

VIRGINIA HOUSING DEVELOPMENT AUTHORITY  
MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON AUGUST 8, 2017

Pursuant to the call of the Committee 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 August 8, 2017 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Timothy M. Chapman, Chairman  
Sarah Stedfast, Vice Chairman  
Kermit E. Hale  
Charles McConnell

COMMITTEE MEMBER ABSENT:

Clarisa McAdoo Cannon

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Paul M. Brennan, General Counsel  
Patrick J. Carey, Managing Director of Finance  
Barbara Blankenship, Managing Director of Human Resources  
Andrew L. Klein, Principal, Titan Group

Chairman Chapman called the meeting of the Committee to order at approximately 6:05 p.m. on August 8, 2017. 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 meetings of the Committee held on June 6, 2017 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Blankenship briefed the Committee on the plans for the new parking lot and discussions regarding possible expansion plans.

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

Mr. Carey presented a report on compensation of housing finance agency executive directors. After this presentation, Ms. Dewey and Mr. Carey left the meeting.

The members of the Committee then reviewed the information provided by Ms. Blankenship on the Executive Director's performance for fiscal year 2016. Mr. Klein, presented an update to a CEO compensation report provided by the Titan Group. The members of the Committee discussed Ms. Dewey's performance and decided on the compensation that the Committee would recommend to the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 7:40 p.m.

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE ANNUAL MEETING OF THE COMMISSIONERS  
HELD ON AUGUST 9, 2017

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 9, 2017 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Timothy M. Chapman, Chairman  
Sarah B. Stedfast, Vice Chairman  
Lemella Y. Carrington  
Manju Ganeriwala  
Thomas A. Gibson, IV  
Kermit E. Hale  
Charles McConnell  
Shekar Narasimhan

COMMISSIONERS ABSENT:

Clarissa McAdoo Cannon  
David E. Ramos  
William C. Shelton

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Arthur N. Bowen, Managing Director of Rental Housing  
Janet Wigglesworth, 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  
Llewellyn C. Anderson, Managing Director of Executive Services  
Julie Camus, Managing Director of Risk  
J. Kyle Howard, Managing Director of Information Technology (Acting)  
Toni Ostrowski, Director, Homeownership and Lending Programs  
Pamela Holmes, Director of Single Family Servicing  
Janice Burgess, Assistant Director, Homeownership Loan Programs  
Dale Wittie, Director of Rental Housing  
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs  
Melody S. Barackman, Controller  
Barry Merchant, Senior Policy Analyst  
Jason Thompson, Organizational Health Reporting and Risk Analyst  
Demas Boudreaux, Legislative Liaison  
Kelly Gill-Gordon, Director of Grant Programs and Strategic Initiatives  
Hil Richardson, Director of Multi-Family Finance  
Joe Feaser, Senior Finance Manager  
Dania Luby, Associate Budget and Risk Analyst

William Corcoran, Director of Single Family Finance  
Sandy Redd, Finance Manager  
Linda Evans, Senior Budget and Risk Analyst  
Donna Clarke, Accounting Manager, Grants, Expenses, & A/P Management  
Candice Evans, Investor Reporting Analyst  
Pat Hunter, Assistant Director, Homeownership Operations  
Doris Taylor, Document Control Supervisor  
Pat Hancock, Quality Review Supervisor  
Kelly Knighton, Quality Review Supervisor  
Nancy Parker, Loan Closing Specialist  
Sandy Edwards, Office Manager  
Courtney Insley, Executive Administrator  
Sarah Jones-Anderson, Program Liaison

Chairman Chapman called the meeting of the Committee of the Whole to order at 9:10 a.m. on August 9, 2017. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

Mr. Hawkins and Ms. Gill-Gordon presented a report on the Authority's administration of grants that included; past grant management activities; the Authority's grant making philosophy; the structure of the Grants Program Department; the grant management process; and an overview of the Authority's grant programs and initiatives.

Ms. Dewey, Mr. Carey, Ms. Wiglesworth, Mr. Bowen, Mr. Hawkins and Ms. Anderson presented a report on the Authority's organizational performance for fiscal year 2017. In this report, staff advised the Commissioners as to the following matters: capital markets activities, particularly the increase in issuances of single family mortgage backed securities; mortgage credit certificate utilization; the Authority's financial position; the status of loan losses and loan loss provision; homeownership loan production; the level of homeownership activity by month and by product; disbursements under the down payment assistance program; the performance of the homeownership loan portfolio; rental housing loan production; the performance of the rental housing loan portfolio; the activities of community outreach in homeownership education and housing choice vouchers; and the utilization of REACH funds. Commissioner Gibson expressed a concern regarding the decline in the number of rental units coming online that was reflected in the rental housing loan production portion of the report.

Ms. Dewey advised the Board on (i) the report containing the Authority's financial results for the fiscal year ending June 30, 2017; (ii) the salient features of the Authority's proposed Rental Housing Bonds, 2017 Series D-Non-AMT; and (iii) that four applications were submitted for low-income housing tax credits from the 2017 Accessible Supportive Housing (ASH) Pool.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 11:25 a.m. on August 9, 2017.

Chairman Chapman called the annual meeting of the Board of Commissioners to order at approximately 11:32 a.m. on August 9, 2017. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting except Chairman

Chapman, Commissioner McConnell and Commissioner Narasimhan, who left the meeting as indicated below.

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 7, 2017 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 Patrick J. Carey” dated August 9, 2017, 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.

The resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Nancy E. Parker” dated August 9, 2017, 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, 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. Dewey, Ms. Blankenship 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 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 (i) increase the merit compensation of the Executive Director by 13%, (ii) award a bonus for the Executive Director in the amount of 14%, and (iii) direct the Authority to hire a consultant to prepare a proposal for deferred compensation to be presented at the October Board meeting, was approved by the affirmative vote of the Commissioners noted above as present at the meeting. The Board also confirmed that the Executive Director was eligible for the mid-year bonus. Commissioner Narasimhan left the meeting at the conclusion of this discussion.

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

Commissioner McConnell seconded the nomination. There being no further nominations, the floor was closed. Commissioner Cannon was elected Vice Chairman by the affirmative vote of each of the Commissioners then present at the meeting. Chairman Chapman left the meeting at the conclusion of the election of the Chairman and Vice Chairman.

Commissioner McConnell, on behalf of the Audit Committee, reported that the Committee had received and discussed; (i) a close-out report of the forensic review performed by Internal Audit and Dixon Hughes Goodman; (ii) projected internal audits and work activities of Internal Audit; (iii) status updates regarding active audits, including on-going external partner reviews; and (iv) progress on strategic areas of emphasis involving information security, records management, and compliance and risk. Commissioner McConnell reported that, pursuant to the Authority's Anti-Money Laundering and Suspicious Activity Reporting Policy, (i) staff completed its annual review and no mortgage fraud or money laundering activity has been detected; and (ii) an anti-money laundering training course specific to the Authority was taken by all relevant Associates this past year. Commissioner McConnell further reported that staff presented updates to the Policy to align with industry best practices and that the Committee recommended the Board approve the Authority's Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Assets Control Policy. On motion duly made and seconded, the recommendation of the Committee was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner McConnell left the meeting at the conclusion of this report.

On motion duly made and seconded, the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits" dated August 9, 2017, in the form attached hereto was 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 Establishing Meeting Dates of the Board of Commissioners from January 1, 2018 through June 30, 2018" dated August 9, 2017, in the form attached hereto was 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 Approving Housing Choice Voucher Section 8 Management Assessment Program Certification" dated August 9, 2017, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey reported that the Executive Committee had discussed (i) the progress on the construction of the new parking lot, (ii) agendas for the meetings of the Committees and the Board; and (iii) the performance and compensation of the Executive Director.

Ms. Dewey reminded the Commissioners of the Governor's Housing Conference to be held in Norfolk on November 15-17, 2017

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: an update on a meeting with the universities conducting research on behalf of the Housing Policy Advisory Council and staff from the Authority and the Department of Housing and Community Development; the next meeting of the Board to be held on October 11, 2017 at the Virginia Housing Center; a Habitat build that the Authority staff will participate

in on September 15-16, 2017 in Buchanan County; and the Virginia Housing Alliance housing credit conference to be held on September 26 and 27, 2017 in Richmond.

There being no further business, the meeting was adjourned at approximately 1:32 p.m. on August 9, 2017.

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Sarah B. Stedfast, Chairman

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Paul M. Brennan  
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE  
HELD ON AUGUST 9, 2017

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on August 9, 2017 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Chairman  
Sarah B. Stedfast  
Manju Ganeriwala  
Shekar Narasimhan

COMMITTEE MEMBERS ABSENT:

David E. Ramos

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Barbara Blankenship, Managing Director of Human Resources  
Patrick J. Carey, Managing Director of Finance  
Julie Camus, Managing Director of Enterprise Risk Management  
Ross Strodel, Internal Audit Director  
Melody Barackman, Controller  
Fred Bryant, Deputy General Counsel  
David Kohan, Enterprise Information Security Officer  
Jeff Quann, Senior Counsel  
Ben Sady, Dixon Hughes Goodman LLP  
Chris Kalafatis, Dixon Hughes Goodman LLP

The meeting of the Audit Committee was called to order by Committee Chairman McConnell at approximately 8:00 a.m. on August 9, 2017. 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 Audit Committee held on June 7, 2017 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Camus and Mr. Strodel presented a close-out report on operational irregularities that the Authority’s internal controls identified involving approximately \$30,000 (not state or federal appropriations). This report included a summary of the findings of the forensic review performed by Internal Audit and Dixon Hughes Goodman, LLP. The Authority has recovered all such funds, terminated the affected vendor contract and management will implement a corrective action plan to further strengthen the Authority’s controls.

Mr. Strodel provided an update on the Internal Audit plan of projected audits and work activities. Mr. Strodel also provided an update of Internal Audit's active audits, including ongoing external partner reviews performed by a third party accounting firm. Mr. Strodel reported that all staff is working to complete the annual related party questionnaire.

Mr. Kohan provided an update on enterprise information security activities, including efforts to require staff to remove staff's identifiable non-public personal information stored on the Authority's computer network.

Ms. Camus also updated the Committee on the Strategic Objectives of Procurement and Compliance and Risk.

Mr. Quann provided the annual update on the Authority's Anti-Money Laundering and Suspicious Activity Reporting Policy (the "Policy"). Mr. Quann reported that no mortgage fraud or money laundering activity has been detected and that an anti-money laundering course specific to the Authority was created this past fall and all relevant staff completed such training. Mr. Quann presented proposed updates to the Policy to align with industry best practices. On motion duly made and seconded and approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting, the Committee voted to recommend to the Board the approval of the updated Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Assets Control Policy.

There being no further business, the meeting was adjourned at 8:55 a.m. on August 9, 2017.