

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGIONAL AND REGULAR MEETING OF THE COMMISSIONERS
HELD ON MAY 6-7, 2024

Pursuant to the call of the Chair and notice duly given, the regional and regular meeting of the Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on May 6-7, 2024, at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Danville, Virginia.

COMMISSIONERS PRESENT:

Thomas A. Gibson, IV, Chair
Nathalia Artus, Vice Chair
Davon Gray
Dominique Hicks-Whitaker
Carlos Larrazabal
David L. Richardson
William C. Shelton
Sarah B. Stedfast

COMMISSIONERS ABSENT:

Bryan Horn
Abigail Johnson
Donald E. Scoggins

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
JD Bondurant, Managing Director of Rental Housing
Andrew Burguiere, Managing Director of Capital Markets
David Henderson, Managing Director of Finance and Administration
Steve Mintz, Deputy Chief Counsel
Mike Urban, Managing Director of Homeownership
Fabrizio Fasulo, Director of Policy and Planning
Stephanie Flanders, Director of Tax Credits
Kelly Gill-Gordon, Director of Grant Programs and Initiatives
David Glassman, Director of Rental Housing Programs
Cindy Hii, Internal Audit Director
Michelle Jackson, Senior Executive Assistant
Monica Jefferson, Associate Chief
Chamara McCray, Senior Executive Assistant
Neal Rogers, Director of Compliance and Asset Management
Chris Thompson, Director of Strategic Housing

Corrie Bobe, City of Danville
Sean Campbell, West Piedmont Planning District Commission
Alexis Erhardt, Danville Region Foundation
Ken Larking, City of Danville
Telly Tucker, Institute for Advanced Learning and Research
Ed Walker, Real Estate Developer

Chair Gibson called the regional and regular meeting of the Board of Commissioners to order at approximately 9:00 AM on May 6, 2024. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout May 6th, except Commissioner Hicks-Whitaker who left the meeting as noted below, and Commissioner Stedfast, who left the meeting and returned as noted below.

Ms. Neale presented updates on (i) her transition into the role of CEO; (ii) legislation and budget from the 2024 General Assembly Session; (iii) Advisory Council meetings; (iv) with Mr. Urban, a discussion topic regarding the National Association of Realtors settlement agreement; and (v) telling our story. Ms. Neale also congratulated Commissioner Artus on being a finalist at the 2024 RVA Power Women event, Commissioner Gray on his new role as Vice President of Policy at Purpose Built Communities, Ms. Johnson on her new role as Chief of Programs, and Ms. Jenkins on her new role as Chief of Staff.

Ms. Johnson, Mr. Bondurant and Mr. Urban provided an overview of REACH *Virginia* (REACH) funding and discussed REACH subsidy for rental projects, REACH program planning and management, and strategies for FY2025.

Ms. Gill-Gordon gave a presentation on Virginia Housing's Community Impact grant program and an evaluation plan for measuring significant outcomes and impact.

Ms. Flanders presented a list of proposed changes for the 2025 Qualified Allocation Plan (QAP) for the federal low-income housing tax credit (LIHTC) program. Following discussion, the consensus of the Board was for staff to move forward, after taking into account the Commissioners' comments, to further socialize the list of changes to the QAP with stakeholders, including at upcoming forums, and prepare proposed amendment language to the QAP to present to the Board at its June meeting.

Commissioner Stedfast left the meeting during Ms. Flanders' presentation and returned to the meeting as noted below.

Ms. Flanders also provided an update on the applications received in the 2024 competitive 9% LIHTC, which were then under review by staff.

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 February 27, 2024 and March 18, 2024, (ii) a resolution entitled "Bond Limitations Resolution" for Commonwealth Mortgage Bonds, (iii) a resolution entitled "Bond Limitations Resolution" for Rental Housing Bonds, (iv) a

resolution entitled “Resolution for Authorized Officers Responsible for Financial Transactions with Fannie Mae,” (v) a resolution entitled “Resolution for Authorized Officers Responsible for Financial Transactions with Freddie Mac,” and (vi) a resolution entitled “Resolution – Authorized Officers.”

The Board received an update from staff regarding office space options being considered to rent.

The meeting was recessed at approximately 11:55 AM for lunch. During lunch, Mr. Tucker, President of the Institute for Advanced Learning and Research (IALR) in Danville, gave remarks about the history, mission, and programs of the IALR. Commissioner Stedfast returned to the meeting prior to this presentation.

Chair Gibson reconvened the meeting at approximately 1:00 PM on May 6, 2024. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on May 6th, except Commissioner Hicks-Whitaker who left the meeting as noted below.

Mr. Fasulo gave an economic and housing market analysis of the Danville region. Commissioner Artus introduced Ms. Erhardt, a Board member of the Danville Region Foundation (DRF), who spoke about DRF’s mission of being a catalyst for long-term transformation through the development, promotion and support of impactful activities and programs that address the health, education and well-being of all the Dan River Region’s residents.

Mr. Thompson moderated a panel comprised of Ms. Bobe, Mr. Larking, Mr. Campbell, and Mr. Walker. The panelists provided their perspective on the intersection of economic development and affordable housing in the Danville region.

Commissioner Hicks-Whitaker left the meeting during the panel and did not return to the meeting on May 6th.

Staff and Commissioners participated on a bus tour viewing multiple Virginia Housing financed properties and including a stop at the Center for Housing Education. The properties viewed included local examples of how adaptive reuse and manufactured homes can help create much needed affordable housing options in the Commonwealth.

The meeting was recessed at approximately 4:50 PM.

Chair Gibson reconvened the meeting at approximately 9:00 AM on May 7, 2024. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on May 7th, except Commissioner Artus, who was not present on May 7th.

Mr. Fasulo provided a report on Virginia Housing’s progress on the strategic priorities identified in the Opportunity 2025 Strategic Plan. The report summarized Virginia Housing’s accomplishments towards addressing state housing needs by partnering with the housing delivery

network, addressing unmet rental needs of low-income and critical needs populations, and strengthening homeownership for first-time homebuyers in Virginia.

Mr. Fasulo presented a summary of Board Brief #14: “Recent Multifamily Construction in Virginia.” The brief provided an overview of recent data trends in Virginia multifamily markets, including their implications for a 12-month outlook, and a primer of the main tools used by the Rental Housing division to increase affordable rental opportunities.

Chair Gibson opened the floor for discussion of other Board matters. There were no Commissioners wishing to raise topics for general discussion. Chair Gibson congratulated Commissioner Artus on being a finalist at the 2024 RVA Power Women event and Commissioner Gray on his new role as Vice President of Policy at Purpose Built Communities. Chair Gibson also recognized and thanked Ms. Wiglesworth for her service as Interim CEO during the CEO recruitment process.

Commissioner Stedfast, on behalf of the Audit Committee, reported that the Committee took the following actions in its meeting that morning: (i) approved the minutes of the December 13, 2023, Audit Committee meeting; (ii) received a report from Ms. Gaby Miller, CPA, of CliftonLarsonAllen LLP (CLA), Virginia Housing’s outside auditors, on the results of the FY23 Single Audit of Virginia Housing’s Homeowner Assistance Fund, Ginnie Mae MBS, and the Housing Choice Voucher (HCV) Program, including findings on the HCV program and a summary of management’s responses; (iii) received a report from Ms. Miller on CLA’s plan for the upcoming FY24 financial statement audit of Virginia Housing; and (iv) received a report from Ms. Hii on Internal Audit’s key findings from completed audits of the Rental Housing systems and the Homeownership Servicing system, including the status of management’s remediation actions on such findings.

Chair Gibson, on behalf of the Executive Committee, reported that the Committee took the following actions in its meeting on May 6th: (i) approved the minutes of the February 27, 2024, February 28, 2024 and March 1, 2024, Executive Committee meetings; (ii) reviewed the Agenda for the Board meeting; (iii) received a presentation from Ms. Lisa Watson, Virginia Housing Managing Director of Human Resources, on the framework, tools, and timeline for the CEO performance management process; and (iv) passed a motion to recommend to the full Board that it approve an amendment to the CEO contract to address a timing issue with respect to the deferred compensation set forth in the contract.

A motion to approve an amendment to the CEO’s employment contract to address a timing issue regarding 2024 deferred compensation was made, seconded and approved by the affirmative vote of the Commissioners then present. Specifically, the motion provided, for 2024, substituting the specified contribution to the 401K/457B plans with a one-time contribution to a 457F plan in an amount not to exceed the amount specified in the contract. Further, the motion provided that Ms. Watson and Mr. Bryant were authorized to prepare such an amendment in consultation with McGuire Woods, the Board Chair and Vice Chair, and that the Board Chair be authorized to execute such amendment on behalf of Virginia Housing.

Mr. Henderson reported on the financials and budget, specifically with respect to Virginia Housing's financial statements as of February: (i) excess revenues over expenses (before GASB adjustment) of \$7.0 million for the month, which is \$4.1 million above budget and \$3.7 million above last year, (ii) year to date, Virginia Housing achieved \$73.5 million in excess revenue (before GASB Adjustments) over expenses, which is \$50.9 million better than budget and \$56.3 million higher than last year; (iii) year to date net interest margin of \$186.6 million, which is \$5.8 million above budget and \$57.5 million above last year; (iv) year to date programmatic expenses were \$1.8 million higher than budget, a \$7.3 million greater than budget expense in the loan loss provision & expenses were offset by lower MSR amortization, loan acquisition & pooling expenses (\$1.0 million), financing (cost of issuance) expense (\$2.2 million), program and partners (\$1.5 million) and housing relief program expenses (\$0.4 million); (v) year to date administrative expenses are \$12.5 million lower than budget mostly due to lower than budget staffing costs (\$6.9 million) and below budget projects & technology (\$4.3 million); (vi) total assets of \$10.3 billion, an increase of \$942.2 million above last year; (vii) total liabilities of \$6.5 billion, an increase of \$831.1 million above last year, with the average cost of debt at 3.51% versus 3.10% last year; (viii) a net position of \$3.8 billion, an increase of \$111.1 million from last year, an annualized increase of 3.0%; (ix) annualized interest return of 4.68%, which is 0.56% above budget and 3.97% higher than last year; (x) total market value of investments (excluding cash) was \$2.65 billion, including a \$77.8 million decrease in GASB 31 market value adjustments, with 70.3% of investments held in money market instruments and 29.6% held in mortgage backed securities ("MBS"); (xi) a total mortgage portfolio of \$14.3 billion (including loans serviced for the government sponsored entities ("GSEs"), a \$712.6 million increase over last year; (xii) total assets and GSE servicing of \$16.4 billion, a \$1.03 billion increase over last year; and (xiii) interest subsidy costs of \$8.55 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-2 Non-AMT (tax exempt) and 2024 B-Taxable and the Rental Housing Bonds, 2024 Series C-Non-AMT (tax-exempt) and Series D-Taxable; and (iii) reviewed a chart showing Virginia Housing's Private Activity Bond Allocation as of April 18, 2024.

Ms. Neale asked Commissioners to provide her with any feedback on the meeting, as well as suggestions for the location of next year's regional meeting. Chair Gibson reminded Commissioners about Virginia Housing's charity golf tournament on May 23rd.

There being no further business, the meeting was adjourned at approximately 10:30 AM.

Thomas A. Gibson, IV, Chair

Fred W. Bryant, Assistant Secretary