

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON FEBRUARY 4, 2015

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 February 4, 2015 at the Authority's offices at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMISSIONERS PRESENT:

Kermit E. Hale, Chairman  
Timothy M. Chapman, Vice Chairman  
Manju Ganeriwala  
James Hyland  
Charles McConnell  
Marjorie N. Leon  
Douglas R. Fahl  
H. Richard Ashe  
Sarah Stedfast  
Lemella Y. Carrington

COMMISSIONER ABSENT:

William C. Shelton

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
J. Judson McKellar, Jr., General Deputy  
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  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Research  
Llewellyn C. Anderson, Managing Director of Executive Services  
Patrick Gluesing, Managing Director of Information Technology Services/Chief  
Innovation Officer  
Julie Camus, Managing Director of Internal Audit and Enterprise Risk Management  
Dale Wittie, Director of Rental Housing  
Michele G. Watson, Director of Homeownership Programs  
Pamela Holmes, Director of Single Family Servicing  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
Melody S. Barackman, Controller  
Ron Reger, Risk Manager  
Barry Merchant, Senior Policy Analyst

Marco Howard, Desktop Support Analyst  
Jason Thompson, Organizational Health Reporting and Risk Analyst  
Suzie Bird, Creative Team Leader  
LaDonna Cruse, Senior Housing Education Officer  
John DeBerry, Loss Mitigation Manager  
Darrell Dyson, Collections Manager  
Joe Feaser, Finance Manager  
David Glassman, Senior Development Officer  
Greg Hachey, Senior Systems Administrator  
Elsie Handy, Accounting Manager, S/F Mort, SP, & Expense Management  
Carol Jackson, Assisted Housing Regional Portfolio Manager  
Darleen Kirkland, Service Central Manager  
Kris Kruse, Senior Internal Auditor  
Janet Little, Senior Finance Manager  
Mark McBride, Systems Integration Analyst  
Geraldine Mezera, Supervisor, Payroll & Systems Administrator  
Sid Mohammad, Accounting Manager  
Jaynell Pittman-Shaw, Senior Tax Credit Allocation Officer  
Jeff Quann, Associate Counsel  
Amy Schwartz, Direct Originations Program Manager  
Beth Seward, Reach Team Director  
Frances Stanley, Research and Policy Analyst  
Chris Wickham, Senior Counsel  
Troy Yeary, Business Analyst Lead  
Janice Ganoë, Learning Specialist II  
Tierra Sampson, Learning Assistant  
Elizabeth Cobban, Program Support Trainee  
C. J. Tomasevich, Intern

Chairman Hale called the meeting of the Committee of the Whole to order at 10:00 a.m. on February 4, 2015. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Stedfast who left the meeting as noted below.

Mr. Brennan presented a report on the roles and responsibilities of the Commissioners and briefly summarized the provisions of the Guiding Principles for the Conduct of the Members of the VHDA Board of Commissioners and Executive Order #2.

Mr. Brennan presented the proposed resolution to amend and restate the resolution adopted August 1, 2006, as amended on December 3, 2008, regarding the committees of the Board. A motion to recommend approval of the resolution entitled "Amended and Restated Resolution - Committees of the Board of Commissioners" dated February 4, 2015, in the form attached hereto was duly made and seconded and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Brennan presented a resolution to approve and ratify the reservations of federal low-income housing tax credits for two developments in the non-competitive

disability pool known as Carlton Views I in Charlottesville and Freedom Lane in the Town of Wytheville. A motion to recommend approval of the resolution entitled "Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits" dated February 4, 2015, in the form attached hereto was duly made and seconded and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Dewey, Mr. Carey, Ms. Wigglesworth, Mr. Bowen, and Mr. Hawkins presented a report on the Authority's organizational performance through the six month period ending on December 31, 2014. In this report, staff advised the Commissioners as to capital markets activities; the Authority's financial strength; the status of loan losses and loan loss provision; homeownership loan production; the level of homeownership activity by month and by product; the performance of the homeownership loan portfolio; rental housing loan production; the level of rental housing activity by month; 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. Commissioner Stedfast left the meeting during the presentation of this report.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 12:19 p.m. on February 4, 2015.

Chairman Hale called the regular meeting of the Board of Commissioners to order at approximately 12:19 p.m. on February 4, 2015. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Stedfast 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 December 3, 2014 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey and Ms. Neale introduced the current class of the Leadership Development Program to the Board.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Tammy R. Neale" dated February 4, 2015, 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.

Chairman Hale, on behalf of the Executive Committee, reported that the Committee had reviewed the agendas for the meetings of the Committees and the Board and the two presentations made to the Committee of the Whole - the roles and responsibilities of the Board and the mid-year performance report.

Commissioner Fahl, on behalf of the Operations Committee, reported that the Committee had received and discussed staff reports from (i) Homeownership - on a potential opportunity to conduct business with Freddie Mac, the roll out of the new loan

originations system in March, and the Authority's maintenance of tier one servicer ranking with HUD; (ii) Rental - on initial interest in the expanded income options offered in the mixed use mixed income program; (iii) Community Outreach - on the joint efforts of the Authority and Housing Virginia on both NIMBY issues and the planning of the second annual Housing and Education Seminar, and the creation of a workgroup with local redevelopment and housing authorities to assess the resources needed in Virginia to address the expectations of HUD's recently expanded Rental Assistance Demonstration program; and (iv) Human Resources - on the Authority's wellness initiative, Motivate Me.

Vice Chairman Chapman, on behalf of the Finance and Audit Committee, reported the Committee had received and discussed staff reports on (i) the financial highlights of the Authority as of December 2014; (ii) the Authority's audit and risk strategy and the Committee's role in the context of enterprise risk management; and (iii) the current status of audit projects. Vice Chairman Chapman also noted that a recent peer review conducted on KPMG concluded that KPMG's audit engagements were designed and performed in conformity with professional standards.

Chairman Hale, on behalf of the Committee of the Whole, reported that the Committee had received and discussed a staff presentation on the roles and responsibilities of the Commissioners. Chairman Hale reported that the Committee reviewed, and had recommended approval of, a resolution approving the responsibilities of the committees of the Board. 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. Chairman Hale reported that the Committee had reviewed, and had recommended approval of, a resolution to approve and ratify the reservations of the federal low-income housing tax credits from the non-competitive disability pool to two developments: Carlton Views I and Freedom Lane. On motion duly made and seconded, the resolution entitled "Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits" 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. Chairman Hale reported that the Committee had received and discussed a staff report on organizational performance through the six month period ending on December 31, 2014.

Commissioner Hyland reported on recent activities of the Department of Housing and Community Development, including the following: work of the Department in conducting meetings throughout the Commonwealth in preparation for the yearly update to Consolidated Plan.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the Authority's election to carry forward \$753 million in 2014 bond allocation for its single family programs; an update on the first meeting of the stakeholder engagement series held in Williamsburg on rental housing issues; the intention to try to limit changes to the Authority's Qualified Allocation Plan in 2016 to matters needed to address the Department of Justice Settlement and the increase in the size HUD's Rental Assistance Demonstration program; the Authority's reception

for members of the General Assembly and staff to demonstrate the Authority's GIS Economic Impact application; the efforts of the multi-agency working group to address the needs of the intellectually and developmentally disabled population in relation to the Department of Justice Settlement; and the Board Retreat to be held in Fredericksburg on April 12-14. During Ms. Dewey's report, Mr. Brennan gave an update on legislation before the General Assembly.

There being no further business, the meeting was adjourned at approximately 12:56 p.m. on February 4, 2015.

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Kermit E. Hale, Chairman

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Paul M. Brennan  
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON FEBRUARY 3, 2015

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 February 3, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman  
Timothy M. Chapman  
Sarah Stedfast  
Douglas R. Fahl

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
J. Judson McKellar, Jr., General Deputy  
Paul M. Brennan, General Counsel  
Llewellyn C. Anderson, Managing Director of Executive Services

Chairman Hale called the meeting of the Committee to order at approximately 5:11 p.m. on February 3, 2015. 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, except Commissioners Fahl and Stedfast who joined the meeting in progress as noted below and thereafter remained present during the meeting.

The minutes of the meeting of the Committee held on December 3, 2014 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey described the revised committee structure of the Board. Commissioner Fahl joined the meeting during this discussion.

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

Mr. Brennan reviewed the Board Roles and Responsibilities presentation to the Board. Commissioner Stedfast joined the meeting during this discussion.

Ms. Dewey reviewed the mid-year Performance Report.

There being no further business, the meeting was adjourned at approximately 7:21 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE FINANCE AND AUDIT COMMITTEE  
HELD ON FEBRUARY 4, 2015

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Finance and Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on February 4, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, VA 23060.

COMMITTEE MEMBERS PRESENT:

Sarah Stedfast, Chairman  
Timothy M. Chapman  
Charles McConnell  
Marjorie N. Leon  
Manju Ganeriwala

COMMITTEE MEMBER ABSENT:

None

OTHERS PRESENT:

Patrick J. Carey, Managing Director of Finance  
Julie Camus, Managing Director of Internal Audit and Enterprise Risk Management  
J. Judson McKellar, Jr., General Deputy and Legal Advisor  
Melody Barackman, Controller  
Ross Strodel, Internal Audit Manager  
Ron Reger, Enterprise Risk Manager  
Bonnie McRae, Senior Executive Assistant

The meeting of the Finance and Audit Committee was called to order by Committee Chairman Stedfast at approximately 9:00 a.m. on February 4, 2015. 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 Audit Committee held on September 30, 2014 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. Barackman reported on the Authority's monthly financials ending December 31, 2014. In her report, Ms. Barackman stated that excess revenues were over \$77 million, surpassing the budget by \$19 million, that administrative expenses are slightly better than budget by \$1.4 million, that programmatic expenses are better than budget by \$17.5 million, and that net assets totaled \$2.7 billion. Commissioner Ganeriwala entered the meeting during this report. Ms. Barackman also presented a letter from PricewaterhouseCoopers, LLP of a peer review of KPMG LLP, which concluded that KPMG's audit engagements were designed and performed in conformity with Professional Standards.

Ms. Camus stated that the Internal Audit and Risk Management Division will be moving from a five year cycle-based rotating auditing schedule to a risk-based auditing schedule. Mr. Reger discussed the role of the Committee in executing the audit and risk strategy and reviewed a checklist for the Committee's risk management oversight. Mr. Strodel discussed the key documents in the implementation of the audit and risk strategic objectives, including revisions to the Audit Committee Charter and the Internal Audit Charter to be presented for approval to the Committee.

Mr. Strodel also reviewed the status of audit projects currently in process in the Human Resources Division, the Procurement Department, the Single Family Servicing Department, and the Community Outreach Division.

There being no further business, the meeting was adjourned at 9:43 a.m. on February 4, 2015.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE  
HELD ON FEBRUARY 4, 2015

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 February 4, 2015 at the Virginia Housing Center, 4224 Cox Road, Glen Allen, Virginia.

COMMITTEE MEMBERS PRESENT:

Douglas R. Fahl, Chairman  
H. Richard Ashe  
Lemella Y. Carrington  
Kermit E. Hale  
James E. Hyland

COMMITTEE MEMBER ABSENT:

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  
Barbara Blankenship, Managing Director of Human Resources  
Tammy Neale, Chief Learning Officer  
Paul M. Brennan, General Counsel  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
Llewellyn C. Anderson, Managing Director of Executive Services  
Patrick Gluesing, Managing Director of Information Technology Services/Chief  
Innovation Officer  
Dale Wittie, Director of Rental Housing  
Michele G. Watson, Director of Homeownership Programs  
Pamela Holmes, Director of Single Family Servicing  
James M. Chandler, Director of Low Income Housing Tax Credit Programs

The meeting of the Operations Committee was called to order by Chairman Fahl at approximately 9:00 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 Operations Committee held on September 30, 2014 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. Watson advised the Committee that staff is exploring the possibility securitizing single family mortgage loans with Freddie Mac, which could create an opportunity for additional

single family loan production from the Authority's lending partners that are approved to do business with Freddie Mac but not approved to do business with FNMA. Ms. Watson reported to the Committee that the Authority's new loan origination system is scheduled to start accepting loans in March.

Ms. Holmes reported to the Committee that the Authority has maintained its Tier 1 servicing status with HUD.

Mr. Bowen and Mr. Wittie reported to the Committee on the increased interest in the mixed income and mixed income/mixed use rental loan program created by the additional tenant income options offered in the program. The loan applications requesting the new income options appear to create opportunities for some affordable units where none would have been available without tax credits.

Mr. Hawkins advised the Committee on the Authority's collaboration on two efforts with Housing Virginia: (i) a seminar on NIMBY issues; and the (ii) the planning of the second annual Housing and Education Seminar to held at Virginia Commonwealth University. Community Outreach is also working with redevelopment housing authorities in Virginia to assess the resources needed in Virginia to address the expectations of HUD's recently expanded Rental Assistance Demonstration program.

Ms. Blankenship reported to the Committee on the start of the latest wellness initiative at the Authority, Motivate Me.

Ms. Dewey reported on preparations for creating recommendations on the utilization of REACH to be presented to the Board at the retreat in April.

There being no further business, the meeting was adjourned at 9:45 a.m.