

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE ANNUAL MEETING OF THE COMMISSIONERS  
HELD ON JULY 31 AND AUGUST 1, 2006

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the annual meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on July 31 and August 1, 2006 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Douglas R. Fahl, Chairman  
John P. McCann  
Edward L. McCoy  
Charles McConnell  
William C. Shelton  
Yvonne T. Allmond

COMMISSIONERS ABSENT:

Jay Fiset, Vice Chairman  
Gerald W. Hopkins  
J. Braxton Powell  
Nancy K. O'Brien  
Terri M. Ceaser

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 K. Blankenship, Managing Director of Human Resources  
Janet W. Butler, Managing Director of Information Technology Services  
Tammy N. Taylor, Managing Director of Organizational Development and Learning  
Russ E. Wyatt, General Auditor  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
Paul M. Brennan, Deputy General Counsel  
John F. Hastings, Director of Multi-Family Development Programs  
Michele G. Watson, Director of Homeownership Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
J. Michael Hawkins, Director of Community Housing  
Llewellyn C. Anderson, Business Planning Analyst  
Melody S. Barackman, Controller  
Joseph K. Feasor, Business Performance Analyst  
Yvonne M. Farmer, Marketing Specialist  
Tammy A. Tyler, Strategic Development Leader  
Charles C. Bennett, Assistant Director of Planning & Business Intelligence

Rick Rupertus, Assistant Director of IT Operations  
Robert Halloran, Marketing Director  
Brian C. Matt, Public Relations Manager  
Ronald A. Reger, Organizational Development Manager  
Richard B. Taylor, Governmental Relations Manager  
Mr. Janaka Casper, Community Housing Partners Corporation  
Ms. Jen Nieves  
Mr. Charles Pool  
Mr. Duncan Atkinson

Chairman Fahl called the meeting of the Committee of the Whole to order at 2:35 p.m. on July 31, 2006. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner McCoy who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Ms. Butler, Mr. Bennett and Mr. Rupertus presented a report on the Authority's Information Technology Services Division. During this presentation, the Commissioners and the staff discussed the following: the complexity of the Authority's information technology environment; the new structure of the Authority's Information Technology Services Division; the key focus areas for the Information Technology Services Division; current projects of the Information Technology Services Division; and a demonstration of the REACH website. Commissioner McCoy joined the meeting during this report.

Ms. Dewey advised the Commissioners that Logan's Landing, a development to be located in Lynchburg and assisted by federal low-income housing tax credits, had generated significant local opposition. Ms. Dewey informed the Commissioners that Mr. Charles Pool was expected to address the Commissioners at the meeting to be held on the next day to discuss the contents of his letter to Chairman Fahl dated July 26, 2006. Ms. Dewey advised the Commissioners that the Authority would be conducting a public forum on August 2, 2006 to discuss proposed changes to the 2007 Qualified Allocation Plan for the federal low-income housing tax credits, and Mr. Chandler explained the significant proposed changes to the 2007 Qualified Allocation Plan that would be discussed at the public forum.

Ms. Dewey reported on the Authority's organizational performance highlights for fiscal year 2006. The Commissioners and the staff reviewed and discussed the organizational performance of the Authority during fiscal year 2006, including the following matters: the accomplishments and challenges for each of the Authority's five strategic goals; total multi-family and single family loan production; quarterly and annual trends in total loan production; strategic lending production; total loan production by geographic regions; homeownership loan production by incomes served; annual trends in homeownership production to income targeted households; homeownership loan production by product type; annual trends in the number of homeownership education class participants; comparisons and annual trends in rental housing production by program and by development size; status of the homeownership loan servicing portfolio and the

rental housing loan servicing portfolio; housing choice voucher lease-up rate; ethnicities served by the homeownership loan program; market interest rates; net revenues; and expenditures to small, women-owned, and minority-owned businesses.

Ms. Farmer reported on the results of the Authority's surveys of the following persons: loan officers of its single family loan originators; callers to the Authority's Customer Contact Center; single family customers; and residents of the Commonwealth. Mr. Feasor presented a report on the results of the Authority's survey of the members of the Virginia Association of Realtors. Ms. Taylor reviewed the results of the survey of the Authority's employees.

Ms. Dewey introduced Ms. Jen Nieves who shared her experience in obtaining an Authority mortgage loan to purchase her home after hearing about the Authority in a radio advertisement and attending an Authority sponsored homeownership class.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:45 p.m. on July 31, 2006.

Chairman Fahl called the annual meeting of the Board of Commissioners to order at approximately 11:05 a.m. on August 1, 2006. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner McCoy who was not present at the meeting.

During the public comment period, Mr. Charles Pool presented comments regarding twelve low-income tax credit applications of Mr. Louis Salomonsky, Mr. Larry Shifflett, and Mr. David White and requested an independent review of those applications. Upon the conclusion of these comments, Chairman Fahl advised Mr. Pool that the Authority's audit and legal staff would review the applications.

On motion duly made and seconded, the minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on May 15 and 16, 2006 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Bowen presented a report on the Authority's unaudited financial statements for the period ended May 31, 2006. Mr. Bowen advised the Commissioners that in the future this report would be presented to the Audit Committee.

On motion duly made and seconded, the resolution entitled "Resolution Establishing Regular Meeting Dates of the Board of Commissioners through May 31, 2007" dated August 1, 2006, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman Fahl then recognized the AHC, Inc., for its years of service to housing in Virginia. Commissioner McCann moved approval of the resolution entitled "Resolution in Recognition and Appreciation of the Thirtieth Anniversary of AHC, Inc." dated August

1, 2006, and in the form attached hereto. This motion was seconded by Commissioner Allmond and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolutions entitled "Resolution of Recognition and Appreciation of Jack Loeb, Jr." and "Resolution of Recognition and Appreciation of Terri M. Ceaser" both dated August 1, 2006, in the forms attached hereto were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On behalf of the Committee of the Whole, Chairman Fahl reported that the Committee received a report on the Authority's Information Technology Services Division, reviewed and discussed the Authority's organizational performance highlights for fiscal year 2006, and received a report on the results of recent surveys conducted by the Authority.

Commissioner McConnell, on behalf of the Programs Committee, reported that the Committee had reviewed and discussed staff reports on the following matters: the homeownership and multi-family loan production; the Authority's Hispanic Outreach efforts; the single family and multi-family loan delinquencies; and an update on the Housing Choice Voucher Program. Commissioner McConnell reported that the Committee had received a staff report on the annual SEMAP Certifications for the Section 8 Housing Choice Voucher Program for 2005 and 2006 and recommended approval of the resolutions to authorize the Chairman and Executive Director to execute such Certifications. Commissioner Shelton then moved approval of the resolutions entitled "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification- July 2005 Board of Commissioners Meeting" and "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification- July 2006 Board of Commissioners Meeting" both dated August 1, 2006 in the forms attached hereto. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McConnell next reported that the Committee had reviewed and discussed the proposed repeal of the Authority's Rules and Regulations for Home Rehabilitation Loans and proposed amendments to the Authority's Rules and Regulations for the Virginia Housing Fund and authorized the staff to proceed with the public notices of, and public hearings on, such repeal and amendments. Commissioner McConnell next reported that the Committee had reviewed, and recommended approval of, a resolution to approve and ratify the reservations of the 2006 federal low-income housing tax credits. On motion duly made and seconded, the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits" dated August 1, 2006, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McConnell reported that the Committee recommended approval of the reservation to Hunter's Ridge Apartments of federal low-income housing tax credits from the at-large pool. On motion duly made and seconded, the reservation of federal low-income housing tax credits for Hunter's Ridge Apartments was approved by the affirmative vote of each of the

Commissioners noted above as present at the meeting. Commissioner McConnell reported that the Committee had reviewed, and recommended approval of, a resolution to eliminate the limitation on annual distributions for Hunting Creek Apartments. On motion duly made and seconded, the resolution entitled "Resolution Authorizing Elimination of Limitation on Annual Distributions- Hunting Creek Townhomes " dated August 1, 2006, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McConnell reported that the Committee had received and discussed a staff report on the proposed transfer by Housing for Virginia, Inc., a wholly owned subsidiary of the Authority, of \$100,000 annually in fiscal years 2007 through 2011 to the Housing Virginia Campaign. Commissioner McConnell next reported that the Committee had received and discussed reports from the staff on the following matters: proposed changes to the 2007 Qualified Allocation Plan to be discussed at the Authority's low-income housing tax credit forum to be held on August 2, 2006; a proposal by KSI relating to the financing or refinancing by the Authority of multi-family developments currently owned by KSI; an update on the status of the Mews on Little High Street; an update on the status of Heritage Seniors at Coliseum; and an update on the status of Garst Creek Apartments.

On behalf of the Audit Committee, Commissioner McCann reported that the Committee recommended the selection of KPMG LLP as the Authority's independent auditor. Commissioner McCann then moved that KPMG LLP be selected as the Authority's independent auditor and that the Executive Director and General Auditor be authorized to execute any agreements and documents and take any other action that they deem necessary or appropriate to effect such selection. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McCann next reported that the Committee had reviewed and discussed the certificate and disclosure form each member of the Audit Committee must sign and received and discussed reports from Mr. Wyatt on the status of the internal audit schedule and reports and an update report on the plan to implement best practices under the Sarbanes-Oxley Act.

On behalf of the Operations Committee, Commissioner McCann reported that the Committee had received a report from Ms. Blankenship on the increase in rates for the Authority's employee health insurance benefits for fiscal year 2007. Commissioner McCann next reported that the Committee recommended approval of a staff bonus pool of \$1,100,000 representing approximately 6% of the salary budget for fiscal year 2006. On motion duly made and seconded, such staff bonus pool of \$1,100,000 representing approximately 6% of the salary budget for fiscal year 2006 was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McCann reported that the Committee had received and discussed a report from Mr. Bowen on a proposed revolving credit facility for the Authority and the salient features of the Authority's proposed Rental Housing Bonds, 2006 Series C-Taxable, Series D-AMT and E.

Ms. Dewey's presented her report on operations in which she advised the Commissioners of the following matters: (i) the Authority and the Department of Housing

and Community Development will begin meetings with an advisory group to assist the Virginia Housing Commission in developing a state housing policy; (ii) the Authority will host a joint luncheon of the Board of Commissioners and the Board of Housing and Community Development on September 26, 2006 at 12:30 p.m.; (iii) Governor Kaine issued Executive Order 17 continuing the designation of the Authority as the Commonwealth's administering agency for federal low-income housing tax credits; (iv) members of the Authority's staff will be continuing to make personal visits to members of the General Assembly, particularly members of the House Finance Committee, House General Laws Committee and the Virginia Housing Commission; and (v) the NCSHA Annual Conference will be held on September 16–19, 2006, in San Francisco, the Governor's Housing Conference will be held on November 29 – December 1, 2006, in Norfolk, and the public forum on the Authority's 2007 Qualified Allocation Plan will be held on August 2, 2006 at the Authority.

On behalf of the Executive Committee, Chairman Fahl reported that the Committee discussed the roles and responsibilities of the Committees of the Board and recommended approval of the proposed resolution entitled "Resolution- Committees of the Board of Commissioners." Commissioner McCann then moved approval of such resolution entitled "Resolution-Committees of the Board of Commissioners" dated August 1, 2006 in the form attached hereto. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Chairman Fahl next reported that the Committee reviewed and discussed the performance and compensation of the Executive Director. Commissioner McCann moved that the Board of Commissioners convene in closed session to discuss and consider the performance and salary of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and that Ms. Taylor and Ms. Blankenship, who are deemed necessary to be present or will reasonably aid the Board of Commissioners in its consideration of the aforesaid topic, may be present during the closed session. This motion was seconded by Commissioner Allmond and approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. At the conclusion of the closed meeting, the Commissioners reconvened in an open meeting. Each Commissioner certified, by roll call vote, that to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Commissioners. Following such vote, Commissioner McCann moved approval of the recommendations of the Executive Committee with regard to Ms. Dewey's compensation. This motion was seconded by Commissioner Allmond and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman Fahl, on behalf of the Executive Committee, reported that the Committee recommended the nomination of Commissioner McCann for Chairman and the nomination of Commissioner Fisette for Vice Chairman. Chairman Fahl declared the floor open for nominations for Chairman. Commissioner McConnell nominated Commissioner McCann, and Commissioner Allmond seconded the nomination. There

being no further nominations, Commissioner Shelton moved that the floor be closed. This motion was seconded by Commissioner Almond and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McCann was then elected Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting, except Commissioner McCann who abstained. Chairman McCann assumed the chair and declared the floor open for nominations for Vice Chairman. Commissioner Fahl nominated Commissioner Fisetete, and Commissioner Almond seconded the nomination. There being no further nominations, Commissioner Shelton moved that the floor be closed. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Fisetete was then elected Vice Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting. Chairman McCann expressed appreciation, on behalf of the Commissioners, to Commissioner Fahl for his services as Chairman of the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 12:30 p.m.

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John McCann, Chairman

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J. Judson McKellar, Jr.  
Assistant Secretary

## Minutes of the Meeting of the Audit Committee Held on August 1, 2006

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 1, 2006 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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**Committee Members Present** John P. McCann, Chairman  
Douglas R. Fahl  
Yvonne Toms Allmond

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**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Russ E. Wyatt, General Auditor  
Ross Strodel, Internal Audit Manager  
Melody Barackman, Controller  
Tammy A. Tyler, Strategic Development Leader  
Michelle S. Edmonds, Sr. Executive Assistant

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**Meeting Called to Order** The meeting was called to order at 10:00 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.

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**Recommendation of Subcommittee Regarding External Auditors** Commissioner McCann reported that the subcommittee responsible for selection of VHDA's independent auditor received and reviewed proposals from four (4) accounting firms, which represented local, regional, national and international practices, and interviewed two of those firms: KPMG and Cherry, Bekaert and Holland. Commissioner McCann indicated the subcommittee unanimously agreed that KPMG was the most qualified of the applicants and recommended that KPMG be offered a new three (3) year contract with two one year options at the annual fees indicated in KPMG's proposal. Commissioner McCann moved that the Committee recommend approval to the Board. Commissioner Allmond seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner McCann also noted that under the new Audit Committee Charter, the external auditors will report to the Audit Committee of the Board.

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**Committee Member Certification** The General Auditor reviewed the Audit Committee Charter which states that members of the Audit Committee will be appointed by the Chairman of the Board of Commissioners and will consist of Commissioners who are independent of the management of the Authority and are free of any relationship that would interfere with their exercise of independent judgment as a committee member. The General Counsel also indicated that the Charter requires Audit Committee members selected

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**Audit Committee Minutes**  
**August 1, 2006**

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**Committee  
Member  
Certification**  
(cont'd)

by the Chairman of the Board to certify in writing as to their independence. In accordance with this provision, the General Auditor reported that he and the VHDA General Auditor had developed a certification and disclosure form to be completed by Audit Committee appointees. At the suggestion of the General Auditor, the Audit Committee members agreed to implement this certification and disclosure form commensurate with the election of the new Chairman of the Board and appointment of committee members.

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**Executive  
Summary/  
Internal Audit  
Update**

The General Auditor reviewed the updated schedule of audits with the Committee and reported that one audit has been completed since the last meeting: Program Compliance. The General Auditor also reported that audits in progress include: 1) HCV – Closing Phase; 2) Investments – Field Work; and 3) Annual Confirmations – Field Work; and 4) Accounting - Overview. The General Auditor then reported that no adverse reports have been issued since the last meeting and all audit concerns reported to management have been fully addressed.

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**SOX Update**

The General Auditor presented a plan to the Committee for a three-year phased implementation of the requirements of the Sarbanes-Oxley Act. The General Auditor reported that year one of the plan will involve the development and implementation of the automated tools necessary to manage SOX requirements, year two will involve rolling the tools out to management and training them on the use of the tools and expectations regarding SOX activities, and year three will involve the introduction of a cascading certification which management will be required to sign indicating that they have identified, evaluated and tested their controls and they are functioning appropriately. The implementation of this plan is scheduled for FY 2007 through 2009.

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**Finance/  
Operating  
Statements)**

Art Bowen, Managing Director of Finance & Administration, reported that the current audit for FY '06 is ongoing. Going forward, Chairman McCann requested that the external auditors meet with the Audit Committee to review plans for conducting the audit and any concerns. Mr. Bowen also noted that financial statements will be reviewed at each Audit Committee meeting going forward to focus on any aspects that may involve some aspect of risk. As of this meeting, only the May operating statement is available which reports \$120 million in net revenues and \$136 million in excess net revenue which is well in excess of \$127 million record excess net revenue.

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**Adjournment**

There being no further business, Commissioner McCann moved for adjournment of the meeting at 10:35 a.m. Commissioner Fahl seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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**Audit Committee Minutes**  
**August 1, 2006**

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Russ E. Wyatt  
General Auditor

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John P. McCann  
Chairman

## Minutes of the Meeting of the Operations Committee Held on August 1, 2006

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 1, 2006 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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**Committee Members Present** John P. McCann, Chairman  
Douglas R. Fahl  
Yvonne Toms Allmond

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**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Russ E. Wyatt, General Auditor  
Melody Barackman, Controller  
Tammy A. Tyler, Strategic Development Leader  
Janet Butler, Managing Director of Information Technology Services  
Barbara Blankenship, Managing Director of Human Resources  
Tammy Taylor, Managing Director of Organizational Development and Learning  
Michelle S. Edmonds, Sr. Executive Assistant

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**Meeting Called to Order** The meeting was called to order at 10:35 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.

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**Approval of the Minutes** Commissioner McCann moved approval of the minutes of the meeting of the Audit/Operations Committee dated May 16, 2006. Commissioner Allmond seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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**Benefits Rate Update** As requested by the Committee at the May meeting, Barbara Blankenship, Managing Director of Human Resources, provided an update on 2007 benefits costs. Ms. Blankenship reported a healthcare increase of 14.3%. Although this is somewhat high in light of the past few years, VHDA has still fared well with market. Barbara then provided the Committee with historical organizational performance (production and revenue) and compensation pools.

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**FY '06 Bonus** Barbara Blankenship then reviewed bonus pool options for FY '06. Several options were provided. In light of FY '06 net revenues, surpassed SF production goals and REACH targets, the Committee recommended a bonus pool of approximately \$1.1 million, which is about 6% of salary budget. Commissioner Fahl moved that this bonus option be recommended to the Board for approval. Commissioner Allmond seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting

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**Operations Committee Minutes**  
**August 1, 2006**

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**External Line  
of Credit**

Art Bowen, Managing Director of Finance & Administration, presented a proposal to the Committee recommending procuring a revolving credit facility from one or more providers in the aggregate amount of \$150 million. This credit facility would be in addition to VHDA's existing \$200 million facility with Bank of America. The provider will have to have short term ratings of A-1+/P-1 (VHDA's short-term ratings) from Standard & Poor's and Moody's Investors Service respectively. Minimum long term ratings of AA-/Aa3 will also be required. The term of the facility would not be expected to exceed seven years. The annual facility commitment fee is expected to be 8-15 basis points. Chairman McCann suggested that staff research the possibility of a multi-bank facility. Formal Board approval will be required once the appropriate facility has been secured.

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**Salient  
Features**

Art Bowen presented the salient features for an upcoming Rental Housing Bond sale in an estimated amount of \$150 million, to be sold by competitive bid in September or October. The issue will be a combination of taxable, tax-exempt, and possibly taxable refunding bonds. Expected ratings on the bonds are Aa1 and AA+ from Moody's and S&P, respectively

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**Adjournment**

There being no further business, Commissioner McCann moved for adjournment of the meeting at 10:55 a.m. Commissioner Fahl seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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Arthur N. Bowen, III  
Managing Director of Finance &  
Administration

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John P. McCann  
Chairman

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

**MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE**

**HELD ON AUGUST 1, 2006**

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 was held on August 1, 2006, at 601 South Belvidere Street, Richmond, Virginia.

**COMMITTEE MEMBERS PRESENT:**

Charles McConnell, Committee Chairman  
William C. Shelton

**OTHER COMMISSIONERS PRESENT**

Douglas R. Fahl  
John P. McCann  
Yvonne T. Allmond

**COMMITTEE MEMBERS ABSENT:**

Jay Fiset  
Gerald W. Hopkins  
Terri M. Ceaser

**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  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
Janet Butler, Managing Director of Information Technology Services  
Paul M. Brennan, Deputy General Counsel  
Michele G. Watson, Director of Homeownership Development 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 C. Anderson, Strategic Planner  
Tammy A. Tyler, Strategic Development Leader  
Melody S. Barackman, Controller  
Ronald A. Reger, Organizational Development Manager  
Patrick J. Carey, Finance Manager

The meeting of the Committee was called to order by Committee Chairman McConnell at approximately 9:05 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 May 16, 2006 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour reported to the Committee on the Authority's analysis of the proposal submitted by KSI to extend compliance with the low-income and rent limitations to 100 years on 25 developments in exchange for the elimination by the Authority of its interest rate spread for the purpose of providing additional cash flow to enable KSI to borrow \$100 million from the Authority to buy out the interests of the limited partners in the owners. Following a discussion of the proposal, it was the consensus of the members of the Committee that the Authority staff should proceed with the negotiation process and provide updates to the Committee. Mr. Ritenour then reported on the status of the Mews on Little High Street, Heritage Seniors at Coliseum, and Garst Creek Apartments. Upon the conclusion of these reports, Commissioners Fahl, Allmond and McCann left the meeting.

Ms. Watson presented the homeownership annual production report. In her report, Ms. Watson noted that loans to targeted income households (households with incomes equal to or less than 80% of area median income) had decreased to 67% of total production and that the rise in housing costs was presenting an increasing disadvantage to lower income households. Following this report, Mr. Ritenour reported on the Authority's outreach efforts to the Hispanic population.

Mr. Hastings reviewed the multi-family bi-monthly production report. In his report, Mr. Hastings noted that seven of the 12 developments committed during the period were assisted with REACH funds and that developments have been decreasing in size and averaging around 50 units. Mr. Hastings and Mr. Hawkins then discussed the financing by the Authority of its first workforce housing development in Wintergreen.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multifamily loan servicing portfolios. Mr. Dolce noted that the delinquency rate for homeownership had increased slightly to 5.14% and the multifamily delinquency rate had increased to 0.93% as of the end of May. Mr. Dolce also presented an update on the Housing Choice Voucher Program in which he stated that current leasing was at 93% for May and was expected to be 95% for June. In addition, with regard to assistance provided to Hurricane Katrina victims, Mr. Dolce noted that 100 out of a possible 160 housing choice vouchers for victims of Hurricane Katrina had been used for leases and that all of the available vouchers for Hurricane Katrina had been issued.

Mr. Dolce presented a report on the annual SEMAP Certifications for the Section 8 Housing Choice Voucher Program for 2005 and 2006 and recommended approval of the resolutions to authorize the Chairman and Executive Director to execute such Certifications. Commissioner Shelton moved that the Committee recommend approval of the resolutions entitled "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification- July 2005 Board of Commissioners Meeting" and "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification- July 2006 Board of Commissioners Meeting" dated August 1, 2006. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the members of the Committee noted above as

present at the meeting.

Mr. Ritenour presented a report and recommendations on the proposed repeal of the Rules and Regulations for the Home Rehabilitation Loans, and Mr. Hastings presented a report and recommendations on the proposed amendments to the Rules and Regulations for the Virginia Housing Fund. Mr. Ritenour noted that public notices of such proposed repeal and amendments will be published and that public hearings will be held. After a discussion of this report, it was the consensus of the Committee that the staff proceed with the public notice and public hearings.

Mr. Chandler presented the recommendations of the staff that the proposed resolution to approve and ratify the reservations of tax credits be approved. Commissioner Shelton moved that the Committee recommend approval of the resolution entitled "Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits" dated August 1, 2006. This motion was seconded by Commissioner McConnell and was 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 and recommendation on the reservation of tax credits for Hunter's Ridge Apartments from the at-large pool. Commissioner Shelton moved that the Committee recommend the reservation of federal low-income housing tax credits for Hunter's Ridge Apartments. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting. Mr. Chandler advised the Committee that the low-income housing tax credit forum was scheduled for August 2, 2006 and reviewed proposed changes to the 2007 Qualified Allocation Plan to be discussed at the forum.

Ms. Dewey advised the Committee that Housing for Virginia, Inc., a wholly owned subsidiary of the Authority, would be transferring \$100,000 annually in fiscal years 2007 through 2011 to the Housing Virginia Campaign to provide funds for full-time staff.

Mr. Hastings presented a report and recommendation on the elimination of limitation on annual distributions for Hunting Creek Townhomes. Commissioner Shelton then moved that the Committee recommend approval of the resolution entitled "Resolution Authorizing Elimination Of Limitation On Annual Distributions- Hunting Creek Townhomes" dated August 1, 2006. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

There being no further business, the meeting was adjourned at 10:25 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON JULY 31, 2006

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 July 31, 2006, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Douglas R. Fahl, Committee Chairman  
John P. McCann  
Charles McConnell

COMMITTEE MEMBER ABSENT:

Jay Fisette

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Barbara Blankenship, Managing Director of Human Resources  
Tammy N. Taylor, Managing Director of Organizational Development and Learning  
Paul M. Brennan, Deputy General Counsel

Commissioner Fahl called the meeting of the Committee to order at approximately 6:00 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.

The Committee discussed the roles and responsibilities of the Committees of the Board. Following this discussion, Commissioner McCann moved that the Committee recommend approval of the resolution entitled "Resolution- Committees of the Board of Commissioners" dated August 1, 2006. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Fahl declared the floor open for recommendations for the nomination for the Chairman of the Board. Commissioner McConnell moved that the Committee recommend the nomination of Commissioner McCann for Chairman, and this motion was seconded by Commissioner Fahl. There being no further recommendations for the nomination, the floor was closed. The motion to recommend Commissioner McCann for Chairman was then approved by

the affirmative vote of each of the members of the Committee noted above as present at the meeting, except Commissioner McCann who abstained. Commissioner Fahl then declared the floor open for recommendations for the nomination for the Vice Chairman of the Board. Commissioner McCann moved that the Committee recommend the nomination of Commissioner Fisette for Vice Chairman, and this motion was seconded by Commissioner McConnell. There being no further recommendations for the nomination, the floor was closed. The motion to recommend Commissioner Fisette for Vice Chairman was then approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Fahl moved that the Committee convene in closed session to discuss and consider the performance and salary of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and that Ms. Taylor and Ms. Blankenship, who are deemed necessary to be present or will reasonably aid the Committee in its consideration of the aforesaid topic, may be present during the closed session. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Committee members noted above as present at the meeting. At the conclusion of the closed meeting, the Committee members reconvened in an open meeting. Each Committee member then certified, by roll call vote, that to the best of his knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Committee members. Following such vote, Commissioner McCann moved that the Committee recommend approval of Ms. Dewey's compensation package. This motion was seconded by Commissioner McConnell and 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 7:30 p.m.

**HOUSING FOR VIRGINIA, INC.**  
MINUTES OF THE  
ANNUAL MEETING OF SHAREHOLDERS

August 1, 2006

The 2006 annual meeting of the shareholders of HOUSING FOR VIRGINIA, INC. was called to order at the Virginia Housing Center, the principal office of the Company, 601 South Belvidere Street, Richmond, Virginia, on August 1, 2006, at approximately 3:50 p.m. (Richmond Time), by Thomas A. Dolce, President of the Company. Mr. Dolce announced that he would act as Chairman and Secretary of the meeting.

The Chairman announced that the stated purposes of the 2006 annual meeting of shareholders were: (1) to elect the full board of five directors for the ensuing year; and (2) to transact such other business as may properly come before the meeting.

The Chairman noted the attendance of the sole shareholder of the Company. He then declared that the 2006 annual meeting of shareholders had been duly convened and that a quorum of the shareholders was present at the meeting for the transaction of all business to come before the meeting.

The Chairman stated that it was in order to proceed to the election of directors. The Chairman then asked the sole shareholder of the Company to vote its choices in the election of directors.

Susan F. Dewey then identified herself as the Executive Director of the Virginia Housing Development Authority, the sole shareholder of the Company, and that as such she was authorized to vote all shares of common stock of the Company held by the Virginia Housing

Development Authority. She then proceeded to vote all shares of the common stock of the Company held by the Virginia Housing Development Authority for the nomination and election of each of the following persons as a director of the Company to serve until the next regular annual meeting of the shareholders of the Company or until his or her successor is elected and qualified: Susan F. Dewey, Donald L. Ritenour, Thomas A. Dolce, J. Judson McKellar, Jr., and Arthur N. Bowen, III.

The Chairman then declared that each of the director nominees was elected as a director of the Company to serve until the next regular annual meeting of the shareholders of the Company or until his or her successor is elected and qualified.

There being no further business to be conducted, the meeting was adjourned upon the vote of the holder of all the issued and outstanding common stock of the Company.

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Thomas A. Dolce  
Chairman and Secretary of the Meeting

**HOUSING FOR VIRGINIA, INC.**

**MINUTES OF THE  
ANNUAL MEETING OF THE BOARD OF DIRECTORS**

August 1, 2006

The 2006 annual meeting of the Board of Directors of HOUSING FOR VIRGINIA, INC. (the “Company”) was called to order at the Virginia Housing Center, the principal office of the Company, 601 South Belvidere Street, Richmond, Virginia, on August 1, 2006, at approximately 3:50 p.m. (Richmond Time), by Thomas A. Dolce, President of the Company. Mr. Dolce announced that he would act as Chairman and Secretary of the meeting.

The Chairman noted that three of the five members of the Board of Directors, Susan F. Dewey, Arthur N. Bowen, III, and himself, were present at the meeting. He then declared that the 2006 annual meeting of Board of Directors had been duly convened and that a quorum of the directors was present at the meeting for the transaction of all business to come before the meeting.

The Chairman then stated that it was in order to proceed to the election of officers. On motion made, seconded and by the unanimous votes of Ms. Dewey, Mr. Dolce and Mr. Bowen, the following persons were elected as officers, each of whom shall serve until the next annual meeting of the Board of Directors or until his successor is and qualified:

Thomas A. Dolce	.	-	President
Arthur N. Bowen, III		-	Vice President and Treasurer
J. Judson McKellar, Jr.		-	Vice President and Secretary

Ms. Dewey moved that the Company make annual contributions to the Housing Virginia Campaign of \$100,000 in the current fiscal year and in each of the next four fiscal years and that the President be authorized to execute such agreements and documents, transfer such funds, and take such other action as he shall deem appropriate to effect such contributions. This motion was seconded by Mr. Bowen and was approved by the affirmative vote of each of the Directors noted above as present at the meeting.

There being no further business to be conducted, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned.

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Thomas A. Dolce  
Chairman and Secretary of the Meeting