

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE RETREAT AND REGULAR MEETINGS OF THE
COMMITTEE OF THE WHOLE AND THE COMMISSIONERS
HELD ON APRIL 6-8, 2014

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 6-8, 2014, at The Hotel Roanoke and Conference Center at 110 Shenandoah Avenue, Roanoke, Virginia.

COMMISSIONERS PRESENT:

Kermit E. Hale, Chairman
Timothy M. Chapman, Vice Chairman
William C. Shelton
Manju Ganeriwala
Charles McConnell
Douglas R. Fahl
Sarah Stedfast

COMMISSIONER ABSENT:

Jacqueline T. Black
Marjorie N. Leon
H. Richard Ashe
James Hyland

OTHERS PRESENT:

Susan F. Dewey, Executive Director
J. Judson McKellar, Jr., General Deputy
Donald L. Ritenour, Deputy of Programs
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, Managing Director of Community Outreach
Llewellyn C. Anderson, Director of Executive Services
Barry Merchant, Senior Policy Analyst
Frances Stanley, Research & Policy Analyst
Michele G. Watson, Director of Homeownership Programs
Dale Wittie, Director of Rental Housing
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Brian Townsend, Assistant City Manager for Community Development, Roanoke

Angela Penn, Vice President of Economic & Real Estate Development, Total Action for Progress
Shelly Woods, Loan Originator
Ed Walker, CEO, Commonwealth Capital Partners, LLC
Neal Rogers, Director of Compliance and Asset Management
Jessica Griffin, Asset Manager
Sandy Edwards, Executive Assistant
Mr. Kevin Boyle, Virginia Tech
Ms. Rosemary Goss, Virginia Tech

Chairman Hale called the retreat meeting of the Committee of the Whole to order at 1:30 p.m. on April 6, 2014 and welcomed the Commissioners and staff to Roanoke. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 6, 2014.

Ms. Dewey reviewed the agenda of the retreat meeting.

Mr. Merchant and Ms. Stanley presented and discussed with the Commissioners a report on the demographic and economic trends in Virginia and their implications on housing needs served by programs of the Authority.

Ms. Watson presented and discussed with the Commissioners a report on portfolio trends, challenges and opportunities in the homeownership programs of the Authority, including key homeownership issues and possible solutions.

Mr. Bowman, Mr. Wittie and Mr. Chandler presented and discussed with the Commissioners a report on portfolio trends, challenges and opportunities in the rental programs of the Authority, including the current multi-family loan products and funding sources, the recent production of housing units in the multi-family loan program and federal low-income housing tax credit program, and the impact of financial only transactions and loan payoffs on the multi-family loan portfolio.

The meeting was recessed at 4:46 p.m. on April 6, 2014.

Chairman Hale reconvened the meeting of the Committee of the Whole at 9:09 a.m. on April 7, 2014. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 7, 2014.

Mr. Hawkins presented and discussed with the Commissioners a report on trends, challenges and opportunities for the community outreach efforts of the Authority, including an analysis of the delivery network of housing and services providers in Virginia, the impact of the Authority's capacity building assistance, the status of the Authority's homeownership and renter education and counseling programs, and the continued stress on the Housing Choice Voucher Program.

Mr. Ritenour reported on a proposed change to the amount of funding for REACH *Virginia* and the recommended allocations of REACH *Virginia* funds for fiscal year 2015. In his report, Mr. Ritenour discussed the projected amount of funding for REACH

Virginia through the end of fiscal year 2014 and the funds that would be needed to provide a stable level of funding through fiscal year 2018. Mr. Ritenour advised the Commissioners that the staff recommended that the calculation of the annual amount of the Authority net assets to be dedicated, on a present value basis as determined by the Authority, to reduce the interest rates or otherwise provide housing subsidies under the REACH *Virginia* program shall be increased from 15% to 20% of the average of the Authority's excess revenues (as unadjusted for the effect of GASB 31 and GASB 53) for the immediately preceding five fiscal years. Mr. Ritenour further advised the Commissioners that during fiscal years 2015, 2016 and 2017, the current unallocated annual amounts from prior years will be applied to the funding of the annual amounts in those fiscal years in order to provide a stable level of funding for REACH *Virginia* through fiscal year 2018. Mr. Ritenour also described new programs for REACH *Virginia* funds, the programs currently being assisted by REACH *Virginia* funds and the recommended allocations of REACH *Virginia* funds in fiscal year 2015 by categories of programs. Commissioner Shelton moved that the Board amend the calculation for the annual amount of the REACH *Virginia* program funds as recommended by staff. This motion was seconded and approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting. Upon the conclusion of this discussion, it was the consensus of the Commissioners that the staff proceed with the allocation of REACH *Virginia* funds in fiscal year 2015 in accordance with the staff recommendations. Following this discussion, the meeting was recessed for lunch.

After the lunch recess, a panel composed of Mr. Townsend, Ms. Penn and Ms. Woods made presentations to the Commissioners on housing development in the Roanoke area, their participation in the Authority's programs, and the challenges facing affordable housing in the Roanoke area.

Following the panel discussion, the meeting continued with a bus tour of developments in the Roanoke area financed by the Authority. Mr. Walker joined the tour at the Patrick Henry Hotel and discussed his development activities in Roanoke, his participation in the Authority's programs, and the challenges facing affordable housing in the Roanoke area.

Upon the conclusion of the tour at approximately 6:30 p.m. on April 7, 2014, the meeting of the Committee of the Whole was recessed.

Chairman Hale reconvened the meeting of the Committee of the Whole at 8:32 a.m. on April 8, 2014. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Chapman who was not present during the meeting on April 8, 2014 and Commissioner McConnell, who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Mr. Boyle and Ms. Goss gave a presentation on Virginia Tech's new interdisciplinary real estate program that offers courses from six colleges within Virginia Tech, including courses in building construction, civil engineering and property management.

Mr. Carey reported on the following matters that will impact the Authority's budget for the fiscal year 2015: the factors affecting the Authority's net interest margin; actual loan losses and the provision for loan losses in the single family and multi-family programs; the factors affecting staffing costs; the business and technology projects and initiatives, including the renovation of the Authority's headquarters building; bond issuance costs resulting from a change in the accounting rules; and REACH grants. Commissioner McConnell joined the meeting at the beginning of Mr. Carey's report.

Commissioner Shelton reported on current activities in the Department of Housing and Community Development, including the publication of the yearly action plan for comment as required by the Consolidated Plan; continuation of efforts to combat homelessness, with a focus on veterans and young adults; and the publication of proposed changes to the building code.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the status of pending confirmations of the new Commissioners; an update on federal legislation efforts that may impact the Authority's programs; the participation of Authority associates in the Commonwealth Virginia Campaign; the upcoming Authority charity golf tournament on May 22, 2014; the regular meeting of the Board of Commissioners to be held on June 3 and 4, 2014 at the Virginia Housing Center; the annual meeting of the Board of Commissioners to be held on August 5 and 6, 2014 at the Virginia Housing Center; the Governor's Housing Conference to be held on October 29-31, 2014; and the NCSHA Annual Conference to be held on October 18-20, 2014. Upon the conclusion of this report, the meeting of the Committee of the Whole was adjourned at 10:35 a.m. on April 8, 2014.

Chairman Hale convened the regular meeting of the Commissioners at 10:35 a.m. on April 8, 2014. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Chapman who was not present during the regular meeting on April 8, 2014.

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 4 and 5, 2014 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, three resolutions entitled (i) "Resolution in Recognition and Appreciation of the Twenty-Fifth Anniversary of Blue Ridge Independent Living Center, Inc.", (ii) "Resolution in Recognition and Appreciation of the Twenty-Fifth Anniversary of Virginia Community Development Corporation", and (iii) "Resolution in Recognition and Appreciation of the Fortieth Anniversary of Wesley Housing Development Corporation," all dated April 8, 2014, were approved in the forms attached hereto 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 Rental Housing Bonds that (i) provides for issuance of Rental Housing Bonds in aggregate amounts not to exceed \$300 million, (ii) provides for the sale of the Rental Housing Bonds not later than May 31, 2015 and (iii) authorizes the distribution of one or more preliminary and final official statements for the Rental Housing Bonds in substantially the form thereof presented at the meeting. On motion duly made and seconded, the resolution entitled "Bond Limitations Resolution" dated April 8, 2014, 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 \$500 million, (ii) provides for the sale of the Commonwealth Mortgage Bonds not later than May 31, 2015 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 8, 2014, in the form attached hereto was approved 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 8, 2014, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Hale briefly reviewed the presentations and the issues that had been discussed at the retreat meeting of the Committee of the Whole. Chairman Hale thanked the Commissioners for attending the retreat and staff for its efforts in organizing the retreat, noting that this meeting will be the last Board retreat for Mr. Ritenour and Mr. Wyatt.

There being no further business, the meeting was adjourned at approximately 10:50 a.m. on April 8, 2014.

Kermit E. Hale, Chairman

Paul M. Brennan
Assistant Secretary