

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
WEST VIRGINIA HOUSING DEVELOPMENT FUND  
September 25, 2019

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, September 25, 2019, at the offices of the West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The Chair called the meeting to order at 9:00 a.m. with the following members present throughout, except where noted:

Ann Urling, Chair  
Norman Bailey, Representative for the Honorable Kent Leonhardt,  
Commissioner of Agriculture  
David Gardner, Member  
John Gianola, Member  
Sam Kapourales, Member (via phone)  
Mary Skeens, Member (via phone)  
Josh Stowers, Representative for the Honorable John Perdue, Treasurer (via phone)  
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)  
Jennifer Willits, Member

Members Absent:

Bob Nistendirk, Member

Staff present:

Erica Boggess, Executive Director  
Josh Brown, Senior Manager – Asset Management  
Cathy Colby, Senior Manager – Home & HTF Programs  
Julie Davis, Deputy Director – Production  
George Gannon, Communications Administrator  
Chad Leport, Division Manager - Accounting and Finance  
Martha Lilly, Legal Assistant  
Jill Martin, Executive Assistant  
Kelley Ridling, Senior Manager - Internal Audit  
Jon Rogers, Senior Division Manager – Single Family Lending  
Kristin Shaffer, Senior Legal Counsel  
Nathan Testman, Division Manager – Multifamily Lending  
Crystal Toney, Deputy Director – Administration  
Dorothy White, Federal Compliance Officer

Others Present:

Samme Gee, Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF AUGUST 28, 2019 MEETING

Member David Gardner moved the approval of the minutes of the August 28, 2019 meeting. His motion was seconded by Member John Gianola, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

Representative Norman Bailey joined the meeting.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED JULY 31, 2019

Chad Leport reviewed the financial statements for the period ended July 31, 2019. The financials were accepted as presented.

CONSIDERATION/ACCEPTANCE OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

Mr. Leport informed the Board that three of the four annual audit reports had been issued by the Fund as of June 30, 2019. The Fund received an unmodified opinion on all the financial statements. The Federal Financial Assistance Audit is not finished and will be presented to the Board upon completion. Mr. Leport noted that the Audit Committee accepted the Fiscal Year 2019 Audited Financial Statements and the Audited Financial Statements' and Other Information at its September 4, 2019 meeting and accepted the Fiscal Year 2019 Comprehensive Annual Financial Statement at its September 25, 2019 meeting.

Mr. Gianola moved acceptance of the Fiscal Year 2019 Audited Financials as presented. His motion was seconded by Member Gardner, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

ANNUAL ELECTION OF OFFICERS AND APPOINTMENT OF ASSISTANT OFFICERS

Erica Boggess stated that, under West Virginia Code §§ 31-18-4 (g) and 31-18-5 (d), the Board shall annually elect a Vice-Chair, Secretary and Treasurer from its membership. The Chair of the Board is the Governor or his designee, Vice-Chair is currently David Gardner, Secretary is Sam Kapourales, and Treasurer is the State Treasurer John Perdue.

Member Gardner moved to open the meeting to the nomination of candidates. His motion was seconded by Member Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

Member Gianola moved to nominate David Gardner as Vice-Chair. His motion was seconded by Representative Norman Bailey, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

Member Gardner moved to nominate Sam Kapourales as Secretary. His motion was seconded by Member Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

Member Gardner moved to nominate State Treasurer John Perdue as Treasurer. His motion was seconded by Member Gianola, and, upon the affirmative of the nine (9) members present, the Chair declared the motion adopted.

Member Gianola moved to approve the nominations of David Gardner as Vice-Chair, Sam Kapourales as Secretary, and State Treasurer John Perdue as Treasurer. His motion was seconded by Member Gardner, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

Ms. Boggess noted that, under Article V, Sections 3 and 4 of the Fund's Bylaws, the Board may appoint or designate one or more Assistant Secretaries and Assistant Treasurers.

Ms. Boggess stated that staff recommended the reappointment of Crystal Toney and Julie Davis as Assistant Treasurers, and the reappointment of Kristin Shaffer and Martha Lilly as Assistant Secretaries.

Member Gianola moved to reappoint Crystal Toney and Julie Davis as Assistant Treasurers and to reappoint Kristin Shaffer and Martha Lilly as Assistant Secretaries. His motion was seconded by Member Gardner, and, upon the approval of the nine (9) members present, the Chair declared the motion adopted.

CONSIDERATION OF HOME CHDO PROGRAM PERMANENT  
AND CONSTRUCTION LOANS TO MOC RENTAL 2018

Nathan Testman presented a loan request from Mountain Opportunities Corporation, Inc. ("MOC") to finance the construction of a four (4) unit HOME CHDO Rental Program Project located in Clarksburg known as MOC Rental 2018. Mr. Testman stated that the Project will consist of two (2) residential duplexes. All units are one (1) bedroom and are designated for tenants with an income at or below 60% AMI for initial occupancy, then 80% AMI thereafter.

Mr. Testman informed the Board that MOC is the Borrower, Owner and Developer for the Project. MOC is an experienced developer and staff has a high level of confidence in MOC's ability to develop the proposed Project, especially given its extensive experience developing HOME-funded housing projects.

Mr. Testman stated that staff is requesting construction and permanent loan financing from the HOME CHDO Program in the amount of up to \$674,400, with interest at the rate of 0%, for a term of 20

years. The loan will be secured by a first lien deed of trust on the land improvements known as MOC Rental 2018 and the replacement and preservation reserve accounts associated with the Project. During construction, the loan will also be secured by a Payment and Performance Bond equal to 100% of the construction contract.

Member Gardner moved to approve the request for the HOME CHDO Program loan for construction and permanent financing of MOC Rental 2018 as presented. His motion was seconded by Member Mary Skeens, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

APPROVAL OF CDBG – DR MULTIFAMILY PROGRAM  
POLICIES

Mr. Testman stated that, as previously reported to the Board, the Fund was asked to assist the State with the allocation of CDBG-DR funds for the 2016 floods, otherwise known as the WV Rise Program. The Fund will only be involved in the WV Multifamily Rental Housing Program (the “Program”) and the Clendenin School – Restore Riverview Program. Mr. Testman reported that staff is structuring the Program similar to the HOME and National Housing Trust Fund programs, which the Fund administers for HUD. In addition to structuring the Program similar to the HOME and HTF Programs, the Fund researched and implemented relevant portions of CDBG-DR Programs from other state housing finance agencies.

Mr. Testman reported that progress on the Clendenin School – Restore Riverview Program has been stalled due to questions regarding existing HUD funding in the project. The Fund expects guidance from HUD in the coming weeks.

Staff is requesting the Board’s consent to continue moving forward with the development and finalization of the Program and any necessary programmatic materials, subject to review and approval from the HDF, WVDO, HUD, and a CDBG-DR consultant appointed by HUD (currently ICF).

Member Gianola moved to approve the request to continue moving forward with the development of the WV Multifamily Rental Housing Program subject to staff challenging the timeline included in the Board materials. His motion was seconded by Member Gardner, and, upon the approval of the nine (9) members present, the Chair declared the motion adopted.

RECOMMENDATION FOR APPOINTMENT OF JOBS  
INVESTMENT TRUST BOARD MEMBER

Ms. Boggess informed the Board that one member of the Board of the West Virginia Jobs Investment Trust (JIT) is appointed by the Governor from a list of two names submitted by the Fund, and that the position is currently vacant following Lynn Fruth’s resignation. Ms. Boggess stated that JIT asked the Fund to recommend Mark Grigsby, President of Pray Construction Company, to the Governor for appointment to the JIT Board.

Member Gardner moved to recommend Mark Grigsby to the Governor as a JIT Board Member. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the nine (9) members present, the chair declared the motion adopted.

CONSIDERATION/APPROVAL OF THE TRANSFER OF  
GENERAL PARTNERSHIP OWNERSHIP OF EXISTING USDA  
538 GUARANTEED LOANS

Josh Brown informed the Board that the Fund currently serves as lender for a total of fifteen mortgage loans to fourteen entities of which Mr. Doug Pauley serves as general partner (GP). Mr. Pauley has requested that the Fund approve the sale of his GP interest in eleven of those fourteen entities.

Mr. Brown stated that the proposed buyer is Buckeye Community Hope Foundation, a not-for-profit 501(c)(3) organization, of which Mr. Steven Boone is the President. He is also the CEO of RLJ Management Co., Inc. The Fund has had positive experiences working with Mr. Boone and RLJ Management. All loans with Buckeye Community Hope and Steven Boone are current with a strong payment history and staff believes that this sale strengthens the status of these assets.

Mr. Brown stated that the Fund's interests are protected and the proposed sale of the GP interests does not adversely affect the value or operation of the assets securing the Fund's loans to the entities subject to the Purchase Agreement.

Following a brief discussion, Ms. Samme Gee recommended tabling the matter until the next Board meeting, pending further research.

Member Gianola moved to table discussion until the next Board meeting. His motion was seconded by Member Gardner, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

EXECUTIVE SESSION

Member Gardner moved that the Board enter Executive Session under W. Va. Code § 6-9A-4(b)(9) to discuss personnel matters. His motion was seconded by Member Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted. The Board adjourned into Executive Session at 10:16 a.m.

The Executive Session concluded at 10:33 a.m. Chair Urling stated that no action took place during the Executive Session.

Member Gardner moved that, on behalf of the Compensation Committee, the Board approve a 5% pay increase for the Executive Director effective immediately. His motion was seconded by Representative Bailey, and, upon the approval of the nine (9) members present, the Chair declared the motion adopted.

ADJOURNMENT

There being no further business, Member Gardner moved to adjourn the meeting. His motion was seconded by Member Gianola. Meeting adjourned at 10:34 a.m.

  
Martha Lilly, Assistant Secretary