

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE RETREAT AND REGULAR MEETINGS OF THE
COMMITTEE OF THE WHOLE AND THE COMMISSIONERS
HELD ON APRIL 7-9, 2013

Pursuant to the call of the Chairman and notice duly given, the retreat and regular meetings of the Committee of the Whole and the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on April 7-9, 2013, at The Westin Virginia Beach Town Center at 4535 Commerce Street, Virginia Beach, Virginia.

COMMISSIONERS PRESENT:

Yvonne T. Allmond, Chairman
Kermit E. Hale, Vice Chairman
William C. Shelton
Jacqueline T. Black
Timothy M. Chapman
Douglas R. Fahl
H. Richard Ashe
James Hyland
Manju Ganeriwala

COMMISSIONERS ABSENT:

Marjorie N. Leon
Charles L. Krum, Jr.

OTHERS PRESENT:

Susan F. Dewey, Executive Director
J. Judson McKellar, Jr., Deputy of Legal and Finance
Donald L. Ritenour, Deputy of Programs
Thomas A. Dolce, Managing Director of Homeownership
Arthur N. Bowen, Managing Director of Rental Housing
Janet Wiglesworth, Managing Director of Information Technology Services
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Russ E. Wyatt, General Auditor
Paul M. Brennan, General Counsel
Patrick J. Carey, Managing Director of Finance
J. Michael Hawkins, Director of Community Housing
Llewellyn C. Anderson, Director of Executive Services
John F. Hastings, Director of Multi-Family Development Programs
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Barry Merchant, Policy Analyst
Neal Rogers, Director of Compliance and Asset Management

Sandy Edwards, Executive Assistant
Maurice Jones, Deputy Secretary of HUD
William D. Sessoms, Jr., Mayor of Virginia Beach
Amelia N. Ross-Hammond, Councilmember, City of Virginia Beach
Andrew Friedman, Director of Virginia Beach Department of Housing and Preservation
Steve Lawson, The Lawson Companies
Sarah Stedfast, New Towne Mortgage
Brenda Willis, Executive Director of Chesapeake Redevelopment and Housing Authority
Mary Kay Horoszewski, Executive Director of Virginia Beach Community Development Corporation

Chairman Allmond called the retreat meeting of the Committee of the Whole to order at 1:03 p.m. on April 7, 2013. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 7, 2013, except Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Ms. Dewey reviewed the agenda of the retreat meeting.

Mr. Carey, Mr. Dolce, Mr. Bowen, Mr. Hawkins, and Ms. Neale presented and discussed with the Commissioners the Authority's proposed strategic direction and priorities for finance and legal, homeownership, rental, community outreach, and administrative support, respectively. Commissioner Black joined the meeting during the presentation.

The meeting was recessed at 5:00 p.m. on April 7, 2013.

Chairman Allmond reconvened the meeting of the Committee of the Whole at 8:40 a.m. on April 8, 2013. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 8, 2013, except Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting and except Commissioner Ganeriwala, who was not present during the panel discussion as noted below.

Deputy Secretary Jones discussed with the Commissioners the following matters: the impact of the Budget Control Act of 2011 on HUD programs; HUD's plans for complying with the funding cuts mandated by the Budget Control Act; issues relating to HUD's FHA insurance and subsidy programs; and potential opportunities for improving processes that will enhance the role of housing finance agencies in implementing HUD programs.

Following the discussion with Deputy Secretary Jones, the Commissioners and staff discussed how the Budget Control Act will impact the funding and administration of the HUD Housing Choice Voucher Program.

Mr. Chandler presented a report on the application for federal low-income housing tax credits by the developer of Pierce Queen Apartments whose costs exceed the Authority's per unit cost limits and distributed a letter from the developer explaining the excess costs. Following this discussion, the meeting was recessed for lunch.

During the lunch recess, Mayor Sessoms and Dr. Ross-Hammond welcomed the Commissioners to Virginia Beach and thanked the Authority for its efforts in providing affordable housing for the citizens of Virginia Beach. Mr. Friedman then described the accomplishments of Virginia Beach's Department of Housing and Preservation, the Authority's assistance in providing affordable housing in Virginia Beach, and Virginia Beach's plans for the future in strategic growth areas and preservation of workforce housing.

After the lunch recess, the meeting continued with a bus tour of multi-family developments in the Tidewater area financed by the Authority.

Following the tour, a panel composed of Mr. Lawson, Ms. Stedfast, Ms. Horoszewski, and Ms. Willis made presentations to the Commissioners on housing development in the area, their participation in the Authority's programs, and the challenges facing affordable housing in the area. Commissioner Ganeriwala was not present during the panel discussion. Commissioner Black joined the meeting during the panel discussion.

Upon the conclusion of the panel discussion at approximately 6:00 p.m. on April 8, 2013, the meeting of the Committee of the Whole was recessed.

Chairman Allmond reconvened the meeting of the Committee of the Whole at 9:07 a.m. on April 9, 2013. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Hyland who was not present during the meeting on April 9, 2013.

Mr. Chandler resumed his report on the application by the developer of Pierce Queen Apartments for federal low-income housing tax credits. Following a discussion of the application with staff, it was the consensus of the Commissioners that the Authority should not reserve tax credits to applications that exceed the applicable per unit cost limits in 2013. Mr. Chandler next reported on proposed changes to the qualified allocation plan for the federal low-income housing tax credits for calendar year 2014. Upon conclusion of the report, it was the consensus of the Commissioners that the staff proceed with public forums to receive comment on the proposed changes.

Mr. McKellar, Ms. Blankenship, Ms. Wiglesworth and Ms. Neale reported on the following areas of emphasis for the fiscal year 2014 budget: the factors impacting the Authority's net interest margin; the loan losses anticipated in the single family and multi-family programs; the impact of reduced federal funding and tax programs; the factors affecting staffing costs; the business and technology projects and initiatives; the costs of renovating the Authority's headquarters building; and the positioning of the Authority for

future success. Upon the conclusion of this report, the meeting of the Committee of the Whole was adjourned at 11:30 a.m. on April 9, 2013.

Chairman Allmond convened the regular meeting of the Commissioners at 11:30 a.m. on April 9, 2013. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Hyland who was not present during the regular meeting on April 9, 2013.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on February 5 and 6, 2013 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the resolution entitled "Resolution in Recognition and Appreciation of the 25th Anniversary of For Kids, Inc." dated April 9, 2013, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Hawkins presented a resolution on the five-year and annual plans for the Authority's administration of the housing choice voucher program. On motion duly made and seconded, the resolution entitled "Resolution Approving the PHA Five-Year and Annual Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program" dated April 9, 2013, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Brennan presented the bond limitations resolution for the Authority's Commonwealth Mortgage Bonds that (i) provides for issuance of Commonwealth Mortgage Bonds in aggregate amounts not to exceed \$1.0 billion, (ii) provides for the sale of the Commonwealth Mortgage Bonds not later than May 31, 2014 and (iii) authorizes the distribution of one or more preliminary and final official statements for the Commonwealth Mortgage Bonds in substantially the form thereof presented at the meeting. On motion duly made and seconded, the resolution entitled "Bond Limitations Resolution" dated April 9, 2013, was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Allmond briefly reviewed the presentations and the issues that had been discussed at the retreat meeting of the Committee of the Whole.

Commissioner Shelton reported on current activities in the Department of Housing and Community Development, including an update on the legislation implementing the Virginia Housing Trust Fund. In his report, Commissioner Shelton noted that the Trust Fund received an additional \$1.0 million in funding and that amendments to legislation had been proposed by the Governor and passed by the General Assembly clarifying the administration of the Trust Fund.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: meetings with members of Virginia's congressional delegation and staff during the NCSHA Legislative Conference; an update on the efforts by the Authority and Department of Housing and Community Development relating to the Department of Justice settlement; the upcoming HAND awards luncheon on June 11, 2013; the Virginia Housing Coalition luncheon on June 20, 2013; a meeting of the executive directors of state housing finance agencies from the southeastern states hosted by the Authority; the regular meeting of the Board of Commissioners to be held on June 4 and 5, 2013 at the Virginia Housing Center; and the annual meeting of the Board of Commissioners to be held on August 6 and 7, 2013 at the Virginia Housing Center. Following this report, Commissioner Ganeriwala advised the Commissioners as to the efforts of the National Association of State Treasurers with Congress in retaining the tax-exemption on municipal bonds.

There being no further business, the meeting was adjourned at approximately 12:10 a.m. on April 9, 2013.

Yvonne T. Allmond, Chairman

Paul M. Brennan
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON APRIL 7, 2013

Pursuant to the call of the Chairman and notice duly given, the meeting of the Executive Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on April 7, 2013 at The Westin Virginia Beach Town Center at 4535 Commerce Street, Virginia Beach, Virginia.

COMMITTEE MEMBERS PRESENT:

Yvonne T. Allmond
Kermit E. Hale
Timothy M. Chapman

COMMITTEE MEMBER ABSENT

Marjorie N. Leon

OTHERS PRESENT

Susan F. Dewey, Executive Director
Donald L. Ritenour, Deputy of Programs
J. Judson McKellar, Jr., Deputy of Legal and Finance

Commissioner Allmond called the meeting of the Committee to order at approximately 12:04 p.m. on April 7, 2013. All of the members of the Committee listed above as present at the meeting were present at that time and remained present throughout the meeting.

The Commissioners and staff reviewed and discussed the agendas for the retreat meeting of the Committee of the Whole and the regular meeting of the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 12:50 p.m.