

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 1 AND 2, 2009

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on December 1 and 2, 2009 at the Virginia Housing Center, 4224 Cox Road, Richmond, Virginia.

COMMISSIONERS PRESENT:

Gerald W. Hopkins, Chairman
Charles McConnell, Vice Chairman
John P. McCann
Jay Fisette
William C. Shelton
Nancy K. O'Brien
Yvonne T. Allmond
Kermit E. Hale
Marjorie N. Leon
Jacqueline T. Black

COMMISSIONER ABSENT:

Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Barbara Blankenship, Managing Director of Human Resources
Janet W. Butler, Managing Director of Information Technology Services
Russ E. Wyatt, General Auditor
Tammy Neale, Chief Learning Officer
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
J. Judson McKellar, Jr., General Counsel
John F. Hastings, Director of Multi-Family Development Programs
Patrick J. Carey, Finance Director
Brenda Brophy, Development Officer Manager
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Paul M. Brennan, Deputy General Counsel
Melody S. Barackman, Controller
Thomas James, Treasury and Investment Manager
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Policy Analyst

Llewellyn C. Anderson, Strategic Planner
Ronald A. Reger, Strategic Planner
Scott Heiry, Business Intelligence Manager
Michael Stoneman, Multi-Family Owned Property Portfolio Manager
Sandy Case, Default Administration Manager
Christine Kline, Assistant Treasury and Investment Manager
Jennifer Hanson, Investment Analyst
Heather Shell, Multi-Family Analyst
Dennis Yeates, Senior Development Officer
Brad Beaman, Development Officer
Emmy Harris, Senior Program Assistant
Barbara MacIver, Construction Loan Coordinator
Donnezzetta Brown, owner of Beatrice Lacey Estates

Chairman Hopkins called the meeting of the Committee of the Whole to order at 2:08 p.m. on December 1, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Black and Hale who were not present at the meeting of the Committee and except Commissioners Allmond, McCann and Fisette who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee.

Mr. Reger, Ms. Watson, Mr. Bowen, Ms. Barackman, and Mr. Dolce presented reports on managing risk in the Authority's homeownership loan portfolio. In their reports, they discussed with the Commissioners the following matters: the factors sustaining foreclosures and the impact on the Authority; the primary roles of the Authority in Virginia's housing market; the types of loan products relied upon by the Authority to mitigate risk, including government insured programs, private mortgage insurance programs, self-insured risk-based pricing programs, and uninsured low loan-to-value programs; fiscal year-to-date loan reservations by program; the stress test used by the rating agencies to determine loss tolerance; the status of the capital reserves of the Authority; examples of loan losses under the stress tests; the cash flow produced by the Authority's capital reserves; the concentration of the higher risks loans in self-insured and uninsured loans; the maintenance of loan reserves at 2% to cover the projected fiscal year 2010 loss percentage; the projection of fiscal year loan losses in excess of the fiscal year 2010 budget but well within reserves; the rise in delinquencies for all loan types with the government insured having the highest rate; the growth in the proportion of government insured loans in the portfolio, principally FHA insured loans; the principal balances, delinquencies and losses by type of loans; the increase in the proportion of loans in the Northern Virginia Tier; the relatively lower level of delinquencies in the Northern Virginia Tier and the relatively higher level of delinquencies in the Richmond area; the continuation of a high level of loan modifications and the effect on staffing; the status of the Authority's Borrower Assistance Program; the increase in short sales in the self-insured portfolio since fiscal year 2008; the increase in telephone calls for loan collection and loss mitigation; the continuous evaluation of the Authority's programs in relation to changes in the lending industry; the increase in oversight of the Authority's lenders to ensure sound lending partners; the use by the Authority of tighter underwriting requirements than industry standards; the tightening of property guidelines on uninsured

condominiums due to increased losses on defaults; and the focus of the Authority's efforts to keep losses a small portion of the loan portfolio. During these reports, Commissioners Allmond, McCann and Fisetto joined the meeting.

Ms. Dewey presented a report on the status of the New Issuance Bond Program of the U.S. Department of the Treasury under which Fannie Mae and Freddie Mac will purchase 60% of the Authority's single family bond issues during calendar year 2010. Ms. Dewey advised the Commissioners that the Authority had received from the U.S. Department of the Treasury a bond purchase allocation of approximately \$482 million that, together with the 40% of the bond issues to be sold in the private market, would produce approximately \$800 million in bond funding for the single family program.

Mr. Merchant presented a report on the basis for the proposed allocations of federal low-income housing tax credits among the geographic pools in the Authority's Qualified Allocation Plan. In this report, Mr. Merchant discussed (i) the two measures- the unmet need for affordable housing and the differential in residential housing construction costs- that have been used for allocating tax credits among geographic pools and (ii) the three measures- rent-burdened households, the Marshall & Swift index and an adjustment factor for new construction- that are proposed to be used for the future allocation of tax credits among the geographic pools. Mr. Ritenour and Mr. Chandler discussed with the Commissioners the public comments that had been received on the proposed changes to the Authority's Qualified Allocation Plan. Following this discussion, the Commissioners considered possible additional changes to the Qualified Allocation Plan that would eliminate the At-Large Pool and allocate the full amount of tax credits to developments that receive partial allocations in the geographic pools. Upon the conclusion of the discussion of these additional changes, it was the consensus of the Commissioners that such additional changes to the Qualified Allocation Plan not be proposed and that it will be the intent of the Commissioners to allocate the full amount of tax credits to developments in Tier 1 of the At-Large Pool that receive partial allocations in the geographic pools and to maintain the discretion to select any developments in Tier 2 of the At-Large Pool that meet the goals and objectives of the Authority.

Mr. Dolce advised the Commissioners of the facts and circumstances relating the foreclosure of Beatrice Lacey Estates owned by Ms. Donnezzetta Brown.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 6:22 p.m. on December 1, 2009.

Chairman Hopkins called the regular meeting of the Board of Commissioners to order at approximately 11:03 a.m. on December 2, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

During the public comment period, Ms. Brown reviewed her letter to the Authority regarding the default and foreclosure on Beatrice Lacey Estates.

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on October 13 and 14, 2009 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 Brenda D. Brophy” dated December 2, 2009, was read by Chairman Hopkins 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 Thomas J. James, Jr.” dated December 2, 2009, was read by Chairman Hopkins 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 Establishing Meeting Dates of the Board of Commissioners from July 1, 2010 through December 31, 2010” dated December 2, 2009 in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman Hopkins, on behalf of the Committee of the Whole, summarized the staff reports to, and the discussions by, the Committee on the following matters: the management of risk in the Authority’s homeownership loan portfolio; the status of the New Issuance Bond Program of the U.S. Department of the Treasury; and the proposed changes to the Authority’s Qualified Allocation Plan.

Commissioner O’Brien, on behalf of the Programs Committee, reported that the Committee had received and discussed, and recommended approval of, the proposed amendments to the Authority’s Qualified Allocation Plan. Commissioner O’Brien advised the Commissioners that the Committee also recommended that the staff consider future changes that would facilitate the preservation of existing affordable housing developments and would provide additional incentives for the location of developments near public transportation. Commissioner O’Brien noted that, as discussed at the meeting of the Committee of the Whole, it will be the intent of the Commissioners to allocate the full amount of tax credits to developments in Tier I of the At-Large Pool that receive partial allocations in the geographic pools and to maintain the discretion to select any developments in Tier 2 of the At-Large Pool that meet the goals and objectives of the Authority. Commissioner O’Brien moved that the amended and restated Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits, including the amendments to Rules and Regulations for Allocation of Low-Income Housing Tax Credits, be approved in the form attached hereto to be effective January 1, 2010 (or such later date as such Plan shall be filed with the Registrar of Regulations after approval by the Governor) and that the staff consider future changes that would facilitate the preservation of existing affordable housing developments and would provide additional incentives for the location of developments near public transportation. At the request of Commissioner Fisette, this motion was amended to

direct the staff to also consider future changes that would address the impact on housing need of achieving a balance of jobs and housing in geographic areas. This motion, as so amended, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner O'Brien reported that one of the developments that had received reservations of tax credits and exchange funds this year would not be proceeding and that two developments which had been selected for the reservation of the tax credits would receive such exchange funds. Commissioner O'Brien summarized the staff reports that had been received and considered by the Committee on the following matters: REACH program and subsidy allocation and utilization; homeownership and multi-family loan delinquencies; the leasing rate in the housing choice voucher program; delinquencies in the Authority's Ginnie Mae portfolio; single family and multi-family loan production; the status of the disposition of multi-family developments owned by the Authority; the status of the Authority's emerging markets outreach efforts; and the Authority's marketing activities.

Commissioner Allmond, on behalf of the Audit Committee, summarized the reports received and considered by the Committee on the Authority's monthly financials and budget comparisons for the period ended October 31, 2009 and on the status of the internal audit schedule, the internal audit reports and recommendations, and the Authority's enterprise risk management activities.

Commissioner Allmond, on behalf of the Operations Committee, reported that the Committee recommended approval of a resolution to amend the Authority's Revolving Credit Agreement with the Bank of America. Commissioner Allmond moved approval of the resolution entitled "Resolution Amending Revolving Credit Agreement" dated December 2, 2009 in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Allmond summarized the staff reports that had been received and considered by the Committee on the salient features of the Authority's proposed Homeownership Mortgage Bonds, 2009 Series B and 2010 Series A, and Rental Housing Bonds, 2010 Series A. Commissioner Allmond reported that the Committee recommended approval of the proposed general bond resolution for the Homeownership Mortgage Bonds. Commissioner Allmond moved approval of the resolution entitled "A Resolution Providing for the Issuance of Homeownership Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Owners Thereof" dated December 2, 2009 in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Allmond reported that the Committee recommended approval of the Bond Limitations Resolution that would (i) provide for issuance of Homeownership Mortgage Bonds in an aggregate amount not to exceed \$1.4 billion, (ii) provide for the sale of the Homeownership Mortgage Bonds not later than December 31, 2010, and (iii) authorize the distribution of one or more preliminary and final official statements in substantially the form presented at the meeting. Commissioner Allmond moved approval of the resolution entitled "Bond Limitations Resolution" dated December 2, 2009, in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Allmond summarized the following staff reports that had been received and considered by the Committee: a report on the selection of health insurance plans by the staff; an update on

ITS projects; a report on recent activities sponsored by the Organizational, Development and Learning Division; and an overview of the Authority's investment policy.

The Commissioners and the staff discussed the comments by Ms. Brown, and it was concluded that no further action be taken.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the Board and Committee meetings on February 2 and 3, 2010 and the Board retreat meeting on April 11-13, 2010; the modernization of the Authority's website; the meeting on November 24, 2009 with representatives of HOME regarding its proposed legislation; the possible enactment of federal legislation to extend the availability of exchange funds for the federal low-income housing tax credit program; and the consideration by the FHA of more stringent underwriting standards for its single family mortgage insurance program.

During lunch, Ms. Butler presented a report on the Authority's new website.

There being no further business, the meeting was adjourned at approximately 1:10 p.m. on December 2, 2009.

Gerald W. Hopkins, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON DECEMBER 2, 2009

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Programs Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on December 2, 2009 at the Virginia Housing Center, 4224 Cox Road, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Nancy K. O'Brien, Committee Chairman
Jay Fisette
William C. Shelton
Charles McConnell
Marjorie N. Leon
Jacqueline Black

OTHER COMMISSIONERS PRESENT:

Gerald W. Hopkins
Yvonne Toms Allmond
John P. McCann
Kermit E. Hale

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Herb H. Hill, Jr., Managing Director of Policy, Planning and Communications
Barbara Blankenship, Managing Director of Human Resources
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., General Counsel
Michele G. Watson, Director of Homeownership Programs
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
J. Michael Hawkins, Director of Community Housing
Paul M. Brennan, Deputy General Counsel
Brenda Brophy, Development Officer Manager
Melody S. Barackman, Controller
Ronald A. Reger, Strategic Business Planner
Michael Stoneman, Multi-Family Owned Property Portfolio Manager

The meeting of the Programs Committee was called to order by Committee Chairman O'Brien at approximately 9:05 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, except Commissioners Shelton, Fisette and Black who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee.

On motion duly made and seconded, the minutes of the meeting of the Committee held on October 14, 2009 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. O'Brien summarized the discussions by the Committee of the Whole at its meeting on December 1, 2009 related to the proposed changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credits. Commissioner O'Brien noted that it was the consensus of the Committee of the Whole that (i) the proposed changes be approved, (ii) the staff consider future changes to facilitate the preservation of existing affordable housing developments and to provide additional incentives for the location of developments near public transportation, and (iii) it will be the intent of the Commissioners to allocate the full amount of tax credits to developments in Tier I of the At-Large Pool that receive partial allocations in the geographic pools and to maintain the discretion to select any developments in Tier 2 of the At-Large Pool that meet the goals and objectives of the Authority. Commissioner Leon then moved that Committee recommend that the amended and restated Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits, including the amendments to Rules and Regulations for Allocation of Low-Income Housing Tax Credits, be approved to be effective January 1, 2010 (or such later date as such Plan shall be filed with the Registrar of Regulations after approval by the Governor) and that the staff consider future changes that would facilitate the preservation of existing affordable housing developments and would provide additional incentives for the location of developments near public transportation. During this discussion, Commissioners Shelton and Fisette joined the meeting. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Chandler reported that one of the developments that had received reservations of tax credits and exchange funds this year would not be proceeding and that two developments which had been selected for the reservation of the tax credits would receive such exchange funds. Mr. Chandler stated that he will report to the Committee at its February meeting on this matter.

Mr. Ritenour presented a report on the REACH program and subsidy allocation and utilization. Following this report, Commissioners Hopkins, Allmond, McCann and Hale left the meeting.

Mr. Dolce reported on the status of delinquencies and foreclosures in the homeownership and multi-family loan portfolios. In this report, Mr. Dolce advised the Committee that as of October 31, 2009 the single family loan delinquencies had decreased to 10.78%, the multi-family delinquencies had decreased to 1.61%, 147 single

family homes were in the Authority's real estate owned portfolio, and 17 single family loan modifications in the Borrower Assistance Program have been made to date in fiscal year 2010.

Mr. Dolce reported that the lease-up rate in the Housing Choice Voucher Program is currently 99%.

Mr. Dolce presented a report on the single family loan delinquencies in the Authority's Ginnie Mae portfolio. In this report, Mr. Dolce noted that as of November 2, 2009, there were 940 loans in the portfolio and that 15 were delinquent. However, he stated that the Authority is well within the Ginnie Mae threshold for delinquencies.

Mr. Ritenour and Ms. Watson present a report on homeownership loan production for the period July 1, 2009 through November 30, 2009. In this report, Ms. Watson noted that 85% of the loan production was to households with incomes less than approximately 80% of the state median income and that approximately 40% of loan production was to minority households. Ms. Watson reported that the average sales price has decreased to \$151,000.

Mr. Ritenour and Mr. Hastings presented a report on multi-family loan production for the period of October 14, 2009 through December 2, 2009. In this report, Mr. Hastings advised the Committee that ten developments consisting of 966 units had been approved for mortgage loans in the total principal amount of approximately \$54 million. During this report, Commissioner Black joined the meeting.

Mr. Stoneman presented a report on the status of the disposition of the multi-family properties owned by the Authority. Mr. Stoneman stated that the Authority currently owns 12 unsold multi-family developments of which three are being offered for sale.

Mr. Hawkins presented the emerging markets outreach report for the period October 1, 2009 to November 30, 2009. In this report, Mr. Hawkins distributed the REACH Report for Fall 2009 and a brochure on the Dutch Inn in Lexington, Virginia.

Mr. Hill presented an update on the Authority's marketing activities in which he distributed marketing materials currently being used by the Authority.

At this point, the staff members then present left the meeting, except Mr. McKellar, Mr. Ritenour, Mr. Chandler and Mr. Brennan. Mr. McKellar advised the members of the Committee as to litigation that had been filed against Arlington County regarding its funding of The Views at Clarendon.

There being no further business, the meeting of the Committee was adjourned at approximately 10:50 a.m. on December 2, 2009.

Minutes of the Meeting of the Audit Committee Held on December 2, 2009

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on December 2, 2009 at the Virginia Housing Center, 4224 Cox Road, Richmond, Virginia.

Committee Members Present	Yvonne Allmond John P. McCann Kit Hale
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Other Commissioners Present	Gerald Hopkins
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Others Present	Susan F. Dewey, Executive Director Arthur N. Bowen, III, Managing Director of Finance & Administration Russ E. Wyatt, General Auditor Melody Barackman, Controller Barbara Blankenship, Managing Director of Human Resources Janet Butler, Managing Director of Information Technology Services Pat Carey, Finance Director Tom James, Treasury and Investment Manager Christine Kline, Assistant Treasury and Investment Manager Michelle Edmonds, Sr. Executive Assistant
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Meeting Called to Order	The meeting was called to order at 9:30 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.
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Approval of the Minutes	On motion duly made by Commissioner McCann and seconded by Commissioner Hale, the minutes of the Audit Committee meeting of October 14, 2009 were approved.
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Report on Monthly Financials	The Controller, Melody Barackman, discussed the October 2009 financial highlights. For the month of October, excess revenues before GASB 31 adjustments were \$8.6 million and exceeded plan by \$1.4 million largely due to Net Interest Margin. Loan losses continue to impact programmatic expenses, however, other programmatic income and savings in administrative or discretionary type costs help to offset these additional costs.
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**Report on
Monthly
Financials**
(cont'd)

For four months of FY 2010, excess revenues totaled \$18 million, or \$3 million behind plan. The sale of STACS security plus YTD write-downs of GSAMP resulted in a \$16 million impact. Loan losses to date together with the first quarter provision for both single-family and multifamily loan reserves exceeded budget by \$3 million to date. Administrative expenses are \$2 million better than budget. Since June 30, net assets have increased by \$32 million to bring excess capital to \$2.15 billion or 23% of total assets.

**Internal Audit
Report**

The General Auditor reported on the status of the audit schedule indicating that one audit had been completed since the last Committee meeting: Project Management. The General Auditor indicated that a clean report was issued to management for this audit. The General Auditor also reported that there were no adverse reports issued since the last Committee meeting.

The General Auditor further reported on the status of audits in progress as follows:
1) Support Services (closing phase); 2) Program Compliance (fieldwork phase); and
3) Network Services (overview phase).

The General Auditor also reported that the Audit schedule is on track to be completed as planned and that there are no control concerns that were previously reported that have not been addressed by management.

The General Auditor then gave a status update of the Enterprise Risk Management Project indicating that The Risk and Control Self-Assessment System is now in the training and implementation phase and that the planned phased roll-out has begun. The General Auditor reported that activities performed since the last Audit Committee meeting included the following:

- Completed the “roll out” power point presentations that will be provided to system users.
- Conducted individual briefings with each division director to give them an overview of the project and system, discuss what their staff will be asked to do, and identify who in their divisions should have system access.
- Had IT update the system access to include the users requested by division directors.
- Discussed with IT the user training assistance they will be providing.
- Established a “test” data base separate from the production data base for training purposes.

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**Internal Audit
Report** (cont'd)

The General Auditor also indicated that VHDA's independent auditors (KPMG) reported to him that the Ginnie Mae audit fieldwork accomplished by Internal Audit this summer saved them approximately 100 hours of staff time which translates into a savings between \$10,000 and \$12,000.

Adjournment

There being no further business, Commissioner Allmond moved for adjournment of the meeting at 9:41 a.m.

Russ E. Wyatt
General Auditor

Yvonne Allmond
Chairman

Minutes of the Meeting of the Operations Committee Held on December 2, 2009

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on December 2, 2009 at the Virginia Housing Center, 4224 Cox Road, Richmond, Virginia.

Committee Members Present	Yvonne Allmond John P. McCann Kit Hale
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Other Commissioners Present	Gerald Hopkins
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Others Present	Susan F. Dewey, Executive Director Arthur N. Bowen, III, Managing Director of Finance & Administration Barbara Blankenship, Managing Director of Human Resources Russ Wyatt, General Auditor Melody Barackman, Controller Janet Butler, Managing Director of Information Technology Services Tammy Neale, Chief Learning Officer, OD&L Pat Carey, Finance Director Tom James, Treasury and Investment Manager Christine Kline, Assistant Treasury and Investment Manager Michelle S. Edmonds, Sr. Executive Assistant
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Meeting Called to Order	The meeting was called to order at 9:41 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.
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Approval of the Minutes	Commissioner McCann moved approval of the minutes of the meeting of the Operations Committee dated October 14, 2009. Commissioner Hale seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.
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Approval to Amend Bank of America Revolving Credit Agreement	Art Bowen, Managing Director of Finance & Administration, reviewed a resolution authorizing the execution of the Amendment to Revolving Credit Agreement and an amended and restated Bank Note in order to extend and modify the Authority's Revolving Credit Agreement with the Bank of America. A motion to recommend approval by the Board was made by Commissioner Hale and seconded by Commissioner McCann. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.
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Operations Committee Minutes
December 2, 2009

**Memorandum-
Homeowner-
ship Mortgage
Bonds
Transactions
Salient
Features**

Art also reviewed salient memoranda for the initial December 2009 \$482.9 million issue of bonds under the new Homeownership Bond Resolution, as well as subsequent issues under the resolution that will occur throughout calendar year 2010.

Art also reviewed a salient memorandum for an upcoming \$75 million tax-exempt Rental Housing Bond issue projected to occur in late January or early February.

**Approval of
New Single
Family Bond
Resolution**

Art Bowen reviewed VHDA's plan of finance for the New Issue Bond Program of the U.S. Department of the Treasury. The new general bond resolution will authorize the issuance of single family Homeownership Mortgage Bonds which will provide the source of bond financing for the New Issue Bond Program of the U.S. Department of the Treasury. The Bond Limitations Resolution (i) sets forth the limitations on such bonds which are to be issued in a maximum principal amount of \$1.4 billion during 2010 under such Program and (ii) authorizes the use and distribution of the form of official statement for such bonds. The \$1.4 billion amount represents an increase in the amount contained in the resolution included in the Board package, with the increase made to allow for any potential reallocation of resources from other states. A motion to recommend approval by the Board was made by Commissioner McCann and seconded by Commissioner Hale. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

HR Update

Barbara Blankenship, Managing Director of Human Resources, gave an update on the medical plan enrollment for the 2010 calendar year. VHDA added an additional medical plan choice to try and lessen the 20% rate increase offered by Anthem. VHDA was able to get the overall percentage rate down to 15%.

ITS Update

Janet Butler handed out the ITS Program/Project Dashboard. Janet highlighted three specific programs.

1 - WEB Modernization Program - Under the Umbrella of this Program, the 2nd Project - **Redesign of VHDA.com** - is set for PRODUCTION LAUNCH on Friday morning, December 4th (1 day ahead of schedule) ... this marks a major milestone for VHDA! Other project initiatives under the Program Umbrella include addressing any "**parking lot**" items that emerged during the execution of the **Redesign of VHDA.com** project, as well as the project effort for **Redesign of VHDA.org**.

2 - ERP Program - The ERP Implementation RFP was issued on November 18th - we directly solicited Lawson and (8) of their certified business partners. Proposals are due no later than 2:00 PM on Thursday, December 10th.

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Operations Committee Minutes
December 2, 2009

ITS Update
(cont'd)

3 - Tax Credit Allocation - Phase I of this project was implemented into PRODUCTION on November 19th as scheduled. There were some minor enhancements that emerged out of UAT (User Acceptance Testing), which the business would like completed before the end of the calendar year. The project team has prioritized and begun work on these enhancements and plans to have them completed and implemented into PRODUCTION by Mid-December. Currently, the project team is well ahead of schedule on completing these enhancements.

4 - NetOxygen Upgrade - The project team has made tremendous strides in "shoring up" the target implementation date for this upgrade (moving it up from May 2010 to **February 26, 2010**). There is a dedicated NetOxygen consultant from WIPro who has been working with the project team since September and will be engaged thru the implementation of the upgrade in order to maintain the positive forward momentum of this critical initiative.

OD&L Update

Tammy Neale gave an update on the Commonwealth of Virginia (CVC) campaign. Associate contributions exceeded last year's contribution totaling over \$97,000. This makes VHDA one of the top contributors to the statewide charitable giving campaign. VHDA is holding its holiday party on Saturday, December 5 here at the Virginia Housing Center. Attendance is expected to be over 200 guests, including two Commissioners.

Overview of Investment Policy

Tom James, Treasury and Investments Manager, reviewed a handout he provided regarding VHDA's investment policy, i.e. where VHDA gets its investment authority, the types of investments it is permitted to invest its money in, where VHDA safe keeps its securities and a brief discussion on the Virginia Security for Public Deposits Act. Commissioner McCann asked for additional information regarding maximum investment maturities and liquidity, to be provided at a subsequent meeting.

Adjournment

There being no further business, Commissioner Allmond adjourned the meeting at 10:55 a.m.

Arthur N. Bowen, III
Managing Director of Finance &
Administration

Yvonne Allmond
Chairman