

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON JUNE 8, 2011

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 June 8, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

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

COMMISSIONER ABSENT:

Timothy M. Chapman

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 Wiglesworth, 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
Michele G. Watson, Director of Homeownership Programs
John F. Hastings, Director of Multi-Family Development Programs
Melody S. Barackman, Controller
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Senior Policy Analyst
Michael Stoneman, Multi-Family Owned Property Portfolio Manager
Llewellyn C. Anderson, Strategic Planner
Ronald A. Reger, Strategic Planner
George Peterson, Support Services Director
Sharon Fairburn, Housing Choice Voucher Program Director
Sid Mohammad, Accounting Manager

Scott Heiry, Business Intelligence Manager
Kathy Natale, Assistant Director of Business Systems
Sheila Phillips, Assistant Director of Project Management
Joseph K. Feaser, Finance Associate
Linda Evans, Budget and Risk Management Analyst
Robert Halloran, Marketing Director

Chairman McConnell called the meeting of the Committee of the Whole to order at 8:34 a.m. on June 8, 2011. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Black, McCann, Leon, Ganeriwala, Hopkins and O'Brien who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Ms. Dewey, Mr. Ritenour and Mr. Bowen presented and discussed with the Commissioners the Authority's proposed Fiscal Year 2012 Transitional Strategic Plan and in their presentations reviewed the proposed changes to be made to the outcomes that were in the Authority's Fiscal Year 2011 Transitional Strategic Plan. During these presentations, Commissioners Black, McCann, Leon, Ganeriwala and Hopkins joined the meeting.

Ms. Dewey, Mr. Bowen, Mr. Hill, Mr. Ritenour, Ms. Wiglesworth, Ms. Blankenship, Ms. Neale, Ms. Barackman, and Mr. Dolce made presentations on the Authority's proposed annual budget for fiscal year 2012. At the beginning of these presentations, Commissioner O'Brien joined the meeting. During these presentations, the Commissioners and the staff discussed the following matters: (1) the market environment, including the trends in home prices, the anticipated weak demand by first-time homebuyers, the signs of improvement and challenges in the rental markets, the uncertain environment affecting the Authority and the proposed budget, the changes in bond and mortgage interest rates since 2005, and the significant drivers impacting the proposed budget; (2) the fiscal year 2012 trends and projections, including the number of units and the dollar amount of loan production in the Authority's single family and multi-family loan programs since 2005, the Authority's total unit production in comparison with peer state housing authorities since 2007, the dollar amount of single family and multi-family mortgage loan assets since 2005, and the impact of loan losses and provision on the Authority's earnings since 2005; (3) a summary of the major components of the budget, including the net interest margin trends since 2005, the programmatic and administrative expense trends since 2005, the net interest margin, non-interest expenses and excess revenue budgeted and projected for fiscal year 2011 and projected for fiscal year 2012, and the excess revenues since fiscal year 2005; (4) the programmatic expenses and income included in the proposed budget in comparison to the fiscal year 2011 budget, including the amounts for the loan loss provision and for loan losses and expenses, the formulas used to calculate the amounts of the loan loss provision, the net operating expenses and capital improvement expenditures for owned multi-family properties, the housing assistance payments and administrative fees for the Housing Choice Voucher Program, the grants and program training expenses, the finance and mortgage servicing expenses, and the ancillary fee income; (5) the administrative expenses included in the proposed budget in comparison to the fiscal year 2011 budget, including the amounts for compensation and benefits, facilities and equipment,

technology and other projects, ongoing technology, marketing and business partner support, professional development and business travel, printing, postage and other expenses, capital outlay projects and purchases, and potential capital outlays after fiscal year 2012 unrelated to information technology; (6) a summary of the report of the Authority's financial condition by Standard & Poor's in May 2011; (7) the expected impact on REACH *Virginia* through fiscal year 2014; and (8) the non-monetary community support provided by the Authority.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 11:06 a.m.

Chairman McConnell called the regular meeting of the Board of Commissioners to order at approximately 11:20 a.m. The Commissioners listed above as present at the meeting were present at that time and remained present throughout 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 retreat and regular meeting of the Commissioners held on April 3-5, 2011 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 Linda K. Evans" dated June 8, 2011, 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.

Commissioner O'Brien, on behalf of the Programs Committee, reported that the Committee had received and discussed a staff report on the Emergency Homeowner Loan Program in which the Authority would, if receiving an award of funds under the Program, act as an intermediary between NeighborWorks America and housing counseling agencies in providing federal assistance to unemployed or underemployed eligible homeowners at risk of foreclosure to make their mortgage payments for up to twenty-four months, subject to a maximum of \$50,000. Commissioner O'Brien advised the Commissioners that the Committee had concurred that the staff should move forward with implementing the administration of the Program if the Authority receives an award of funds. Commissioner O'Brien reported that the Committee had received and discussed a staff report on the final rankings for reservations of the federal low-income housing tax credits in 2011 and that the Committee recommended that the staff proceed with the reservations of tax credits for the developments having scores high enough to receive tax credits in each of the pools and for Howard Manor Apartments and Round Hill Meadows. It was the consensus of the Commissioners that the staff proceed as recommended by the Committee. Commissioner O'Brien reported that the Committee had received and discussed a staff report summarizing proposed changes to the Qualified Allocation Plan for the federal low-income housing tax credits and had authorized the staff to proceed with the public forum to receive comments on the proposed changes. Commissioner O'Brien reported that the Committee had considered, and recommended approval of, proposed amendments to the Authority's Rules and Regulations- General Provisions for

Programs of the Virginia Housing Development Authority that would conform such Rules and Regulations to legislation adopted in the 2011 Session of the General Assembly relating to the purchase by the Authority of mortgage loans. Commissioner O'Brien reported that the staff had advised the Committee that \$700,000 of REACH funds would be reallocated from the grants in fiscal year 2012 funds for Housing Support Initiatives for Extremely Low Income and Emergency Assistance for Existing Multi-Family Developments in order to provide grants for housing counseling services in replacement of federal funds that had been eliminated from the federal budget. Commissioner O'Brien summarized the staff reports that had been received and considered by the Committee on the following matters: homeownership and multi-family loan delinquencies; the leasing rate in the housing choice voucher program; delinquencies in the Authority's Ginnie Mae portfolio; the volume of telephone calls received in the Authority's Contact Center; 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 recent marketing activities. Upon the conclusion of these reports, Commissioner O'Brien moved approval of the resolution entitled "Resolution Amending the Rules and Regulations- General Provisions for the Programs of the Virginia Housing Development Authority" dated June 8, 2011 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 Hale, on behalf of the Audit Committee, reported that the Committee had received a presentation from KPMG on its plan for the 2011 audit of the Authority's financial statements. Commissioner Hale summarized the reports received and considered by the Committee on the Authority's monthly financials and budget comparisons for the period ended April 30, 2011 and on the status of the internal audit schedule, reports and recommendations. Commissioner Hale reported that the Committee had reviewed and approved amendments to the Authority's Red Flags and Identity Theft Program.

Commissioner Hale, on behalf of the Operations Committee, summarized the following staff reports that had been received and considered by the Committee: a report by Ms. Phillips on the status of the Project Management Office's portfolio of projects; a report by Ms. Neale on recent activities sponsored by the Organizational, Development and Learning Division; and a report by Ms. Blankenship on staff compensation and benefits.

Commissioner McConnell, on behalf of the Executive Committee, reported that the Committee had discussed staff merit increases and bonus compensation that would be considered later in the meeting in connection with the fiscal year 2012 operating budget.

Chairman McConnell, on behalf of the Committee of the Whole, reported that the Committee had reviewed and discussed the Authority's proposed budget for fiscal year 2012 and had reviewed and discussed, and recommended approval of, the Fiscal Year 2012 Transitional Strategic Plan. On motion duly made, the Fiscal Year 2012 Transitional Strategic Plan was approved in the form attached hereto by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Shelton reported on recent articles in The Washington Post and the initiation of Congressional hearings relating to the federal HOME Program and advised the Commissioners that the Board of Housing and Community Development had initiated the development of a remediation protocol for defective drywall.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the Board and Committee meetings on August 2 and 3, 2011; the NCSHA Conference in San Diego on October 1-4, 2011; the Board and Committee meetings on October 11 and 12, 2011; the Governor's Housing Conference in Hampton on November 16-18, 2011; the proposed 2012 Board retreat at the Berry Hill Resort and Conference Center in South Boston; and the receipt by the Authority of recognition by the Virginia Beach Community Development Corporation for the Authority's support and commitment, the 2010 Visionary Award from EarthCraft Virginia, the American In-house Design Award for posters designed by the Authority staff for the Virginia Association of Realtors conference, five Silver Awards of Distinction in the 2011 Communicator Awards from the International Academy of the Visual Arts, and Housing Leadership Awards to Mr. Chandler and Mr. Hawkins to be given at the Virginia Housing Coalition Annual Awards Dinner on June 23, 2011.

Ms. Dewey noted that the meeting was the last Board meeting for Commissioner McCann and thanked him for his eight years of service to the Authority.

The Commissioners discussed merit increases and bonuses for the staff as recommended by the Operations Committee and Executive Committee, and it was the consensus of the Commissioners that the amount of \$1.5 million be approved for merit increases and bonuses. On motion duly made and seconded, the resolution entitled "Resolution- Adoption of 2012 Fiscal Year Operating Budget" dated June 8, 2011 in the form attached hereto, as revised to include such portion of the \$1.5 million as shall be deemed by management to be merit increases, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

There being no further business, the meeting was adjourned at approximately 12:15 p.m.

Charles McConnell, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON JUNE 7, 2011

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 June 7, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Nancy K. O'Brien, Chairman
Charles McConnell
William C. Shelton
Gerald W. Hopkins

COMMITTEE MEMBER ABSENT:

Jacqueline T. Black

OTHER COMMISSIONERS PRESENT:

Yvonne T. Allmond
John P. McCann
Kermit E. Hale
Marjorie N. Leon

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
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
Llewellyn Anderson, Strategic Business Planner
Barry Merchant, Senior Policy Analyst
Arthur N. Bowen, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
Kelly Gill-Gordon, Homeownership Education Program Manager
Paul Brennan, Deputy General Counsel
Dale Wittie, Senior Tax Credit Allocation Officer
Ron Reger, Strategic Business Planner
Mike Stoneman, Multifamily Owned Property Portfolio Manager
Robert Halloran, Marketing Director
William Park, Pinnacle Construction
Chuck Mason, Mayor of Town of Orange
Paul Browne, Community Preservation & Development Corporation

The meeting of the Programs Committee was called to order by Chairman O'Brien at approximately 2:39 p.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 April 5, 2011 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Commissioner O'Brien called for public comments. Mr. Park advised the Committee of the inadvertent omission of documentation relating to developer experience in the application for low-income housing tax credits for Round Hill Meadows. Mr. Park noted that the omitted information was available in the Authority's records and that the Qualified Allocation Plan permitted the Authority to take such information into account in awarding points to the development. Mayor Mason explained the need for additional affordable housing in the Town of Orange and advised the Committee of the support of the Town of Orange for the development.

Mr. Ritenour, Ms. Watson, and Ms. Gill-Gordon discussed with the Committee the federal Emergency Homeowner Loan Program to assist homeowners who are at risk of foreclosure due to their being underemployed or unemployed as a result of the economic downturn or a medical condition. Mr. Ritenour informed the Committee that Virginia is eligible to receive approximately \$44 million in grant funds from the U.S. Department of Housing and Urban Development through NeighborWorks America. Ms. Watson noted that the Authority has applied to NeighborWorks America to administer the Program as an intermediary between NeighborWorks America and participating housing counselor agencies. Ms. Gill-Gordon explained that the funds would be used to pay up to 24 months of portions of the homeowners' mortgage payments, subject to a maximum of \$50,000. Ms. Gill-Gordon advised the Committee that other nonprofits in Virginia have applied to administer the Program and that staff is expected to be notified in June of any award of funds to the Authority. After further discussion, the Committee concurred that the staff should move forward with implementing the administration of the Program if the Authority receives an award of funds.

Mr. Ritenour advised the Committee that the Authority will be funding a \$700,000 Housing Counseling Grant program to offset the reduction of federal grant funds for housing counseling services in Virginia. Mr. Ritenour reported that the program will be funded by REACH funds through the elimination of two REACH grant programs, Housing Initiatives Support for Extremely Low Income and Emergency Assistance for Multi-Family Developments, that were due to be launched in FY 2012.

Mr. Chandler presented a report on the final rankings for reservations of the low income housing tax credits in 2011 and recommended that the staff proceed with reservations of tax credits for the developments having scores high enough to receive tax credits in each of the pools and for Howard Manor Apartments and Round Hill Meadows. It was the consensus of the Committee to recommend that the staff proceed with such reservations of tax credits.

Mr. Chandler next discussed proposed changes to the low-income housing tax credit Qualified Allocation Plan. Mr. Chandler noted that the public forum regarding these changes is scheduled for June 23, 2011 at 10:00 a.m. at VHDA Headquarters. It was the consensus of the Committee that the staff be authorized to proceed with the public forum to receive comments on the proposed changes. At this point, Commissioners Allmond, McCann, Hale and Leon left the meeting.

Mr. McKellar presented a resolution amending the Authority's regulations to conform its regulations to the legislation enacted in the 2011 Session of the General Assembly relating to the conversion of the Authority's single family mortgage loan program to a mortgage purchase program. Mr. McKellar reported that the public hearing on the regulations was held on May 26, 2011, that no comments were received, and that no changes were made to the proposed amendments that were presented at the April meeting of the Programs Committee. Commissioner Hopkins moved that the Committee recommend approval of the resolution entitled "Resolution Amending the Rules and Regulations – General Provisions for the Programs of the Virginia Housing Development Authority" dated June 8, 2011. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan portfolios. Mr. Dolce advised the Committee that as of May the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family loan portfolios had decreased to 11.21% and 1.43%, respectively, since the last report to the Committee. Mr. Dolce reported that the lease-up rate in the Housing Choice Voucher Program was 97%. Mr. Dolce reported that delinquency rates continue to be below Ginnie Mae thresholds and that the total unpaid principal balance of the Ginnie Mae portfolio is \$305 million representing 2,291 loans. Mr. Dolce reported that the number of phone calls received by the Authority's Contact Center had decreased to 3,215 and that the majority of the contacts came from Richmond followed by Northern Virginia and Hampton Roads.

Ms. Watson reported that reservations from July 1, 2010 to May 25, 2011 consisted of 3,344 loans and \$490 million. Ms. Watson also reported that the fallout rate of VHDA's single family loans from reservations to loan commitment had increased to 17%.

Ms. Watson presented a report on the Homeownership Education Program noting that 593 in-class participants and 1,200 online class participants had completed the course year-to-date.

Mr. Hastings presented a report on multi-family loan production for the period March 29, 2011 and May 31, 2011. In this report, Mr. Hastings advised the Committee that 10 developments consisting of 777 units had been approved for mortgage loans in the total principal amount of approximately \$16 million. Mr. Hastings also noted that 60% of the developments were supported with REACH funding.

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 twelve developments that had not been sold or under contract and that no new acquisition had occurred since April.

Mr. Hawkins presented reports on the Authority's outreach to the African American and Hispanic markets between April 2011 and May 2011. In this report, Mr. Hawkins stated that REACH Team members were actively engaged in the planning and presenting of sessions at the Annual Conference of the Virginia Association of Housing Counselors and that outreach efforts in support of the Virginia Housing Search initiative continue with presentations at the Virginia Apartment Management Association Board meeting.

Mr. Hill presented an update on the Authority's marketing activities. In this report, Mr. Hill noted that the Authority's Homeownership Education and Virginia Housing Search advertising campaigns were launched on May 23, 2011 and will run through June 30, 2011. Mr. Hill also reported that the Authority's online homeownership education course was being redesigned.

There being no further business, the meeting was adjourned at 5:21 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON JUNE 7, 2011

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 June 7, 2011 at the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
John P. McCann
Marjorie N. Leon
Yvonne T. Allmond

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Janet Wiglesworth, Managing Director of Information Technology Services
Melody Barackman, Controller
Fred Bryant, Associate General Counsel
Jeff Quann, Assistant Counsel
Rob Churchman, KPMG
Du'Neika Easley, KPMG
Maria Barrow, Office Manager

The meeting of the Audit Committee was called to order by Committee Chairman Hale at approximately 4:25 p.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 April 5, 2011 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Representatives from KPMG discussed the upcoming audit of the FY 2011 financial statements. The discussion covered their audit team, methodology, timeline, and points of emphasis including:

- Investments in rental properties
- Ginnie Mae program
- Allowance for loan losses
- Valuation of investments
- ERP system implementation

Ms. Barackman reviewed highlights of the Authority's monthly financials and budget comparisons for the period ending April 30, 2011. In this report, Ms. Barackman noted the following: excess revenues before GASB adjustments for the month of April total \$11.4 million, (or \$1.3 million ahead of plan); year-to-date earnings total \$74.2 million (\$1.4 million ahead of plan); Net Interest Margin is very close to the YTD budget target at \$158 million; programmatic expenses YTD exceed budget by \$1.5 million; loan loss provision and expense at \$49.8 million exceeds plan by \$7.6 million; administrative expenses YTD remain better than budget in all administrative categories by a total of \$2.7 million; total assets have decreased since June 30, 2010 by \$190 million to \$9.47 billion, primarily in outstanding mortgage loans; net assets have increased year-to-date by \$79 million, resulting in excess capital of \$2.3 billion or 24.3% of total assets.

Mr. Wyatt reported on the status of the Audit Schedule and reports issued since the last Committee meeting, that there were no adverse reports issued since the last Committee meeting and that the Audit Division is on track to complete the 5-year schedule as planned. Mr. Wyatt also reported that there were no control concerns that were previously reported to the Audit Committee that have not been successfully addressed by management.

Mr. Bryant and Mr. Quann reported that the federal Fair and Accurate Credit Transactions Act (FACTA) and implementing guidelines issued by the Federal Trade Commission required the Authority to have policies, procedures and programs to detect, prevent and mitigate identity theft. They reported that in response to this requirement, in 2009 the Audit Committee approved VHDA's Red Flags and Identity Theft Prevention Program. They then reported that the plan calls for period reviews and approval by the Audit Committee and noted that the changes to the plan are summarized in the Audit Committee materials. On motion duly made and seconded, the amendments to VHDA's program to address changes in the law and in VHDA's operations were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

There being no further business, the meeting was adjourned at 5:10 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON JUNE 7, 2011

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 June 7, 2011 at the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
John P. McCann
Marjorie N. Leon
Yvonne T. Allmond

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Janet Wiglesworth, Managing Director of Information Technology Services
Shelia Phillips, Assistant Director of Project Management
Melody Barackman, Controller
Maria Barrow, Office Manager

The meeting of the Operations Committee was called to order by Committee Chairman Hale at approximately 5:11 p.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 April 5, 2011 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. Phillips provided a high-level update on the current Project Management Office (PMO) portfolio and the current status of the Multi-Family Development project. Ms. Phillips also provided a breakdown of the PMO Budget for FY 2012, which covers carry-over programs/projects, as well as the Project Fund.

Ms. Wiglesworth provided a breakdown of the Information Technology Services (ITS) Budget for FY 2012.

Ms. Neale reviewed professional development and associate activities since the April meeting. She also reported on ODL Budget for FY 2012.

Ms. Blankenship presented compensation and salary data to the Committee and they discussed merit increases and bonuses for the staff. The Operations Committee is recommending the amount of \$1.5 million be approved for merit increases and bonuses. Ms. Blankenship also reported on benefit cost increases and the impact to the budget. These issues will be discussed further in the Executive Committee meeting and at the full Board meeting.

There being no further business, the meeting was adjourned at 6:10 p.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON JUNE 7, 2011

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 June 7, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Charles McConnell, Chairman
Yvonne T. Allmond
Nancy K. O'Brien
Kermit E. Hale
Gerald W. Hopkins

OTHERS PRESENT:

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

Chairman McConnell called the meeting of the Committee to order at approximately 6:45 p.m. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

The members of the Committee discussed the merit and bonus recommended by the Operations Committee and the information needed to evaluate the fiscal year 2011 performance of the Executive Director in August.

There being no further business, the meeting was adjourned at approximately 7:15 p.m.