

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON DECEMBER 6, 2016

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 6, 2016 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Sarah B. Stedfast, Vice Chairman  
Clarissa McAdoo Cannon  
Lemella Y. Carrington  
Manju Ganeriwala  
Thomas A. Gibson, IV  
Kermit E. Hale  
Charles McConnell  
Shekar Narasimhan  
David E. Ramos  
William C. Shelton

COMMISSIONER ABSENT:

Timothy M. Chapman, Chairman

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Arthur N. Bowen, Managing Director of Rental Housing  
Janet Wiglesworth, Managing Director of Homeownership  
J. Michael Hawkins, Managing Director of Community Outreach  
Paul M. Brennan, General Counsel  
Patrick J. Carey, Managing Director of Finance  
Barbara Blankenship, Managing Director of Human Resources  
Tammy Neale, Chief Learning Officer  
Llewellyn C. Anderson, Managing Director of Executive Services  
Julie Camus, Managing Director of Risk  
Dale Witte, Director of Rental Housing  
J.D. Bondurant, Director of Low Income Housing Tax Credit Programs  
Fred Bryant, Deputy General Counsel  
Neal Rogers, Director of Compliance and Asset Management  
Toni Ostrowski, Director, Homeownership Lending Programs  
Pamela Holmes, Director of Homeownership Servicing  
Janice Burgess, Assistant Director, Homeownership Loan Programs  
Patricia Hunter, Assistant Director, Homeownership Operation  
Sandy Edwards, Office Manager  
Jason Thompson, Director of Risk and Organizational Reporting

Demas Boudreaux, Legislative Liaison  
Sarah Jones-Anderson, Associate Program Liaison  
Hope Coleman Rutter, Senior Tax Credit Allocation Officer  
Shelia Stone, Senior Tax Credit Allocation Officer

Vice Chairman Stedfast called the meeting of the Committee of the Whole to order at 9:08 a.m. on December 6, 2016. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Narasimhan, who left the meeting as noted below and did not return to the meeting.

On motion duly made and seconded, the minutes of the meeting of the Operations Committee held on October 5, 2016 were approved by the affirmative vote of each of the Commissioners listed above as present at the meeting.

Mr. Bowen and Mr. Bondurant presented a report on the Authority's Low-income Housing Tax Credit (LIHTC) program which included: an overview of how the LIHTC program functions; federal requirements the Authority must follow on the LIHTC program; the Authority's administration of the LIHTC program; selection criteria for applications in the Authority's Qualified Allocation Plan and their alignment with the Authority's strategic goals; the Authority's tax credit pool structure; the role of the Board of Commissioners in the LIHTC program; the process of allocating tax credits to successful applicants; the current challenges faced by participants in the LIHTC program; and the number of affordable units produced in Virginia under the LIHTC program. Commissioner Narasimhan left the meeting at the end of this report.

Mr. Carey reported on the Authority's monthly financials ending October 31, 2016. In his report, Mr. Carey noted the following: fiscal year excess revenues were \$43 million which is over budget by \$4.9 million; net interest margin totaled \$81.5 million which is \$0.4 million lower than the budget plan; programmatic expenses were \$16 million, better than budget by \$2.8 million; administrative expenses were \$21.4 million, lower than budget at \$2.1 million. Mr. Carey explained that the downward trend in the Authority's total asset position is due to the Authority's change in the method of financing single family loans from bond financed loans that are assets on the balance sheet to mortgage-backed securities that are off balance sheet transactions. Mr. Carey noted, however, that the Authority's net position (total assets less total liabilities) continues to improve and was \$3.03 billion as of October 31, 2016.

Ms. Ostrowski reported on the outreach efforts in Homeownership to increase service to rural areas and the receipt of two applications from lenders that serve the Charlottesville, Roanoke and Tazewell areas.

Mr. Bowen reported on the impact of the recent rise in interest rates and changes to tax credit pricing on pending Rental loan applications.

Mr. Hawkins reported on plans to create a rural housing advisory board for the Authority and reviewed recent activity by Community Outreach in the towns of Honaker and Pulaski.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 11:33 a.m. on December 6, 2016.

Vice Chairman Stedfast called the regular meeting of the Board of Commissioners to order at approximately 11:33 a.m. on December 6, 2016. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Narasimhan who was not present at the meeting.

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

The minutes of the Committee of the Whole and the regular meeting of the Commissioners held on October 5, 2016 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, 2017 through December 31, 2017" dated December 7, 2016, 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 "Amended and Restated Resolution – Committees of the Board of Commissioners" dated February 4, 2015, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Vice Chairman Stedfast, on behalf of the Executive Committee, reported that the Committee had reviewed the agendas for the meetings of the Committees and the Board.

Commissioner McConnell, on behalf of the Audit Committee, reported that the Committee had received staff reports on the Authority's (i) current internal audit activities, including the results of the IT System User Access audit and the formation of a committee for preparations of a formal quality assurance review to be completed prior to fiscal year end; and (ii) progress on strategic areas of emphasis involving information security, records management, and procurement process improvements.

Commissioner Shelton reported on recent activities of the Department of Housing and Community Development, including the following: (i) a review of the Governor's Housing Conference held in Roanoke on November 16-18, 2016; and (ii) the meeting of the Board of the Department of Housing and Community Development on December 19, 2016 to adopt changes to the building code.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: (i) an update on the activities of the Housing Policy Advisory Council, including the next meeting scheduled for December 19, 2016 at the Virginia Housing Center; (ii) HUD has rated the Authority as a high performer, HUD's highest rating, regarding the Authority's management of the Housing Choice Voucher program; (iii) a new marketing brochure that promotes our public-private partnership with stakeholders; (iv) the Commissioner Statement of Economic Interests

disclosure forms are due on January 17, 2017; (v) the Authority's plan to use a consultant to examine work space needs of the Authority; (vi) the next meeting of the Board of Commissioners on January 31 -February 1, 2017; and (vii) the Board of Commissioners' retreat and meeting on April 2-4, 2017 in Alexandria.

There being no further business, the meeting was adjourned at approximately 11:50 a.m. on December 6, 2016.

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Timothy M. Chapman, Chairman

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Paul M. Brennan  
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON DECEMBER 6, 2016

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 December 6, 2016 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Sarah Stedfast, Vice Chairman  
Kermit E. Hale  
Charles McConnell

COMMITTEE MEMBER ABSENT:

Timothy M. Chapman, Chairman

OTHER COMMISSIONERS PRESENT:

Clarisa McAdoo Cannon  
Thomas A. Gibson, IV  
Shekar Narasimhan  
David E. Ramos

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Paul M. Brennan, General Counsel  
Arthur N. Bowen, Managing Director of Rental Housing  
Patrick J. Carey, Managing Director of Finance  
Llewellyn C. Anderson, Managing Director of Executive Services

Vice Chairman Stedfast called the meeting of the Committee to order at approximately 6:20 p.m. on December 6, 2016. 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 5, 2016 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 Committee of the Whole and the Board of Commissioners. Mr. Bowen reviewed the staff presentation on the Authority's Low-income Housing Tax Credit program.

There being no further business, the meeting was adjourned at approximately 6:50 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE  
HELD ON DECEMBER 7, 2016

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 7, 2016 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

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

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Patrick J. Carey, Managing Director of Finance  
Julie Camus, Managing Director of Audit and Enterprise Risk Management  
Jeffrey Howard, Managing Director of Information Technology (Acting)  
Ross Strodel, Internal Audit Director  
Fred Bryant, Deputy General Counsel

The meeting of the Audit Committee was called to order by Committee Chairman McConnell at approximately 8:35 a.m. on December 7, 2016. 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 Commissioner Ganeriwala who joined the meeting in progress as noted below and thereafter remained present during the meeting.

On motion duly made and seconded, the minutes of the meeting of the Finance and Audit Committee held on October 5, 2016 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Strodel reported on audit activities in the Internal Audit department. In this report, Mr. Strodel presented (a) the results of the IT System User Access audit; (b) an update on the reviews of REACH program external partners; (c) updates on the status of active audits, including Habitat for Humanity chapters receiving lines of credits from the Authority and reviews of expense reports; and (d) the current status of the audit schedule. Mr. Strodel also informed the committee of on-going preparations for completion of a formal quality assurance review prior to fiscal year end. During this report, Commissioner Ganeriwala joined the meeting.

Commissioner Narasimhan inquired whether staff is tracking the single-family down payment assistance program (DPA) production as it relates to its effectiveness in

permitting borrowers to obtain and sustain housing not otherwise affordable to them. Ms. Dewey and Ms. Camus confirmed that such data and case studies will be compiled.

Ms. Camus presented an update on four areas in the Authority's Strategic Goal 4: procurement, records management, information security, and compliance and risk.

There being no further business, the meeting was adjourned at 9:00 a.m. on December 7, 2016.