

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 4, 2013

Pursuant to the call of the Chairman and notice duly given, the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") was held on December 4, 2013, 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
Marjorie N. Leon
Jacqueline T. Black
Douglas R. Fahl
H. Richard Ashe

COMMISSIONERS ABSENT:

Charles L. Krum, Jr.
James Hyland
Manju Ganeriwala

OTHERS PRESENT:

Susan F. Dewey, Executive Director
J. Judson McKellar, Jr., Deputy of Legal and Finance
Donald L. Ritenour, Deputy of Programs
Arthur N. Bowen, Managing Director of Rental Housing
Janet Wiglesworth, Managing Director of Information Technology Services
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Russ E. Wyatt, General Auditor
Paul M. Brennan, General Counsel
Patrick J. Carey, Managing Director of Finance
J. Michael Hawkins, Managing Director of Community Outreach
Llewellyn C. Anderson, Director of Executive Services
Dale Wittie, Director of Rental Housing
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Melody S. Barackman, Controller
Shelia Phillips, Assistant Director of Project Management
Ron Reger, Risk Manager
Patrick Gluesing, Assistant Deputy Director of Programs
Beth Seward, REACH Team Director
Michele Jackson, Executive Assistant
Bonnie McRae, Senior Executive Assistant
Cindy Puller, Systems Administrator
Marco Howard, Desktop Support Analyst

Chairman Hale called the regular meeting of the Board of Commissioners to order at approximately 10:04 a.m. on December 4, 2013. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Ashe 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 1 and 2, 2013 were 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 July 1, 2014 through December 31, 2014" dated December 4, 2013, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Ashe joined the meeting during the discussion of this resolution.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Llewellyn C. Anderson" dated December 4, 2013, 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 noted above as present at the meeting.

Mr. Carey discussed with the Commissioners a proposed written determination that will designate obligations of the Authority to Fannie Mae or Ginnie Mae or security owners pursuant to agreements entered into between the Authority and Fannie Mae or Ginnie Mae as Other Financial Arrangements under the general bond resolution for the single family Commonwealth Mortgage Bonds.

Commissioner Fahl, on behalf of the Programs Committee, reported that the Committee had received and considered staff reports on the status of the Authority's programs and outreach activities. Commissioner Fahl also reported that the Committee had reviewed a recommendation of the staff to reserve federal low-income housing tax credits in the non-competitive disability pool to three developments; Commerce Village, New Phoenix Village and Patterson Crossing. On motion duly made, a resolution to authorize the staff to proceed with the reservations of tax credits in accordance with the recommendation of the staff was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Leon, on behalf of the Audit Committee, summarized the reports received and considered by the Committee on the Authority's monthly financials and the year-to-date budget comparisons for the period ended October 31, 2013 and on the status of the internal audit schedule, reports and recommendations.

Commissioner Leon, on behalf of the Operations Committee, stated that the Committee had received and considered reports on recent activities in Human Resources, Organizational Development and Learning, and Project Management, noting that the Authority has accepted a bid from a general contractor for renovation work at the Authority's offices on South Belvidere Street.

Commissioner Shelton, reported on recent activities of the Department of Housing and Community Development, including the following: the recently held Governor's Housing Conference and the status of the rollout of the Virginia Housing Trust Fund.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: Conflict of Interests Disclosures that will be sent to the Commissioners in the following week and are due to the Secretary of the Commonwealth by January 15, 2014; the Authority won four awards at NCSHA's annual conference; the next two meetings of the Board to be held on February 4-5, 2014 and April 6-8, 2014, respectively; the staff's participation in the CVC campaign; the status of tax-exempt volume cap available to the Authority; and the procurement of a consultant to help with external focus groups for strategic planning purposes. Commissioners Leon, Black, Chapman and Hale shared what they learned at NCSHA's annual conference during Ms. Dewey's report.

There being no further business, the meeting was adjourned at approximately 10:58 a.m.

Kermit E. Hale, Chairman

Paul M. Brennan
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON DECEMBER 4, 2013

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 4, 2013 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBER ABSENT

James Hyland

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Deputy of Programs
Arthur N. Bowen, Managing Director of Rental Housing
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Paul M. Brennan, General Counsel
J. Michael Hawkins, Managing Director of Community Housing
Llewellyn C. Anderson, Director of Executive Services
Dale Wittie, Director of Rental Housing
Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Patrick Gluesing, Assistant Deputy Director of Programs
John Hastings, Director of Rental Housing
Beth Seward, REACH Team Director
Michelle Jackson, Executive Assistant

The meeting of the Programs Committee was called to order by Chairman Fahl at approximately 9:03 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 2, 2013 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Chandler presented a report from the staff on the low-income housing tax credit developments in the Non-Competitive Disability Pool. After a brief discussion, the consensus of the Committee was for staff to proceed with reservations of credits for the

three developments that have applied for credits from the non-competitive disability pool as recommended by staff: New Phoenix Village in Newport News; Commerce Village in Harrisonburg; and Patterson Crossing in Hampton. Mr. Chandler also gave a brief update on the status of Pierce Queen Apartments.

Mr. Gluesing presented reports on the status of delinquencies and foreclosures in the homeownership loan portfolio. Mr. Gluesing advised the Committee the single family delinquency for month end October 2013, was 12.9%. Mr. Gluesing reported that delinquency rates continue to be below Ginnie Mae thresholds. Mr. Gluesing reported that delinquency rates in the Ginnie Mae portfolio continue to be below Ginnie Mae thresholds.

Mr. Bowen presented a report on the status of delinquencies and foreclosures in the multi-family portfolio. Mr. Bowen advised the Committee that the foreclosure sale of the RPJ Housing portfolio is scheduled for December 16, 2014.

Ms. Watson presented a report on new loan reservations for the period July 1, 2013 to September 30, 2013. Ms. Watson advised the Committee that the Authority had reserved 1,836 single family loans for a total loan amount of \$330 million. Ms. Watson noted that although production was similar to production over the same period last year, the production included 650 loans under the new Rapid Refinance Interest-Only Loan Program and that single-family loan production in the Authority's other single-family loan programs was down approximately 27% from the same period last year.

Mr. Wittie presented a report on multi-family loan production for the period October 2, 2013 to November 20, 2013. In this report, Mr. Wittie advised the Committee that nine developments consisting of 380 units had been approved for mortgage loans in the total principal amount of approximately \$25.98 million. Mr. Wittie noted the unique nature of the Faison development that is intended to serve tenants with autism.

Mr. Bowen presented a report on the status of the disposition of the multi-family developments owned by the Authority noting that the contract for sale for Old Mill had been canceled and that The Independence would be ready soon for marketing.

Mr. Hawkins presented the consolidated Community Outreach Board Report describing the Authority's activities in homeownership education, the Housing Choice Voucher program marketing and REACH. Mr. Hawkins noted publicity the Authority received in the November issue of Virginia Town & City, the magazine of the Virginia Municipal League and the inaugural edition of the Authority's community Outreach Report.

There being no further business, the meeting was adjourned at 9:54 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON DECEMBER 4, 2013

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 4, 2013 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, VA 23060.

COMMITTEE MEMBERS PRESENT:

Marjorie N. Leon, Chairman
Timothy M. Chapman

COMMITTEE MEMBER ABSENT:

Jacqueline T. Black
Manju Ganeriwala
Charles L. Krum, Jr.

OTHERS PRESENT:

Barbara Blankenship, Managing Director of Human Resources
Patrick J. Carey, Managing Director of Finance
Judson McKellar, Deputy of Legal and Finance
Shelia Phillips, Assistant Director of Project Management
Melody Barackman, Controller
Janet Wiglesworth, Managing Director of Information Technology Services
Russ E. Wyatt, General Auditor
Ron Reger, Risk Manager
Bonnie McRae, Senior Executive Assistant

The meeting of the Audit Committee was called to order by Committee Chairman Leon at approximately 9:00 a.m. on December 4, 2013. 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 1, 2013 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Barackman reported on the Authority's monthly financials and budget comparison for the period ending October 31, 2013. In her report, Ms. Barackman stated that excess revenues were \$30 million, surpassing the budget by \$6.8 million, that programmatic expenses were \$7.4 million better than budget, that administrative expenses were under budget by \$2.6 million, and that net assets totaled \$2.54 billion.

Mr. Wyatt reported on the status of the internal audit schedule, reports and recommendations. In the report, he indicated that there were no adverse reports issued

since the last committee meeting and 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 9:15 a.m. on December 4, 2013.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON DECEMBER 4, 2013

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 4, 2013 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Marjorie N. Leon, Chairman
Jacqueline T. Black
Timothy M. Chapman

COMMITTEE MEMBER ABSENT:

Manju Ganeriwala
Charles L. Krum, Jr.

OTHERS PRESENT:

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

The meeting of the Operations Committee was called to order by Committee Chairman Leon at approximately 9:16 a.m. on December 4, 2013. 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 2, 2013 were approved by the affirmative vote of each of the members of the Committee noted above as present.

Ms. Blankenship presented an update relating to Human Resources.

Ms. Neale reported on professional development, employee engagement and organizational development work by the Organizational Development and Learning Division since the October meeting of the Committee. Ms. Neale also noted that VHDA Associates have contributed \$106,000 to the Commonwealth of Virginia Campaign.

Ms. Phillips reported on the status of the active Project Management Office portfolio of programs and projects. In her report, Ms. Phillips discussed with the Committee Members the status of the headquarters renovations and the single family solution suite project.

There being no further business, the meeting was adjourned at 9:26 a.m. on December 4, 2013.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON DECEMBER 3, 2013

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 3, 2013 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
Timothy M. Chapman
Marjorie N. Leon
Douglas R. Fahl

OTHERS PRESENT

Susan F. Dewey, Executive Director
Donald L. Ritenour, Deputy of Programs
J. Judson McKellar, Jr., Deputy of Legal and Finance

Chairman Hale called the meeting of the Committee to order at approximately 8:12 a.m. on December 3, 2013. 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 October 1, 2013 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The Commissioners and staff reviewed and discussed the agendas for the meetings of the Audit Committee, the Operations Committee, the Programs Committee, and the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 8:45 p.m.