

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 4 AND 5, 2012

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 4 and 5, 2012 at the offices of the Authority, 601 South Belvidere Street, Richmond.

COMMISSIONERS PRESENT:

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

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Arthur N. Bowen, Managing Director of Program Administration
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
Janet Wiglesworth, Managing Director of Information Technology Services
J. Judson McKellar, Jr., Managing Director of Legal and Finance
Paul M. Brennan, General Counsel
John F. Hastings, Director of Multi-Family Development Programs
Michele G. Watson, Director of Homeownership Programs
Ronald A. Reger, Enterprise Risk Manager
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Melody S. Barackman, Controller
Llewellyn C. Anderson, Director of Executive Services
J. Michael Hawkins, Director of Community Housing
Michael Stoneman, Multi-Family Owned Property Portfolio Manager
Shelia Phillips, Assistant Director of Project Management
Robert Halloran, Marketing Director
Linda Evans, Budget & Risk Management Analyst
Cindy Puller, Systems Administrator
Marco Howard, Desktop Support Analyst

J.D. Bounderant, Strategic Business Planner
Neal Rogers, Manager, Asset Management
Sharon Fairburn, Housing Choice Voucher Program Director
Patrick Carey, Director of Finance
Eric Carter, Assistant Director, Single Family Default
Andrea Kelly, Document Control Supervisor
Richard Taylor, Government Affairs Liaison
Bonnie McRae, Executive Assistant
Pat Hunter, Loan Closing and Quality Review Manager
Brittany Geathers, Intern
Mario Wells, Intern

Chairman Allmond called the meeting of the Committee of the Whole to order at 2:30 p.m. on December 4, 2012. 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 left the meeting at approximately 5:00 p.m.

Ms. Puller and Ms. Anderson presented training on recent changes to the Board Papers application that provides electronic access to the materials for the Board meetings.

Mr. McKellar presented a summary of the coverage under the Authority's insurance policies applicable to the Commissioners.

Mr. Chandler reported on the reservations of tax credits in the Non-Competitive Disability Pool and presented the staff recommendation to ratify the reservations of tax credits in the Pool.

Mr. Carey presented a financial overview of the Authority, including the financial perspective of the Authority, the Authority's net revenues and net assets, the Authority's bond and general obligation ratings, the sources of capital for the Authority's programs, and the Authority's principal financial risks.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:54 p.m. on December 4, 2012.

Chairman Allmond called the regular meeting of the Board of Commissioners to order at approximately 11:00 a.m. on December 5, 2012. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Shelton who joined the meeting in progress as noted below and thereafter remained present during the meeting.

No members of the public were present to request 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 October 2 and 3, 2012 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 Andrea M. Kelly” dated December 5, 2012, was read by Mr. Reger, and on motion duly made and seconded, was approved in the form attached hereto 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 July 1, 2013 through December 31, 2013” dated December 5, 2012, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman Allmond, on behalf of the Executive Committee, reported that the Committee had decided to have the February meeting of the Board at the Virginia Housing Center.

Chairman Allmond, on behalf of the Committee of the Whole, reported that the Committee had received training on changes in the Board Papers application and had received the following reports: the coverage under the Authority’s insurance policies applicable to the Commissioners; the low-income housing tax credits reserved from the Non-Competitive Disability Pool; and a financial overview of the Authority.

Commissioner Leon, on behalf of the Programs Committee, reported that the Committee had reviewed, and had recommended approval of, a resolution to ratify the reservations of federal low-income housing tax credits in the Non-Competitive Disability Pool for Armstrong Place, Partrea I and Westbury Cottages. On motion duly made, the resolution entitled “Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits” dated December 5, 2012 in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Leon summarized the staff reports that had been received and considered by the Committee on the Authority’s programs and outreach and marketing activities.

Commissioner Chapman, 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, 2012 and on the status of the internal audit schedule, reports and recommendations.

Commissioner Chapman, on behalf of the Operations Committee, summarized the salient features of the Authority’s proposed Commonwealth Mortgage Bonds Bonds, Pass-Through Certificates, 2013 Series A. Commissioner Chapman stated that the Committee had received and considered reports on recent activities in Human Resources, including a Performance Management Overview for fiscal year 2012, Organizational Development and Learning, and Project Management.

Ms. Dewey, on behalf of Commissioner Shelton, reported on recent activities of the Department of Housing and Community Development, including the following: the status of the plans for the Virginia Housing Trust Fund; and recently held Governor’s Housing Conference.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: Commissioner Ganeriwala had been elected President of the National Association of State Treasurers; Conflict of Interests Disclosures are due to the Secretary of the

Commonwealth by January 15, 2013; VHDA won three awards at NCSHA's annual conference; introduced VHDA's interns Brittany Geathers and Mario Wells; the staff's participation in the CVC campaign; meetings with members of VOICE and VHDA staff; and the next two meetings of the Board to be held on February 4-5, 2013 and April 7-9, 2013, respectively. Commissioner Shelton returned during Ms. Dewey's report.

There being no further business, the meeting was adjourned at approximately 11:44 a.m.

Yvonne T. Allmond, Chairman

Paul M. Brennan
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON DECMEBER 5, 2012

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 5, 2012 at the offices of the Authority, 601 South Belvidere St, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Marjorie N. Leon, Chairman
William C. Shelton
Kermit E. Hale
H. Richard Ashe
Douglas R. Fahl
James E. Hyland

OTHERS PRESENT:

Donald L. Ritenour, Managing Director of Development
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Arthur N. Bowen, Managing Director of Program Administration
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
Llewellyn Anderson, Director of Executive Services
Paul Brennan, General Counsel
Mike Stoneman, Multifamily Owned Property Portfolio Manager
Robert Halloran, Marketing Director
J.D. Bondurant, Strategic Business Planner
Neal Rogers, Manager, Asset Management
Sharon Fairburn, Housing Choice Voucher Program Director
Eric Carter, Assistant Director of Single Family Default

The meeting of the Programs Committee was called to order by Chairman Leon at approximately 9:30 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 for Commissioner Fahl who joined the meeting 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 3, 2012 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

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

Mr. Ritenour presented a resolution to approve and ratify the reservations of federal low-income housing tax credits for three developments in the non-competitive disability pool known as Armstrong Place, Partrea I and Westbury Cottages. Commissioner Hale moved that the Committee recommend approval of the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated December 5, 2012. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Chandler reported on possible process changes for the non-competitive disability pool and noted that this resolution does not require a change to the QAP, but rather is a l. Mr. Chandler explained that the specific consideration was whether or not to make the pool competitive, or simply restrict credits based on project type. Mr. Fahl joined the meeting and remained for the entirety.

Mr. Carter presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan portfolios. Mr. Carter advised the Committee that as of August, the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family loan portfolios were 13.41% and 1.18%, respectively. Mr. Carter reported that delinquency rates continue to be below Ginnie Mae thresholds and that the total unpaid principal balance of the Ginnie Mae portfolio is \$514.9 million.

Ms. Fairburn reported that the lease-up rate in the Housing Choice Voucher Program was 96% and that all funding for the administrative fee and HAP is on schedule as projected. Ms. Fairburn also reported that VHDA has been selected to take part in a fee study conducted by HUD. Ms. Fairburn concluded by reporting that HUD recently issued a SEMAP status in which VHDA received a “High Performing” status.

Ms. Watson reported that new loan reservations are up by 36% over the same period as last year. The Fannie Mae HFA Preferred Risk Program accounts for 5% of the production increase during this timeframe, however, the FHA Plus loan product is the major factor behind the increase in production accounting for 28% of the new production. Ms. Watson also reported that the Authority had reserved 243 loans under the Fannie Mae HFA Preferred Risk Program for a total of \$47.2 million. Ms. Watson concluded her production comments by reporting that the Authority currently has 240 reservations at \$37 million to date and the volume is high within the FHA Streamline Refi Program.

Next, Ms. Watson presented a report on the Homeownership Education Program. She reported the number of in-person classes has increased from 96 to 125 for the same timeframe over last year while the number of attendees increased from 735 to 916. Ms. Watson also reported that the number of individuals completing the on-line class likewise increased from 1,645 to 2,050.

Mr. Hastings presented a report on multi-family loan production for the period September 25, 2012 to November 27, 2012. In this report, Mr. Hastings advised the Committee that 7 developments consisting of 572 units had been approved for mortgage loans in the total principal amount of approximately \$51.6 million. Mr. Hastings also noted that 71% of the developments were supported with REACH funding. Mr. Hastings concluded his report by noting that 6 of the developments serve families, 4 serve elderly populations and one serves people with disabilities.

Mr. Stoneman presented a report on the status of the disposition of the multi-family developments owned by the Authority. Mr. Stoneman reported that the portfolio consisted of 13 developments that had not been sold or under contract as of November 20, 2012. Mr. Stoneman also reported that 2 properties are now under contract, the sale of one property closed in October and a property previously under contract was cancelled and now has a contract pending with another purchaser. Mr. Stoneman also reported that there was a foreclosure sale of two properties on November 28th and one property was sold to a third party and VHDA would likely assign its rights as the purchasing bidder on the other property to another party that attended the foreclosure. Mr. Stoneman concluded by noting that there were no new acquisitions occurring since the report to the Committee at its meeting in October 2012.

Mr. Hawkins presented reports on the Authority's outreach to the African American and Hispanic markets for the months of October and November. Mr. Hawkins also provided the Commissioners copies of the Fall 2012 REACH Report. He proceeded to highlight the following relative to the REACH Report:

- As part of outreach efforts at the Governor's Housing Conference, VHDA released the Fall 2012 REACH Report which covers an array of efforts to promote housing opportunities in the Commonwealth.
- New for this report is a key system linking the articles to the four principles of the State Housing Policy initiative.
- This new feature demonstrates the linkage between policy and program implementation with our stakeholders and partners.

Mr. Halloran and Mr. Hill presented updates on the Authority's following marketing activities:

- Implemented Top Producing Loan Officer campaign which included newspaper advertising, a direct mail campaign to Top Producing Loan officers and company presidents, promotion at the Virginia Association of Realtors® annual conference and a listing on vhda.com.
- Continuing marketing efforts to increase occupancy at the The Independence and Heritage Commons.
- Generated Washington Times article on Homeownership Education as a result of a VHDA news release. "Classes help homebuyers avoid errors".

There being no further business, the meeting was adjourned at 10:30 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON DECEMBER 5, 2012

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 December 5, 2012 at the offices of the Authority, 601 South Belvidere Street, Richmond.

COMMITTEE MEMBERS PRESENT:

Tim Chapman, Chairman
Yvonne T. Allmond
Charles L. Krum, Jr.

COMMITTEE MEMBERS ABSENT:

Jacqueline T. Black
Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., Managing Director of Legal and Finance
Melody S. Barackman, Controller
Patrick J. Carey, Director of Finance
Ronald A. Reger, Enterprise Risk Manager
Bonnie McRae, Executive Assistant

The meeting of the Audit Committee was called to order by Committee Chairman Chapman at approximately 9:30 a.m. 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 Committee held on October 3, 2012 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Barackman presented a report on the Authority's monthly financials and budget comparisons for the period ended October 31, 2012 in which she noted that excess net revenues totaled \$36.9 million for the first four months of FY13 and exceeded the plan by 10.9 million. The net interest margin was ahead of the plan by \$2.1 million. Programmatic expenses were better than budget by \$7.4 million, and administration expenses were better than the budget by \$1.2 million. Net assets increased to \$2.44 billion, representing 27.5% of total assets.

Mr. Wyatt reported on the status of the audit schedule and reviewed the results of audits completed since the last Committee meeting. He further indicated that no adverse audit reports had been issued since the last Committee meeting and there were no control concerns that were previously reported to the Audit Committee that have not been successfully addressed by management.

There being no further business, the meeting was adjourned at 9:46 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON DECEMBER 5, 2012

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 December 5, 2012 at the offices of the Authority, 601 South Belvidere Street, Richmond.

COMMITTEE MEMBERS PRESENT:

Timothy M. Chapman, Chairman
Yvonne T. Allmond
Jacqueline T. Black
Charles L. Krum, Jr.
Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., Managing Director of Legal and Finance
Melody S. Barackman, Controller
Patrick J. Carey, Director of Finance
Barbara Blankenship, Managing Director of Human Resources
Janet Wiglesworth, Managing Director of Information Technology Services
Tammy Neale, Chief Learning Officer
Shelia Phillips, Assistant Director of Project Management
Ronald A. Reger, Enterprise Risk Manager
Bonnie McRae, Executive Assistant

The meeting of the Operations Committee was called to order by Committee Chairman Chapman at approximately 10:00 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 Committee held on October 3, 2012 were approved by the affirmative vote of each of the members of the Committee.

Mr. McKellar and Mr. Carey presented the salient features for the sale and issuance of an estimated \$100,000,000 of the Authority's taxable single-family Commonwealth Mortgage Bonds, Pass-Through Certificates, 2013 Series A. In this report, Mr. McKellar noted that the proceeds of the Commonwealth Mortgage Bonds are to be used to refund outstanding single family bonds.

Ms. Blankenship provided an update on performance management and compensation; Ms. Neale reported on activities in the Organizational, Development and Learning Division including professional development, succession management, change management, and associate engagement; and Ms. Phillips presented a report on the status of the project portfolio of the Project Management Office.

There being no further business, the meeting was adjourned at 10:30 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 4 AND 5, 2012

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 December 4 and 5, 2012 at the offices of the Authority, 601 South Belvidere Street, Richmond.

COMMITTEE MEMBERS PRESENT:

Yvonne T. Allmond
Kermit E. Hale
Timothy M. Chapman
Marjorie N. Leon

OTHERS PRESENT ON DECEMBER 4, 2012:

Donald L. Ritenour, Managing Director of Development
Arthur N. Bowen, Managing Director of Program Administration
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., Managing Director of Legal and Finance
Melody S. Barackman, Controller
Michele G. Watson, Director of Homeownership Programs
Patrick J. Carey, Finance Director
Eric Carter, Assistant Director, Single Family Default

OTHERS PRESENT ON DECEMBER 5, 2012:

Susan F. Dewey, Executive Director
Barbara Blankenship, Managing Director of Human Resources

Commissioner Allmond called the meeting of the Committee to order at approximately 1:00 p.m. on December 4, 2012. 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 meetings of the Committee of the Whole, the Audit Committee, the Operations Committee and the Programs Committee.

The meeting was recessed at 2:05 p.m. on December 4, 2012.

Commissioner Allmond reconvened the meeting at approximately 8:38 a.m. on December 5, 2012. 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 discussed the location of the meetings of the Commissioners to be held on February 5 and 6, 2013, and it was the consensus of the Committee that the meetings be held at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

The Commissioners discussed whether to hold any future meetings of the Commissioners on a single day, and it was the consensus of the Committee to continue to hold the meetings on two days.

Ms. Dewey advised the Commissioners that Ms. Paula Otto will be providing public relations training during the meetings of the Commissioners on February 5 and 6, 2013.

There being no further business, the meeting was adjourned at approximately 9:15 a.m. on December 5, 2012.