MINUTES OF THE SPECIAL CALLED ALL VIRTUAL MEETING OF THE ADMINISTRATION AND FINANCE COMMITTEE OF RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY ON WEDNESDAY, AUGUST 26, 2026, 5:00 p.m.

Committee Members in Attendance:
Gregory Lewis
Eddie L. Jackson, Jr.
Harold Parker, Jr.
Kyle Elliott
Charlene Pitchford

RRHA Staff:
Steven Nesmith, Chief Executive Officer
David Rekas, Senior Vice President, Chief Financial Officer
Mike Kelly, Chief Operating Officer
Kimberly Cole, Chief of Staff
Sieg Chambliss, Senior Financial Advisor to the CEO
Brigitta Mac-Rizzo, Senior Vice President of Affordable Housing
Sherrill Hampton, Senior Vice President of Real Estate
Erik Johnson, Vice President of Real Estate
Patrick Baisi, Associate Counsel
Tonise Webb, Associate Lead Counsel & Chief Compliance Officer
Patrick Baisi, Associate Counsel
Jessica Clarke, Vice President of Human Resource
Reed Johnson, Deputy Director of Human Resource
Kevin Hunter, Assistant VP of IT and Microsoft Solutions
Colene Orsini, Vice President, Procurement & Contract Administration
Angela Fountain, Vice President of Communications and Public Relations
Alfonzo Mathis, Deputy Director of Communication and Public Relations
Don Mullins, Vice President of Capital Projects
Thomas "Tommy" Lloyd, Vice President of Public Safety
Monte Gayle, Public Safety Analyst
Sherri Thompson, Senior Treasurer Manager
Shannon Whitehead, Budget & Financial Analyst
Lauren Williamson, Senior Accounting Technician – Accounts Receivable
Pamela Thompson, Executive Assistant to the Sr. Vice President, CFO

Call To Order

The Administration and Finance Committee Special Called All Virtual Meeting to order at 5:07 p.m. and a quorum was established.

Citizens Comment Period

Maquita Hargrove signed up to speak, however was not online when called upon to speak.

New Business

FY2027 Budget Presentation & Review

RRHA's FY27 Operating Budget is being presented as balanced. The balance was achieved through program transfers, use of available equity in several areas, reduced non-essential spending, and delaying or not filling some non-essential positions while adding staff where needed to support department missions.

It also notes that RRHA has not yet implemented agency-wide employee evaluations for performance-based awards, but the budget does **cover a 15.2% third-party health insurance increase** so employees will not bear that cost. Employees will also receive a modest **1.5% cost-of-living adjustment.**

Finally, RRHA is piloting an agency-wide project optimization strategy focused on improving rent collection, strengthening lease enforcement to reduce debt, speeding up unit turnover and leasing, and improving overall financial performance.

RRHA FY27 budget presentation is presented describing the financial pressures driving the budget, and the committee's concerns about whether the budget is truly balanced or only balanced through the use of equity and reserves.

Sieg Chambliss explains that the FY27 budget was built with input from every department, with significant help from Finance staff. She emphasizes that the budget is based on estimates because RRHA does not yet know its HUD funding for much of FY27. Since RRHA's fiscal year starts October 1, and HUD funding is tied to the calendar year, nine months of the FY27 budget depend on uncertain federal appropriations. Because of that uncertainty, the budget uses conservative revenue assumptions and cautious spending projections. Ms. Chambliss notes that

while revenues appear lower than expenditures, budgets are estimates and will change as actual funding and expenses become clearer through monthly budget-to-actual reporting.

A major theme is the impact of asset repositioning and the transition away from traditional public housing. Ms. Chambliss explains that as properties like Creighton Court convert out of the public housing model, RRHA loses operating subsidy and related fee revenue that previously supported the Central Office Call Center. Similar impacts are expected from planned repositioning at Mosby South and Phase 1 of Gilpin Court. While repositioning may reduce some costs, it also changes the agency's revenue structure and requires RRHA to rethink how it funds operations.

Several operating challenges: aging housing stock, lower occupancy, vacant units, rent loss, high unit-turn costs, and rising tenant accounts receivable. Ms. Chambliss stated RRHA had about 276 vacant units at the time, with vacancies potentially rising to around 400 during the budget cycle depending on evictions and turnover. Based on an average monthly rent of about $326, vacancies could create roughly $130,000 per month in lost revenue. She also explains that older units are more expensive to maintain and that low resident incomes limit rent revenue.

Tenant Accounts Receivable, or TARS, are a central concern. Ms. Chambliss says tenant debt increased from $4.7 million to $6.2 million during FY26, largely due to nonpayment of rent. About $1.2 million of that amount is tied to repayment agreements, but roughly $5 million remains in arrears. She also notes that RRHA has been limited in using normal lease enforcement tools because of an ongoing class action lawsuit and settlement process. Commissioner Lewis presses for clarity on write-offs, and Chambliss confirms that about $1 million in receivables had been written off. Lewis points out that, when factoring in the write-off, the gross receivable problem effectively grew from $4.7 million to about $7.2 million.

Commissioner Lewis repeatedly questions the use of “equity” to balance the budget. He says he has never seen a budget balanced on equity and asks whether equity means actual cash, liquid reserves, or assets that would need to be sold. Ms. Chambliss explains that equity includes restricted and unrestricted funds, cash, property, equipment, receivables, loans, notes, payables, and liabilities. She acknowledges that not all equity is liquid cash. Chairman Lewis stresses that much of the equity is a paper balance rather than readily available cash, especially since the agency does not collect all receivables.

The discussion also covers HUD reserve thresholds and shortfall funding. Ms. Chambliss explains that HUD expects agencies to maintain roughly four months of reserves. RRHA fell below that level, reaching about three months. Rather than describing the consequence as purely negative, she explains that falling below the reserve threshold can make RRHA eligible for HUD proration-loss or shortfall funding. RRHA was eligible for about $3.5 million and, after HUD proration, received approximately $3 million in shortfall funding. CEO Steven Nesmith adds that he personally went to Washington, D.C., to advocate for that funding.

The committee then discusses why RRHA is relying on program equity rather than RDC cash, as it had done in prior years. Ms. Chambliss explains that the agency should first use available resources within federal programs and business activities before drawing on RDC’s unrestricted funds. She says RDC funds should be protected for strategic purposes such as grant matching, capital raising, investment activity, and future development opportunities. Eddie Jackson says he understands this reasoning.

Ms. Chambliss also outlines Section 8 pressures. RRHA is working with HUD’s shortfall team because rising Housing Assistance Payment costs limit the agency’s ability to lease up to full capacity. The voucher program may remain in standard-performer range, but lease-up could trend

down. She also notes concern about 55 emergency housing vouchers scheduled to end with HUD's program in December. RRHA is exploring solutions so no affected household loses housing, including possible absorption into the voucher program, placement in public housing, or coordination with another housing authority.

Real Estate and revenue generation is discussed and Ms. Chambliss says RRHA is looking at ongoing carrying costs for vacant land and structures, potential sale of assets that no longer serve the agency's mission, expansion of public-private partnerships, conduit programs, homeownership lots in Blackwell, New Market Tax Credit opportunities, a CDFI technical assistance grant, and grant writing support through Gray Matters. She emphasizes that grant-funded initiatives are not included in the operating budget unless funding is secured, and associated expenses would be tied to the grant revenue rather than burdening the operating budget.

Ms. Chambliss identifies two main unrestricted funding sources: business activities under the real estate/community development arm and RDC. She also describes a planned capital raise of approximately $100 million, intended to create additional unrestricted revenue streams. CEO Nesmith says the effort is in the planning phase and involves discussions with organizations that help raise capital from high-net-worth individuals and institutional investors. Commissioner Lewis asks for a future update on the agency's rating or soft-rating process.

The budget assumptions include an 88% operating subsidy proration, compared with HUD's current proration of about 86.74%, and Section 8 administrative fee proration of about 86%, though that rate could change. The budget also assumes that 19 vacant positions will remain unfilled, producing salary and benefit savings. It includes the 15.2% health insurance increase being covered by the agency, a 1.5% cost-of-living adjustment for employees, allocation of communications costs across programs, legal settlement costs projected under RDC, elimination

of the 5th floor lease, rent calculation costs related to Gilpin Phase 1, and shifting about $850,000 in eligible predevelopment costs for Mosby South and Gilpin Phase 1 from Real Estate to the capital fund program.

Ms. Chambliss and David Rekas then walk through the agency's net position and cash position. Ms. Chambliss explains that the projected FY26 unrestricted net position is about $40 million agency-wide, but she again cautions that this does not equal cash because it includes receivables, loans, notes, payables, pension obligations, and other liabilities. For FY27, the proposed budget shows significant operating losses before equity: roughly $1.3 million in COCC, $476,000 in HCV, $6 million in public housing, and $1.9 million in Real Estate, offset by an RDC gain related largely to the Grace Street sale. After savings and adjustments, the losses are reduced, but public housing remains the largest deficit area. David Rekas later confirms that without the use of equity, the FY27 budget would be unbalanced by about $6.598 million.

Cash is discussed separately. Mr. Rekas reports that as of June 30, 2026, RRHA had about $12.5 million in available unrestricted cash excluding RDC and about $15.5 million including RDC. After deducting payables and a $900,000 repayment owed to RDC by the COCC, available unrestricted cash was approximately $14 million. Including restricted cash, total cash was about $28.5 million. Sieg Chambliss clarifies that restricted cash generally requires HUD or other funder approval and cannot simply be moved between programs; for example, public housing cash cannot be transferred to Section 8 or vice versa. Chairman Lewis questions whether future payroll and other upcoming expenses were fully reflected, and Ms. Chambliss responds that monthly cash flow reports show the agency's cash position has remained relatively stable.

Capital Funds are discussed and Ms. Chambliss explains that RRHA receives about $14 million annually in capital funds, but a portion is used to support operations through allowable

HUD mechanisms. About 10% can support capital fund management fees for administrative work, and up to 25% can be transferred to support public housing operations. In FY26, about $5.1 million of the $14 million is being used for operational support, leaving about $9 million for capital needs. Ms. Chambliss notes that this is limited given the age of the housing stock and the high cost of unit turns, which average roughly $23,000 to $25,000 per unit.

The discussion closes with a broader discussion about how RRHA could eventually achieve a truly balanced budget without relying on equity. Ms. Chambliss says that would require aggressive cost reductions, eliminating nonessential expenses, scrutinizing staffing, improving rent collection, enforcing leases more effectively, using available HUD tools, increasing revenue, and possibly selling assets if other measures are insufficient. Commissioner Lewis says he is not asking for an immediate solution but wants management to bring forward a realistic plan—perhaps over several years—for getting to a balanced budget rather than submitting deficit budgets annually. CEO Nesmith agrees and says staff will bring a plan. He adds that declining federal funding for public housing is a national issue, and RRHA's long-term path will require speeding up demolition and repositioning, moving away from the traditional public housing model, raising unrestricted revenue, controlling utilities, improving rent collections, and using the RDC/nonprofit structure to support the agency's future business model.

Closing Comments

CEO Steven Nesmith announces that RRHA board members will receive an official notice about a **Board of Commissioners retreat scheduled for Monday, September 21, from 12:00 p.m. to 4:30 p.m.** The retreat will include City Council leadership and members of Mayor Avula's senior leadership team.

CEO Nesmith explains that the retreat is intended to build on prior board retreats and help align RRHA's emerging **5-Year Strategic Plan** with City Council priorities, the mayor's vision, and the city's real estate and redevelopment goals. He also notes that RRHA expects to make

additional budget requests because current city support is focused mainly on infrastructure, while RRHA needs broader funding support to accomplish its goals.

Chair Eddie Jackson adds that the retreat represents a shift toward stronger coordination and cohesion among RRHA, City Council, and the mayor's administration. He connects the discussion to major redevelopment and transformation efforts involving **Gilpin Court, Jackson Ward, Mosby South/North, and Creighton residents**, emphasizing that the work is about improving residents' lives, not just buildings or physical redevelopment. He encourages board participation, ideas, and questions, describing the moment as a major opportunity to advance long-standing board priorities. The retreat will be held at **Virginia Union University**.

Chairman Lewis thanks David Rekas and Sieg Chambliss for the time they spent with him before the meeting, saying their preparation was very helpful. He also describes the budget discussion as lively, productive, transparent, and straightforward, and expresses appreciation for that openness.

Adjournment

As there was no further business to discuss, Chairman Lewis adjourned the meeting at approximately 6:31 p.m.