

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGIONAL AND REGULAR MEETING OF THE COMMISSIONERS
HELD ON APRIL 23-25, 2023

Pursuant to the call of the Chairman and notice duly given, the regional and regular meeting of the Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on April 23-25, 2023, at the Bolling Wilson Hotel, 170 E Main St, Wytheville, VA and the Southwest Virginia offices of Virginia Housing, 105 E Main St, Wytheville, VA.

COMMISSIONERS PRESENT:

William C. Shelton, Chairman
Thomas A. Gibson, IV, Vice Chairman
Nathalia Artus
Dominique Hicks-Whitaker
Lisa R. Porter
Michael J. Schewel
Donald E. Scoggins

COMMISSIONERS ABSENT:

Bryan Horn
Abigail Johnson
Carlos Larrazabal
David L. Richardson

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Paul M. Brennan, Special Assistant to the CEO
Fred 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
JD Bondurant, Managing Director of Rental Housing
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
Toni Ostrowski, Managing Director of Homeownership
Mike Urban, Managing Director of Homeownership Appointee
Lisa Watson, Managing Director of Human Resources
Doug Carrico, Community Outreach Operations Coordinator
Sandy Edwards, Assistant to the Chief Executive Officer
Fabrizio Fasulo, Director of Policy and Planning
Sam Hanks, Strategic Lending Originator
Wanda Horton, Loan Program Assistant

Tara Jenkins, Director of Executive Services
Chamara McCray, Senior Executive Assistant
Chris McNamara, Strategic Housing Officer
Cliff Millirons, Community Outreach Regional Manager
Neal Rogers, Director of Compliance and Asset Management
Chris Thompson, Director of Strategic Housing
Shelley Woods, Loan Originator
Brian Ailey, People, Inc.
Darlene Burcham, Town of Pulaski
David Manly, Wythe County Joint IDA
Randy Martin, Wytheville RHA
Andy Kegley, Hope Inc.
Aaron Sizemore, Mt. Rogers PDC
Bill Smith, Bolling Wilson Hotel
Karen Smith
Katy Stigers, FAHE
John Stiltner, The Landmark Group

Chairman Shelton, Commissioners Artus, Gibson, Hicks-Whitaker, Porter and Scoggins and staff attended an informal Board dinner followed by a social gathering at the Bolling Wilson Hotel from approximately 5:30 PM to 10:00 PM on April 23, 2023.

Chairman Shelton called the regional and regular meeting of the Board of Commissioners to order at approximately 9:00 AM on April 24, 2023, at Virginia Housing's Southwest Virginia office. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 24th. Per Virginia Housing's Amended and Restated Policy Governing Electronic Participation in Board Meetings dated February 22, 2023, the meeting on April 24-25th was held in-person only and no Commissioners participated remotely.

Mr. Fasulo presented a Board Brief on REACH *Virginia* (REACH). The Brief addressed the history and purpose of REACH, structuring of REACH assistance, uses of REACH subsidies, shifting needs and demand for REACH assistance, and future role of REACH in advancing "Opportunity 2025" strategic goals.

Ms. Johnson presented a Community Outreach impact report. The report addressed the scale of grant commitments since FY21, the recipients and goals of those grants, why strengthening the housing delivery network is a strategic priority, how the goals of the grants are tied to Virginia Housing's mission, and how Virginia Housing is achieving those goals.

Ms. Dewey introduced Virginia Housing's Southwest Virginia office staff.

Ms. Neale presented a report on the strategic use of REACH. The report addressed the history of REACH allocation percentages, alignment of REACH with Virginia Housing's strategic goals, the shifting need and demand for REACH, the annual averages of REACH allocations, the plan for implementing new REACH loan subsidies for Rental Housing loans, next steps with

respect to the FY24 REACH allocation and FY23 year-end REACH report, and the FY23 REACH report as of February 2023.

The meeting was adjourned from approximately 11:55 AM to 1:30 PM for lunch at the Bolling Wilson Hotel, during which Mr. Smith spoke about the history and redevelopment of the Bolling Wilson Hotel and Mr. Fasulo presented a Southwest Virginia Market Profile.

Chairman Shelton reconvened the meeting at approximately 1:30 PM at the Bolling Wilson Hotel. Commissioner Porter moderated an economic development panel consisting of Ms. Burcham, Mr. Manley, Mr. Sizemore and Mr. Stiltner addressing, among other things, new employers in the region, Virginia Housing's Planning District Commission grants, regional approaches to housing, the developer's perspective on site selection, and the housing needs of the area.

Mr. Fasulo presented a report on Virginia Housing's strategic plan metrics. The report addressed the strategic goals, progress toward meeting the goals as of the second quarter of FY23 and the outlook for the goals. On a motion duly made and seconded and approved by the affirmative vote of each of the Commissioners present at the meeting, the Board restated the metric statement for Goal 3, Strategy 2 as: "Between FY22-25, Virginia Housing will keep the differential between its total nonperforming rate for FHA loans between 0 and -1% with the rate for all FHA first-time buyer loans in Virginia." This revised metric corrects a mathematical error.

Mr. Bondurant provided an update on the 2023 9% LIHTC applications received and under review by staff. Mr. Bondurant also addressed the Tax Credit Department's 2023 schedule, the 4% LIHTC applications received to date and plans for the 2023 state housing opportunity tax credit (HOTC) application round.

The meeting was recessed at approximately 5:00 PM.

The Commissioners listed above as present at the meeting and staff had an informal Board dinner at the Open Door Cafe, 650 W. Main Street, Wytheville, VA from approximately 5:30 PM to 10:00 PM. During the dinner, Commissioner Porter moderated a panel comprised of Mr. Ailey, Mr. Kegley and Mr. Stigers discussing the demographics of the region, the challenges of developing affordable housing in the region and the operations of the Open Door Cafe, which is run by Hope Inc.

On April 25, 2023, the Commissioners listed above as present at the meeting and staff participated in a bus tour of local properties assisted by Virginia Housing from approximately 8:30 AM to 9:50 AM. During a stop on the tour, Mr. Martin spoke concerning Wytheville RHA's rental housing developments. The Board was impressed with the condition and appearance of the Wytheville RHA housing complexes that they visited.

Chairman Shelton reconvened the meeting at approximately 10:15 AM on April 25, 2023, at the Bolling Wilson Hotel. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on the 25th, except Commissioner

Hicks-Whitaker who left the meeting following the bus tour and Commissioner Gibson who left the meeting as noted below.

Ms. Ostrowski, Mr. Richardson and Mr. Urban presented a report on expanding the single-family program. The presentation included a discussion of the timeline for implementing the use of mortgage revenue bonds to fund homeownership loans; current market conditions; impacts on affordability including interest rates, home prices, and inventory; and programmatic considerations of potentially expanding income limits, increasing maximum sales price limits and serving non-first-time homebuyers. The consensus of the Board was for staff to continue to gather information and input (including advising the Administration of such potential changes) regarding such programmatic considerations for continued discussion at the June meeting of the Board.

Commissioner Gibson left the meeting at the conclusion of the homeownership report and did not return to the meeting.

Ms. Dewey presented a report on Virginia Housing's activities and operations in which she advised the Commissioners on efforts in: (i) addressing state housing needs; (ii) addressing unmet rental needs; (iii) strengthening first-time homeownership; (iv) delivering superior long-term financial and operational performance, and (v) telling our story. On the topic of addressing state housing needs, Ms. Dewey discussed (i) a statewide study Virginia Housing initiated with the Chmura analytics and consulting firm examining linkages between housing and economic development, (ii) the recent Fairfax County Housing Symposium, (iii) the Virginia House – a partnership with Habitat for Humanity chapters for five builds in connection with Virginia Housing's 50th anniversary – with the report focused on the recent build in Fauquier County, (iv) a recent conference Virginia Housing held for its partner agencies in the Housing Choice Voucher program, (v) the Virginia Mortgage Relief Program, including that the program has disbursed \$113 million as of March 31, 2023. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) the 7000 Carnation Street development in Richmond, (ii) the Block 17/18 development in Norfolk, and (iii) Virginia Center Commons apartments in Henrico. On the topic of first-time homeownership, Ms. Dewey discussed (i) the recent Chatting it Up Live event in Norfolk, (ii) the annual Love + Loans home buying seminar, and (iii) Virginia Housing's new Homeownership advertising campaign. On the topic of delivering superior long-term financial and operational performance, Ms. Dewey discussed (i) a recent Rental Housing Bond transaction funding two developments, (ii) a lunch and learn event for Virginia Housing staff entitled Trailblazing Women Leaders, and (iii) the pause by Amazon in the construction of its HQ2. On the topic of telling our story, Ms. Dewey discussed (i) the upcoming National Housing Conference's Housing Visionary Awards at which Ms. Dewey will receive an award, (ii) the receipt by two rental housing developments (Holley Point in Hampton Roads and Model Tobacco in Richmond) assisted by Virginia Housing of CoStar impact awards, (iii) the recent 13th Annual NoVA Housing Expo, (iv) the Southeastern States CFO and Housing Tax Credit conferences hosted by Virginia Housing in Williamsburg, (v) recent Virginia Housing Advisory Council meetings, (vi) an event for real estate professionals entitled Getting to Know Henrico hosted at the Virginia Housing Center, (vii) Virginia Housing staff's participation in the Hampton Roads Housing Summit, and (viii) Virginia Housing staff's presentation at the Tennessee Housing Development Agency's housing conference. Ms. Dewey also recognized Ms. Ostrowski, who is retiring soon.

Chairman Shelton, on behalf of the Executive Committee, reported the following with respect to its meeting on April 4, 2023: (i) staff updated the Committee on the indieDwell investment, specifically that Virginia Housing has redeemed its minority shareholder interest in indieDwell Virginia, Inc., (ii) staff updated the Committee on the Housing Choice Voucher program (“HCVP”), specifically that Virginia Housing has engaged the firm Abt Associates to review the HCVP to consider ways to improve utilization of vouchers and the HCVP operating model, and that immediate priorities will be: (a) improving communications; (b) updating the HCVP Annual Plan, (c) further assessing internal operations; and (d) assessing partner agency capacity; (iii) the Committee met with representatives of Mercer, which has been engaged by the Board to consult on CEO compensation and performance review; and (iv) the Committee and staff reviewed and discussed the Agenda for the Board meeting.

Mr. Henderson and Mr. Richardson 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 \$3.2 million for the month, which is \$2.0 million below budget and \$7.4 million below last year, (ii) year to date, Virginia Housing experienced \$17.1 million in excess expenses over revenue (before GASB Adjustments), which is \$24.5 million less than budget and \$65 million lower than last year; (iii) year to date net interest margin of \$129.1 million, which is \$42.5 million less than budget and \$13.9 million below last year; (iv) year to date programmatic expenses were \$22.7 million lower than budget due to lower than budgeted loan loss provision and expenses (\$14.2 million), lower financing costs (\$3.4 million), and lower than budgeted programs and partners expenses (\$3.3 million); (v) year to date administrative expenses are \$16.0 million lower than budget mostly due to lower than budget staffing costs (\$12.3 million) and below budget plan projects and technology (\$1.8 million) and below plan services, insurance and other (1.1 million); (vi) total assets of \$9.4 billion, a decrease of \$295.3 million below last year; (vii) total liabilities of \$5.6 billion, a decrease of \$267.9 million below last year, with the average cost of debt at 3.10% versus 2.73% last year; (viii) annualized interest return of 0.71%, which is 2.11% below budget and 0.61% less than last year; (ix) total market value of investments (excluding cash) was \$2.43 billion, including a \$71.2 million decrease in GASB 31 market value adjustments, with 64.7% of investments held in money market instruments and 35.2% held in mortgage backed securities (“MBS”); (x) a net position of \$3.74 billion, a decrease of \$295.3 million from last year; (xi) a total mortgage portfolio of \$13.7 billion (including loans serviced for the government sponsored entities (“GSEs”), a \$575.1 million increase over last year; and (xii) total assets and GSE servicing of \$16.2 billion, a \$17.7 million decrease over last year.

Mr. Brennan updated the Board on Virginia Housing’s progress on responses to the recommendations in the reports on affordable housing in Virginia and the operations of Virginia Housing prepared by JLARC.

On a motion duly made and seconded, the minutes of the regular meeting of the Commissioners held on February 21-22, 2023, in the form attached hereto, were approved by the affirmative vote of the Commissioners then present.

Mr. Richardson presented the resolution entitled “Bond Limitations Resolution” dated April 25, 2023, for the Commonwealth Mortgage Bonds and the resolution entitled “Bond Limitations Resolution” dated April 25, 2023, for the Rental Housing Bonds. On a motion duly

made and seconded, the two resolutions, in the form attached hereto, were approved by the affirmative vote of the Commissioners then present.

Chairman Shelton read the resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Fred Bryant.” On a motion duly made and seconded, said resolution and a resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Sally Fisher,” in the form attached hereto, were approved by the affirmative vote of the Commissioners then present. Mr. Bryant thanked the Board for the recognition.

There being no further business, the meeting was adjourned at approximately 11:50 AM.

William C. Shelton, Chairman

Fred Bryant, Assistant Secretary