, APAH
Carmen Romero, APAH
Sam Sari, Landmark Property Management (via Webex)
Mark Slack, KRA
Jordan Stidham, Open Door Community
Jen Surber, Surber Development (via Webex)
Bruce Watts, Woda Cooper
Eric Wright, Woda Cooper
An unidentified participant (via Webex)

Chair Gibson called the regular meeting of the Board of Commissioners to order at approximately 10:30 AM on June 26, 2024. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Richardson who joined the meeting as noted below and Commissioner Stedfast who left the meeting as noted below. Per Virginia Housing's Amended and Restated Policy Governing Electronic Participation in Board Meetings dated February 22, 2023, Vice Chair Artus participated in the meeting via Webex from Alagoas, Brazil due to a personal matter and Commissioner Stedfast participated in the meeting via Webex from Rome, Italy due to a personal matter.

Ms. Flanders presented the final rankings for reservations of credits in the 2024 9% low-income housing tax credits (LIHTC) round. Staff recommended reservations of credits to (i) fund the developments noted in the rankings as scoring high enough to receive credits, (ii) fully funding the entire Tier 1 At-Large Pool with a pre-allocation of 2025 credits, and (iii) pre-allocating a portion of the anticipated 2025 credits to fund the four deals seeking small additional amounts of credits that did not score high enough to be funded (Premier Circle, Gosnold II, Northeast 11th Street Housing and Legacy Plaza). Ms. Flanders noted that these recommendations result in a forward allocation of approximately 54% of CY 2025 credits, which would be a waiver for good cause of the 50% cap on pre-allocation of 2025 credits set forth in the qualified allocation plan (QAP).

Chair Gibson opened the floor for public comments. Mr. Stidham spoke in favor of the Monroe North development. Ms. Romero spoke in favor of the CH3 South Nine development. Ms. Bogdanovic spoke in favor of the Gosnold II and Premier Circle developments. Mr. Watts spoke in favor of the Rosenwald Pointe development. Mr. Karantonis spoke in favor of the CH3 South Nine development. There being no one else wishing to comment, Chair Gibson closed the public comment period.

The Board discussed the staff recommendations, as described above, and public comments with respect to the 2024 9% LIHTC round. A motion was duly made, seconded, and approved by the affirmative vote of each of the Commissioners then present at the meeting authorizing staff to proceed with the reservations of credits in accordance with the staff recommendations, including directing Ms. Neale to make the noted waiver of the QAP.

Mr. Fasulo presented a summary of Board Brief #15: The Complexity of the Capital Stack Needed to Develop and Preserve Affordable Rental Development. The Board Brief and presentation defined the concept of the “capital stack” for housing development and its significance to affordable multifamily housing finance.

Ms. Neale presented updates on (i) her transition into the role of CEO; (ii) Virginia Housing’s FY24 accomplishments; (iii) Advisory Council meetings; and (iv) telling our story. Ms. Neale also congratulated Ms. Little on her retirement, expressed appreciation to Chair Gibson for his service on the Board, introduced Deputy Secretary Beal, and congratulated Vice Chair Artus on her receipt of the 2024 RVA Power Women award.

The meeting was recessed for lunch from approximately 12:00 PM to 12:40 PM.

Chair Gibson reconvened the meeting at approximately 12:40 PM. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the remainder of the meeting (including Commissioner Richardson who joined the meeting during the recess), except Commissioner Stedfast who left the meeting during the recess and did not return.

Commissioner Horn provided an update on the recent activities of the Department of Housing and Community Development (DHCD). This included (i) highlighting several DHCD programs that received funds in the recently adopted state budget (the Virginia Housing Trust

Fund, a pilot program for the acquisition of mobile home parks, and a down payment assistance program), (ii) an update on flood relief efforts, (iii) DHCD's work on extending broadband service (including the BEAD and VATI programs), and (iv) a summary of work on permit issuance transparency and process improvement.

Commissioner Richardson, on behalf of the Finance Committee, reported that, at its meeting on June 4th, the Committee approved the minutes of its meeting on December 13, 2023, and voted to recommend that the Board adopt the proposed FY25 budget in the form presented by staff. A motion to approve the FY25 budget as presented by staff by adopting the resolution in the Board materials entitled "Resolution - Adoption of 2025 Fiscal Year Operating Budget" dated June 26, 2024, was made, seconded, and approved by the affirmative vote of the Commissioners then present.

Ms. Flanders presented a list of proposed changes for the 2025 QAP for the LIHTC program. Following discussion, the consensus of the Board members then present was for staff to move forward to follow the new review and approval process in the Office of Regulatory Management (ORM) guidance, post public notice, and conduct a public hearing on the amendments. Ms. Flanders noted that a Resolution approving the final amendments to the QAP is expected to be presented for adoption at a subsequent meeting (August or October, depending on the timing and results of the ORM process).

Mr. Bryant presented on the repeal of obsolete Virginia Housing regulations per the Governor's Executive Order 19 (2022) and ORM guidance on reducing and streamlining state regulations by 25% prior to the end of CY25. Mr. Bryant stated that the Legal Division had reviewed Virginia Housing's regulations in the Virginia Administrative Code and recommended repealing, in their entirety, four obsolete regulations for programs that are no longer active. Mr. Bryant also noted that, together with the changes to the QAP noted above, such repeal will meet the 25% test for regulatory reduction and that staff will also continue to examine ways to simplify, streamline and improve additional requirements. The consensus of the Board members then present was for staff to move forward with the same process and timeline as described above for the QAP amendments.

Chair Gibson opened the floor for discussion of other Board matters. Chair Gibson congratulated Ms. Neale for her recognition on June 13th as part of Fulton Bank and Fahrenheit Advisors' Juneteenth Celebration event, honoring "Women Who Make a Difference in Housing." Chair Gibson provided an update on office space. No other matters were raised by Commissioners for discussion.

Chair Gibson, on behalf of the Executive Committee, reported that, at its June 26th meeting, the Committee took the following actions (i) approved the minutes of its meeting on May 29, 2024, (ii) reviewed the Board meeting agenda, (iii) met in closed session regarding a potential future acquisition of real property, and (iv) as the Nominating Committee, nominated Vice Chair Artus for Chair, subject to her reappointment, and Commissioner Stedfast for Vice Chair with elections to be held at the August meeting.

Mr. Henderson reported on the financials and budget, specifically with respect to Virginia Housing's financial statements as of April: (i) excess revenues over expenses (before GASB adjustment) of \$8.8 million for the month, which is \$6.0 million above budget and \$4.5 million below last year, (ii) year to date, Virginia Housing achieved \$80.7 million in excess revenue (before GASB Adjustments) over expenses, which is \$52.5 million better than budget and \$49.6 million higher than last year; (iii) year to date net interest margin of \$235.3 million, which is \$9.2 million above budget and \$58.9 million above last year; (iv) year to date programmatic expenses were \$10.3 million higher than budget: a \$14.1 million expense in the loan loss provision & expenses was offset by lower financing (cost of issuance) expense (\$1.5 million) and program and partners (\$1.2 million); (v) year to date administrative expenses are \$13.7 million lower than budget mostly due to lower than budget staffing costs (\$7.9 million) and below budget projects & technology (\$4.1 million); (vi) total assets of \$10.6 billion, an increase of \$1.3 billion above last year; (vii) total liabilities of \$6.8 billion, an increase of \$1.2 billion above last year, with the average cost of debt at 3.55% versus 3.15% last year; (viii) a net position of \$3.8 billion, an increase of \$73.7 million from last year, an annualized increase of 2.0%; (ix) annualized interest return of 4.71%, which is 0.68% above budget and 3.35% higher than last year; (x) total market value of investments (excluding cash) was \$2.67 billion, including a \$96.7 million decrease in GASB 31 market value adjustments, with 71.1% of investments held in money market instruments and 28.8% held in mortgage backed securities ("MBS"); (xi) a total mortgage portfolio of \$14.6 billion (including loans serviced for the government sponsored entities ("GSEs"), a \$860.8 million increase over last year; (xii) total assets and GSE servicing of \$16.7 billion, a \$1.34 billion increase over last year; and (xiii) interest subsidy costs of \$10.75 million, which reflects the cost to Virginia Housing of REACH Virginia loan subsidies.

Mr. Richardson (i) discussed the prior and anticipated bond issuance calendar; (ii) presented salient features memoranda for the Commonwealth Mortgage Bonds, 2023 Series E-3 Non-AMT (tax exempt) and 2024 C-Taxable and the Rental Housing Bonds, 2024 Series D-Non-AMT (tax-exempt) and Series E-Non-AMT; and (iii) reviewed a chart showing Virginia Housing's Private Activity Bond Allocation as of June 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 meetings of the Commissioners held on May 6-7, 2024, and (ii) a resolution entitled "Resolution Establishing 2025 Meeting Dates of the Board of Commissioners from January 1, 2025, through December 31, 2025" dated June 26, 2024.

Chair Gibson thanked staff for their support during his tenure on the Board.

There being no further business, the meeting was adjourned at approximately 1:35 PM on June 26, 2024.

Thomas A. Gibson, IV, Chair

Fred W. Bryant, Assistant Secretary