

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE ANNUAL MEETING OF THE COMMISSIONERS
HELD ON AUGUST 5, 2015

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the annual meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on August 5, 2015 at the Authority's offices at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMISSIONERS PRESENT:

Kermit E. Hale, Chairman
Timothy M. Chapman, Vice Chairman
William C. Shelton
Manju Ganeriwala
Marjorie N. Leon
H. Richard Ashe
Douglas R. Fahl
Sarah B. Stedfast
Lemella Y. Carrington

COMMISSIONER ABSENT:

Charles McConnell

OTHERS PRESENT:

Susan F. Dewey, Executive Director
J. Judson McKellar, Jr., General Deputy and Legal Advisor
Arthur N. Bowen, Managing Director of Rental Housing
Janet Wiglesworth, Managing Director of Homeownership
J. Michael Hawkins, Managing Director of Community Outreach
Paul M. Brennan, General Counsel
Patrick J. Carey, Managing Director of Finance
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Llewellyn C. Anderson, Managing Director of Executive Services
Patrick Gluesing, Managing Director of Information Technology Services/Chief
Innovation Officer
Julie Camus, Managing Director of Internal Audit and Enterprise Risk Management
Michele G. Watson, Director, Homeownership Strategic Relationships
Toni Ostrowski, Director, Homeownership and Lending Programs
Pamela Holmes, Director of Single Family Servicing
Dale Wittie, Director of Rental Housing
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Melody S. Barackman, Controller
Neal Rogers, Director of Compliance and Asset Management
John DeBerry, Loss Mitigation Manager
Barry Merchant, Senior Policy Analyst

Jason Thompson, Organizational Health Reporting and Risk Analyst
Brooke Scott, Program Liaison
Sandy Edwards, Office Manager
Bernadine Jones, Senior Graphic Designer
Suzie Bird, Creative Team Leader
Artonda Cheeseman, Marketing Specialist
Ann Brown, Senior Copywriter
Kathryn Scott, Senior Graphic Designer

Chairman Hale called the meeting of the Committee of the Whole to order at 10:17 a.m. on August 5, 2015. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

Ms. Dewey, Mr. Carey, Ms. Wigglesworth, Mr. Bowen, Mr. Hawkins and Ms. Anderson presented a report on the Authority's organizational performance for fiscal year 2015. In this report, staff advised the Commissioners as to the following matters: capital markets activities; the Authority's financial strength; the status of loan losses and loan loss provision; homeownership loan production and portfolio performance; the status of the mortgage credit certificate program; rental housing loan production and portfolio performance; the activities of community outreach in homeownership education and housing choice vouchers; and the utilization of REACH funds.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 11:46 a.m. on August 5, 2015.

Chairman Hale called the annual meeting of the Board of Commissioners to order at approximately 11:57 a.m. on August 5, 2015. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

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

The minutes of the Committee of the Whole and the regular meeting of the Commissioners held on June 10, 2015 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Bernadine Jones" dated August 5, 2015, was read by Ms. Neale, and on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolution entitled "Resolution in Recognition and Appreciation of James E. Hyland" dated August 5, 2015, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits"

dated August 5, 2015, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolution entitled "Resolution Establishing Meeting Dates of the Board of Commissioners from January 1, 2016 through June 30, 2016" dated August 5, 2015, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Hale, on behalf of the Executive Committee, reported that the Committee had discussed the compensation of the Executive Director that was to be considered later in the meeting and that the Committee had reviewed the agendas for the meetings of the Committees and the Board.

Commissioner Stedfast, on behalf of the Audit Committee, reported that the Committee had received and discussed (i) the Authority's monthly financials year ending June 30, 2015; (ii) the proposed issuance of a request for proposals for a revolving line of credit to replace the Authority's existing line of credit with Bank of America that is due to expire on December 1, 2015; (iii) the completed and current internal audit and review activities; (iv) an update on the Authority's enterprise risk management activities; (v) the proposed issuance of two requests for proposals by the Audit and Risk Division, one for internal audit support and another for external auditors; and (vi) an update from the KPMG auditors on their progress of the fiscal year 2015 audit.

Commissioner Fahl, on behalf of the Operations Committee, reported that the Committee had received and discussed, and recommended approval of, a resolution to approve a mortgage loan to finance Laurel Hill Reformatory. On motion duly made, the resolution entitled "Resolution Authorizing a Multi-Family Mortgage Loan to Finance Laurel Hill Reformatory" dated August 5, 2015, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Fahl also reported that the Committee had received and discussed a staff report on the certification for the Section 8 Management Assessment Program, referred to as SEMAP, relating to the Housing Choice Voucher Program and recommended approval of a resolution to approve the SEMAP certification and its execution by the Chairman and Executive Director. On motion duly made and seconded, the resolution entitled "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification" dated August 6, 2015, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Fahl reported that the Committee had received and discussed staff reports on (i) the Authority's At Risk/Watch List process for rental properties; (ii) the Authority's efforts in working with local housing authorities in their participation in HUD's Rental Assistance Demonstration program; and (iii) revisions to the Rental Division's policy on allocating REACH funds.

Commissioner Shelton reported on recent activities of the Department of Housing and Community Development, including the following: the process for appointing a new representative of the Department's Board to the Authority's Board; HUD's approval of Virginia's project for resiliency planning for Hampton Roads to the next round in the

application process; the current status of proposed HOME funding levels in Congress; and the pending application deadline for funding from the Virginia Housing Trust Fund.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the receipt of three proposals in response to the Housing Policy Advisory Council's request for a study of the links between housing and economic development; plans for the Homeownership and Community Outreach stakeholder engagement series meetings; the annual Commissioner interviews in August; the Virginia Housing Coalition Housing Credit Conference to be held in Richmond on October 8-9, 2015; the Governor's Housing Conference to be held in Hampton on November 18-20, 2015; the next meeting of the Board on October 7, 2015; and the release of the first of three reports from the GAO's review of the low-income housing tax credit program, which includes a recommendation for joint oversight of the program by the Department of Treasury and HUD.

Chairman Hale called for the election of the Board's Chairmen and Vice Chairmen for the coming year, which would become effective immediately following the meeting. Chairman Hale reported that the Executive Committee at its June meeting had recommended the nomination of Commissioner Chapman for Chairman and Commissioner Stedfast for Vice Chairman. Chairman Hale declared the floor open for nominations for Chairman. Commissioner Shelton nominated Commissioner Chapman, and Commissioner Ashe seconded the nomination. There being no further nominations, the floor was closed. Commissioner Chapman was elected Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting. Chairman Hale declared the floor open for nominations for Vice Chairman. Commissioner Shelton nominated Commissioner Stedfast, and Commissioner Fahl seconded the nomination. There being no further nominations, the floor was closed. Commissioner Stedfast was elected Vice Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, a resolution that the Committee convene in closed session to discuss and consider the performance and compensation of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and further that Ms. Blankenship, Mr. Carey and Mr. Brennan, who are deemed necessary to be present or will reasonably aid the Board of Commissioners in its consideration of the aforesaid topics, be present during the closed session was approved by the affirmative vote of the Commissioners noted above as present at the meeting. At the conclusion of the closed meeting, the Commissioners reconvened in an open meeting. Each Commissioner certified, by roll call vote, that to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Commissioners. On motion duly made and seconded, a motion to approve the recommendation of the Executive Committee for the compensation of the Executive Director was approved by the affirmative vote of the Commissioners noted above as present at the meeting. On motion duly made and seconded, a motion that the staff develop deferred compensation options for consideration by the Board at its October

meeting with additional data on comparable compensation packages was approved by the affirmative vote of the Commissioners noted above as present at the meeting.

There being no further business, the meeting was adjourned at approximately 2:19 p.m. on August 5, 2015.

Timothy M. Chapman, Chairman

Paul M. Brennan
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON AUGUST 4, 2015

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 4, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
Timothy M. Chapman
Sarah Stedfast
Douglas R. Fahl

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Paul M. Brennan, General Counsel
Patrick Carey, Managing Director of Finance
Barbara Blankenship, Managing Director of Human Resources
Arthur N. Bowen, Managing Director of Rental Housing

Chairman Hale called the meeting of the Committee to order at approximately 5:04 p.m. on August 4, 2015. 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 minutes of the meeting of the Committee held on June 9, 2015 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

The Commissioners and staff reviewed and discussed the agendas for the meetings of the Finance and Audit Committee, the Operations Committee, the Committee of the Whole and the Board of Commissioners. Mr. Bowen reported on draft of guidelines for administering Rental REACH programs that will be shared with stakeholders. Mr. Bowen also summarized a rental loan transaction for the Laurel Hill Reformatory involving an unsubordinated ground lease in which Fairfax County is the land owner. After this discussion, Ms. Dewey and Mr. Bowen left the meeting.

Mr. Carey presented a report on executive compensation of other state authorities, state headquartered financial institutions, and state housing finance authorities. The members of the Committee reviewed information provided by Ms. Blankenship on the Executive Director's performance for fiscal year 2015. The members of the Committee discussed the Executive Director's performance and discussed the compensation that the Committee would recommend to the Board of Commissioners.

The meeting of the Executive Committee was recessed at 8:05 p.m. on August 4, 2015.

Chairman Hale reconvened the retreat meeting of the Executive Committee at 8:25 a.m. on August 6, 2015. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on April 6, 2015.

The members of the Committee decided on the Executive Director's compensation that the Committee would recommend to the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 8:40 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE FINANCE AND AUDIT COMMITTEE
HELD ON AUGUST 5, 2015

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Finance and Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 5, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, VA 23060.

COMMITTEE MEMBERS PRESENT:

Sarah B. Stedfast, Chairman
Timothy M. Chapman
Manju Ganeriwala
Marjorie N. Leon

COMMITTEE MEMBER ABSENT:

Charles McConnell

OTHERS PRESENT:

Patrick J. Carey, Managing Director of Finance
Julie Camus, Managing Director of Internal Audit and Enterprise Risk Management
J. Judson McKellar, Jr., General Deputy and Legal Advisor
Melody Barackman, Controller
Ross Strodel, Internal Audit Director
Ron Reger, Enterprise Risk Manager
Marquia Gunn, KPMG
Rasheeda Perry, KPMG
Bonnie McRae, Senior Executive Assistant

The meeting of the Finance and Audit Committee was called to order by Committee Chairman Stedfast at approximately 8:45 a.m. on August 5, 2015. The members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting, except that Commissioner Ganeriwala joined the meeting in progress as noted below and thereafter remained present during the meeting.

On motion duly made and seconded, the minutes of the meeting of the Finance and Audit Committee held on June 10, 2015 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. Barackman reported on the Authority's monthly financials year ending June 30, 2015. In her report, Ms. Barackman stated that excess revenues were \$160 million and over budget by \$42 million; net interest margin was \$232 million; programmatic expenses were \$14 million and better than budget by \$40 million primarily due to lower loan loss provision and expenses; administrative expenses were \$55 million and better than budget by \$1.5 million; and net assets had increased by \$177 million to \$2.8 billion.

Ms. Barackman advised the Committee that she did not anticipate any changes in the financials as a result of the KPMG audit of the fiscal year 2015 financial statements.

Mr. Carey stated that the Authority's existing revolving credit agreement with Bank of America will be expiring December 1, 2015, that a request for proposal for a new agreement will be issued shortly, and that he expected to present the new agreement at the October Board Meeting for approval.

Mr. Strodel discussed the audits completed in human resources and procurement and the GNMA loan program audit in process in addition to the operational reviews currently being performed involving single family servicing and community outreach. During this report, Commissioner Ganeriwala joined the meeting.

Mr. Reger presented an update on enterprise risk management activities, including the focus on multi-divisional, business partner and strategic risks, and the consultations with business areas to enhance risk management.

Ms. Camus advised the Committee that the Authority expected to issue two solicitations. She stated that the first solicitation is for third party audit services to conduct reviews and assess risks in the Authority's network of external partners and to provide consultation to those partners for the improvement of their processes and controls. She stated that the second solicitation is for the external auditors since the current KPMG contract expires this fiscal year.

Ms. Perry reported on the status of the audit of the Authority's financial statements for fiscal year 2015. She noted that the audit is progressing on schedule and that no significant issues had been identified.

There being no further business, the meeting was adjourned at 9:21 a.m. on August 5, 2015.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON AUGUST 5, 2015

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 5, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Douglas R. Fahl, Chairman
William C. Shelton
H. Richard Ashe
Kermit E. Hale
Lemella Y. Carrington

COMMITTEE MEMBERS ABSENT:

None

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Arthur N. Bowen, Managing Director of Rental Housing
Janet Wiglesworth, Managing Director of Homeownership
J. Michael Hawkins, Managing Director of Community Outreach
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Paul M. Brennan, General Counsel
Llewellyn C. Anderson, Managing Director of Executive Services
Patrick Gluesing, Managing Director of Information Technology Services/Chief
Innovation Officer
Michele G. Watson, Director, Homeownership Strategic Relationships
Toni Ostrowski, Director, Homeownership and Lending Programs
Pamela Holmes, Director of Single Family Servicing
Dale Wittie, Director of Rental Housing
Neal Rogers, Director of Compliance and Asset Management

The meeting of the Operations Committee was called to order by Chairman Fahl at approximately 9:00 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

On motion duly made and seconded, the minutes of the meeting of the Operations Committee held on June 10, 2014 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Bowen presented to the Committee a resolution to approve a mortgage loan to finance Laurel Hill Reformatory involving an unsubordinated ground lease located in

Fairfax County. On motion duly made and seconded, a resolution to recommend approval of the resolution entitled “Resolution Authorizing a Multi-Family Mortgage Loan to Finance Laurel Hill Reformatory” dated August 5, 2015, was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Hawkins reported on the annual Section 8 Management Assessment Program Certification (“SEMAP Certification”) for the Section 8 Housing Choice Voucher Program for 2015. Mr. Hawkins stated the Authority is certifying to HUD as a standard performer and presented a resolution to approve and authorize the execution of the SEMAP Certification. On a motion duly made and seconded, a resolution to recommend approval of the resolution entitled “Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification” dated August 6, 2015, was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Rogers presented a report on the At-Risk/Watch Analysis of the Authority’s rental loan portfolio in which he described the process that the Authority uses to identify properties in the portfolio that pose a potential financial risk to the Authority.

Mr. Hawkins provided an update of the Authority’s efforts related to HUD’s Rental Assistance Demonstration (RAD) concerning public housing transformation to a project-based rental assistance model.

Mr. Bowen reported on revisions to the Rental Division’s policy on allocating REACH funds that are in draft form and will not be finalized until after stakeholder input.

There being no further business, the meeting was adjourned at 10:10 a.m.

HOUSING FOR VIRGINIA, INC.

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS

August 5, 2015

The 2015 annual meeting of the Board of Directors of HOUSING FOR VIRGINIA, INC. (the “Company”) was called to order at the principal office of the Company, 601 South Belvidere Street, Richmond, Virginia, on August 5, 2015, at approximately 2:02 p.m. (Richmond Time), by Arthur N. Bowen, III, President of the Company. Mr. Bowen announced that he would act as Chairman and Secretary of the meeting.

The Chairman noted that three of the five members of the Board of Directors, Susan F. Dewey, Paul M. Brennan, and himself, were present at the meeting. He then declared that the 2015 annual meeting of Board of Directors had been duly convened and that a quorum of the directors was present at the meeting for the transaction of all business to come before the meeting.

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

The Chairman then stated that it was in order to proceed to the election of officers. On motion made, seconded and by the unanimous votes of Ms. Dewey, Mr. Bowen and Mr. Brennan, the following persons were elected as officers, each of whom shall serve until the next annual meeting of the Board of Directors or until his successor is and qualified:

Arthur N. Bowen, III .	-	President
Patrick J. Carey	-	Vice President and Treasurer
Paul M. Brennan	-	Vice President and Secretary

There being no further business to be conducted, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned.

Arthur N. Bowen, III
Chairman and Secretary of the Meeting