

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
June 26, 2019

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, June 26, 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 9:01 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)
Bob Nistendirk, Member
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)

Members Absent:

Mary Skeens, Member
Josh Stowers, Representative for the Honorable John Perdue, Treasurer

Staff present:

Erica Boggess, Executive Director
Joshua Brown, Senior Manager – Asset Management
Julie Davis, Deputy Director – Production
Alicia Deligne – Legal Counsel - Compliance
George Gannon, Communications Administrator
Chad Leport, Division Manager - Accounting and Finance
Jill Martin, Executive Assistant
Martha Lilly, Legal Assistant
Jon Rogers, Senior Division Manager – Single Family Lending
Kelley Ridling, Senior Manager - Internal Audit
Kristin Shaffer, Senior Legal Counsel
Nathan Testman – Division Manager – Multifamily Lending
Crystal Toney, Deputy Director - Administration

Dorothy White, Federal Compliance Officer
Michelle Wilshere, Senior Manager – Low Income Housing Tax Credit Program
Taran Wolford, Senior Manager – Human Resources

Others Present:

Samme Gee, Jackson Kelly PLLC
Kelley Goes, Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF MAY 29, 2019
MEETING

Member David Gardner moved the approval of the minutes of the May 29, 2019 meeting. His motion was seconded by Representative Norman Bailey, and, upon the affirmative vote of seven (7) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED
MAY 31, 2019

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

CONSIDERATION/APPROVAL OF THE PROPOSED
FISCAL YEAR 2020 OPERATING BUDGET

Crystal Toney presented the proposed Fiscal Year 2020 Operating Budget. Ms. Toney stated that the proposed Operating Budget for Fiscal Year 2020 is \$12,811,300, which is a \$459,700 increase from the Fiscal Year 2019 budget and a \$952,000 increase over estimated 2019 expenses. Ms. Toney highlighted the expenses set forth in memo provided to the Board and stated that staff is requesting approval of the Fiscal Year 2020 Operating Budget in the amount of \$12,811,300.

Member John Gianola informed the Board that the Audit Committee approved the budget for further recommendation to the Board during the Audit Committee meeting prior to the Board meeting and stated that he recommended that the 2020 Operating Budget also include funding to acquire artificial intelligence. Erica Boggess stated that staff would review opportunities to use artificial intelligence during its strategic planning meetings.

A brief discussion followed.

Representative Bailey moved the approval of the Proposed Fiscal Year 2020 Operating Budget. His motion was seconded by Member Gardner, and, upon the affirmative vote of seven (7) members present, the Chair declared the motion adopted.

A copy of the Fiscal Year 2020 Operating Budget is attached as Exhibit A.

FISCAL YEAR 2020 PROJECTION OF REVENUES AND EXPENSES – INFORMATIONAL ITEM

Mr. Leport presented the Fiscal Year 2020 Projection of Revenues and Expenses and stated that it is based on several factors, including anticipated production, historical revenues and expenses, loan purchases, anticipated bond issuances, and the administrative expense budget.

Mr. Leport stated that projected net earnings will decrease approximately \$2,280,000 in Fiscal Year 2020. The decrease is primarily due to program expenses, specifically Foreclosure Expenses and Affordable Housing Fund disbursements. Foreclosure expenses are projected to be higher due to working with real estate professionals to move older properties resulting in losses. Affordable Housing Fund expenses are projected to be higher due to increased program production.

A copy of the Fiscal Year 2020 Projection of Income and Expenses for the Fund is attached as Exhibit B.

CONSIDERATION/APPROVAL FISCAL YEAR 2020 FUNDING ALLOCATIONS

Ms. Toney presented the Fiscal Year 2020 Program Funding and stated staff is recommending the approval of the Fiscal Year 2020 Funding Allocations as presented.

Member Gianola informed the Board that the Audit Committee approved the 2020 Funding Allocations for further recommendation to the Board during the Audit Committee meeting prior to the Board meeting

Member Gardner moved approval of Fiscal Year 2020 Funding Allocations as presented. His motion was seconded by Member Bob Nistendirk, and, upon the affirmative vote of seven (7) members present, the chair declared the motion adopted.

A copy of the Fiscal Year 2020 Funding Allocation is attached as Exhibit C.

CONSIDERATION OF MULTIFAMILY CONSTRUCTION
AND PERMANENT LOANS TO ROWAN APARTMENTS

Nathan Testman presented two loan requests from Rowan Apartments L.P. to finance the new construction of a thirty-six (36) unit Low-Income Housing Tax Credit Program ("LIHTCP") project located in Parkersburg, known as Rowan Apartments.

Mr. Testman stated that one of the strengths of this project is the co-developers, Spire Development and Fairfield Homes, which have a great deal of experience in affordable real estate development and gives staff a high level of confidence in their ability to construct the project.

Mr. Testman stated that the first request is for a construction loan in the amount of up to \$6,500,000 with an interest rate of 4.75% for a term of twenty-four (24) months. The loan will be secured by a first lien deed of trust on the land and improvements known as Rowan Apartments. The Fund will also be secured by the corporate guarantees of Rowan Apartments GP, LLC, Gorsuch FHI Holdings, LLC, Spire Development, Inc., Spire Real Estate Holdings, LLC, Fairfield Homes, Inc. and personal guarantees of Scott Harrold, Thomas Grywalski, Leonard Gorsuch and Jennifer Walters.

Mr. Testman stated that the second request is for a permanent loan in the amount of up to \$864,000, with an interest rate of 5.5%. Payments will be amortized over thirty five (35) years with a twenty (20) year balloon maturity. The permanent loan will be secured by a first lien deed of trust on the property known as Rowan Apartments, the project's replacement reserves, and limited guarantees by the same parties guarantying the construction loan.

Mr. Testman stated that due to the complex nature of LIHTC projects, staff is requesting flexibility to make minor changes to the structure of the loans that will not impact the Fund's risk.

Member Gardner moved approval of a construction loan in the amount of up to \$6,500,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Gianola, and, upon the affirmative vote of seven (7) members present, the Chair declared the motion adopted.

Member Gardner moved approval of a permanent loan in the amount of up to \$864,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Representative Bailey, and, upon the affirmative vote of seven (7) members present, the Chair declared the motion adopted.

STANDARD AND POOR'S GENERAL OBLIGATION
RATING – INFORMATIONAL ITEM

Ms. Boggess informed the Board that Standard and Poor affirmed the Fund's AAA rating and stated that Standard and Poor focuses on the Fund's strong equity balances, consistent financial performance, and low risks taken as well as other factors included in the Rationale provided to the Board.

EXECUTIVE SESSION

Member Gardner moved that the Board enter Executive Session under W. Va. Code § 6-9A-4(b)(9) to discuss legal matters. His motion was seconded by Member Gianola, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted. The Board adjourned into Executive Session at 10:17 a.m.

The Executive Session concluded at 10:35 a.m. Chair Urling stated that no action took place during the Executive Session.

ADJOURNMENT

There being no further business, Member Gardner moved to adjourn the meeting. His motion was seconded by Representative Bailey. Meeting adjourned at 10:37 a.m.


Martha Lilly, Assistant Secretary