

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, 2007

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, 2007 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

John P. McCann, Chairman
Douglas R. Fahl, Vice Chairman
Edward L. McCoy
Charles McConnell
William C. Shelton
Nancy K. O'Brien
Yvonne T. Allmond
Jacqueline T. Black

COMMISSIONERS ABSENT:

Jay Fisette
J. Braxton Powell
Gerald W. Hopkins

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 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
J. Judson McKellar, Jr., 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
Robert Halloran, Marketing Director
Ronald A. Reger, Organizational Development Manager
Barbara Layman, Procurement Manager

Paul M. Brennan, Deputy General Counsel
Joseph K. Feasor, Business Performance Analyst
Sharon Fairburn, Housing Choice Voucher Director
Emmy S. Harris, Senior Program Assistant
Brenda Brophy, Development Officer Manager
Dennis Yeates, Senior Development Officer
David White, Associate Development Officer
Phyllis Venzant, Training Coordinator
Yvonne Farmer, Marketing Specialist
Ashley Brennan, Intern
Emmanuel Osie-Darko, Intern
Fakhteh Dastgheib, Intern
Jessica Griffin, Intern
Lenise Mazyck, Intern
Cameron McPherson, Intern
Melvine Strane, Intern
Krista Sumblin, Intern
Ndidia Ugwu, Intern
Charmi Vora, Intern
Brian Gordon, Northern Virginia Apartments Association

Chairman McCann called the meeting of the Committee of the Whole to order at 2:13 p.m. on July 31, 2007. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on July 31, 2007.

Chairman McCann welcomed Commissioner Black to the Board, and Ms. Dewey advised the Commissioners of the reappointment of Commissioners McCann and Fahl.

Mr. Halloran presented a video of a veteran who had received a grant under the Granting Freedom Program and a video of a public service announcement by Governor Kaine for the Granting Freedom Program.

Mr. Reger presented a summary of the responses to the survey by the Authority of the members of the Authority's advisory boards. He noted that the responses were generally favorable about the performance of the advisory boards and discussed the responses that may warrant further inquiry or action. Mr. Reger next presented a summary of the responses to the survey of the Authority's administrative agents for the Section 8 Housing Choice Voucher Program and advised the Commissioners that, because the responses had been so favorable, no further action in response to the survey was contemplated. Commissioner Shelton commended Ms. Fairburn for her performance in the restructuring of the Section 8 Housing Choice Voucher Program.

Ms. Dewey reported on the Authority's organizational performance for fiscal year 2007. During this report, Ms. Dewey discussed with the Commissioners the principal accomplishments and challenges for each of the Authority's five strategic goals.

Ms. Dewey advised the Commissioners that the Authority had previously received approximately \$41,000 in contributions for the VHDA Hokie Memorial Scholarship Fund established by the Authority in the Residential Property Management Program at Virginia Tech and that on the day of the meeting Commissioner Fahl had delivered an additional contribution in the amount of \$50,000 from the Claude Moore Charitable Foundation.

Mr. Bowen presented a report on the Authority's allocation and usage of the state private activity bond volume cap. During this report, the Commissioners and staff discussed the statutory allocations of the cap, the usage by issuers during calendar years 2001 through 2006, and the projected allocation for the Authority through 2013. Mr. McKellar then reported on proposed issuances by local housing authorities of tax-exempt bonds that would be retired upon completion of construction or rehabilitation. Mr. McKellar explained that the issuance of the tax-exempt bonds would enable the owners of the developments to qualify for federal low-income housing tax credits without having to compete for allocations through the point system in the Qualified Allocation Plan. Mr. McKellar presented proposed amendments to the Authority's Rules and Regulations for Allocation of Low-Income Housing Tax Credits that would amend the Qualified Allocation Plan by including a requirement prohibiting the premature retirement of tax-exempt bonds. Mr. McKellar noted that the proposed amendments would constitute a second series of changes that would be in addition to the pending proposed changes to be discussed by Mr. Chandler later in the meeting of the Committee. After a discussion of these proposed amendments, it was the consensus of the Commissioners that the Authority staff hold the public forum and hearing to receive comments on the proposed amendments, and present the amendments, as may be revised based upon public comments, to the Commissioners for their consideration and, if appropriate, approval at their November meeting.

Mr. Chandler next presented the recommended changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credit program and summarized the public comments received on the proposed changes. Mr. Chandler explained that these changes, if approved by the Commissioners, would be presented to the Governor for approval prior to and separately from the proposed amendments presented by Mr. McKellar earlier in the meeting.

The meeting of the Committee of the Whole was recessed at approximately 5:26 p.m. on July 31, 2007.

Chairman McCann reconvened the meeting of the Committee of the Whole at 8:50 a.m. on August 1, 2007. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on August 1, 2007, except Commissioners Fahl and McCoy who joined the meeting of the Committee as noted below and thereafter remained present throughout the meeting.

Ms. Layman presented a report on the Authority's procurement process. After the commencement of this report, Commissioners Fahl and McCoy joined the meeting. During this report, Ms. Layman discussed with the Commissioners the following matters:

the requirements of the Virginia Public Procurement Act; the methods of procurement; the procurement requirement for new construction projects; the definitions of small, women-owned and minority-owned businesses; the requirements of Governor's Executive Order 33; the roles and responsibilities of the Department of Minority Business Enterprises and the Department of Business Assistance; the Authority's plan for procurement from small, women-owned and minority-owned businesses; the Authority's discretionary spending in fiscal years 2006 and 2007 on procurement from small, women-owned and minority-owned businesses; and actions taken by the Authority to increase participation by small, women-owned and minority-owned businesses.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 9:58 a.m. on August 1, 2007.

Chairman McCann called the annual meeting of the Board of Commissioners to order at approximately 11:35 a.m. on August 1, 2007. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

Chairman McCann then relinquished the floor to Ms. Dewey for the purpose of electing the Chairman of the Board. Commissioner McConnell, on behalf of the Executive Committee, reported that the Committee recommended the nominations of Commissioner McCann for Chairman and Commissioner Fahl for Vice Chairman. Ms. Dewey declared the floor open for nominations for Chairman. Commissioner McConnell nominated Commissioner McCann, and Commissioner Fahl seconded the nomination. There being no further nominations, Commissioner Shelton moved that the floor be closed. This motion was seconded by Commissioner O'Brien and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McCann was elected Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McCann then assumed the chair and declared the floor open for nominations for Vice Chairman. Commissioner McConnell nominated Commissioner Fahl, 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 O'Brien and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Fahl was elected Vice Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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

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, 2007 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman McCann then recognized Ms. Emily S. Harris for her 30 years of service with the Authority. On motion duly made and seconded, the resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Emily S. Harris” dated August 1, 2007, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman McCann, on behalf of the Committee of the Whole, summarized the staff reports that were received and discussed by the Committee on the following matters: a summary of surveys of the members of the Authority’s advisory boards; the Authority’s organizational performance for fiscal year 2007; the Authority’s actual and projected allocation and usage of the state volume cap for tax-exempt bonds from 2001 through 2013; the issuances by local housing authorities of tax-exempt bonds that are retired following completion of rehabilitation or construction and proposed amendments to the Authority’s Rules and Regulations for Allocation of Low-Income Housing Tax Credits to include a requirement prohibiting such premature retirement of tax-exempt bonds; proposed changes to the Authority’s Qualified Allocation Plan for the federal low-income housing tax credit program and the public comments received on the proposed changes; and the Authority’s procurement process, including actions taken by the Authority to increase participation by small, women-owned and minority-owned businesses.

Commissioner McConnell, on behalf of the Programs Committee, reported that the Committee had received and discussed, and recommended approval of, a resolution to approve the proposed changes to the Authority’s Qualified Allocation Plan for the federal low-income housing tax credits. Commissioner McConnell advised the Commissioners that the Committee had received comments from Mr. Robert Adams requesting additional points for smaller developments and that the staff would proceed with developing proposed amendments to the Qualified Allocation Plan to provide additional points for smaller developments. Commissioner McConnell then moved approval of the resolution entitled “Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations” dated August 1, 2007 in the form attached hereto. This motion was seconded by Vice Chairman Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner McConnell next summarized the staff reports on homeownership loans financed by tax-exempt and taxable bonds, and the Commissioners and staff discussed the anticipated reduction in tax-exempt bond allocation and the effect of such reduction on the Authority’s homeownership loan program. Following this discussion, Commissioner McConnell summarized the staff reports that were received and discussed by the Committee on the following matters: multi-family loan production; homeownership and multi-family loan delinquencies; and an update on the Housing Choice Voucher Program. Commissioner McConnell next reported that the Committee had reviewed, and recommended approval of, a resolution to approve and ratify the reservations of the 2007 federal low-income housing tax credits. On motion duly made and seconded, the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated August 1, 2007, 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 next

reported that the Committee had received and discussed the staff report on the status of the Authority's minority outreach efforts.

Commissioner Allmond, on behalf of the Audit Committee, summarized the following reports that were received and discussed by the Committee: the report from Ms. Barackman on the Authority's monthly operating statement, balance sheet, financial highlights and budget comparisons for the period ended June 30, 2007; the reports from Mr. Wyatt on the status of the internal audit schedule and internal audit reports and recommendations; and a report from Mr. Wyatt on the enterprise risk management process. Commissioner Allmond next reported that the Committee reviewed, and recommended approval of, a revised Audit Committee Charter. Commissioner Allmond then moved approval of the Audit Committee Charter in the form attached hereto. This motion was seconded by Commissioner McCoy and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Allmond reported that the Committee had received and discussed the salient features of the Authority's proposed Commonwealth Mortgage Bonds, Pass-Through Certificates, 2007 Series F, and Rental Housing Bonds, 2007 Series B-Taxable, Series C-AMT and D. Mr. Bowen advised the Commissioners that, because of the instability of the market for single family mortgage backed taxable bonds, the Authority may sell the Commonwealth Mortgage Bonds, Pass-Through Certificates, 2007 Series F, on a negotiated basis, rather than by competitive bid. Commissioner Allmond next reported that the Committee reviewed, and recommended approval of, an amended and restated resolution designating the authorized officers of the Authority that would authorize the Executive Director to designate an officer to act, in her place and stead during her absence or periods of disability, for periods not in excess of 90 days, instead of 60 days as the current resolution provides. Commissioner Allmond then moved approval of the resolution entitled "Resolution- Authorized Officers" dated August 1, 2007, in the form attached hereto. This motion was seconded by Commissioner McCoy and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Allmond reported that the Committee received and discussed a report on the status of the construction at the Virginia Housing Center in Innsbrook, the proposed improvements to the Wytheville office, and the modernization of the Authority's offices in Richmond.

Ms. Dewey's presented her report on operations in which she introduced to the Commissioners each of the Authority's Interns and advised the Commissioners of the following matters: the NCSHA Annual Meeting in New Orleans on September 17th-19th; the opening event for the Virginia Housing Center following the Board meeting on November 7th; the Governor's Housing Conference in Roanoke on November 14th-16th; the submission by the Authority of 11 entries for the NCSHA annual awards; and the receipt of awards from the Tidewater Multi-Family Housing Council for developments financed by the Authority.

Commissioner Black moved that 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 to consult with the Authority's General Counsel regarding specific legal matters requiring the provision of legal advice by the General Counsel relating to the employment agreement of the Executive Director in accordance with Section 2.2-3711.A.7 of the Code of Virginia and further move that Mr. McKellar, Ms. Dewey and Ms. Blankenship, who are deemed necessary to be present or will reasonably aid the Committee in its consideration of the aforesaid topics, be present during the closed session. This motion was seconded by Commissioner Shelton 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. Chairman McCann announced that the Commissioners had discussed Ms. Dewey's performance and had agreed upon her cash compensation for fiscal year 2008. Vice Chairman Fahl then moved that the Amended and Restated Employment Agreement be approved and that the Chairman be authorized to execute such Agreement. This motion was seconded by Commissioner Black and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Allmond, on behalf of the Operations Committee, reported that the Committee recognized the strong performance of the Authority in fiscal year 2007 and recommended approval of a staff bonus pool for fiscal year 2007 of \$1.125 million representing approximately 5.5% of the Authority's salary budget. On motion duly made and seconded, such staff bonus pool of \$1.125 million for fiscal year 2007 was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman McCann distributed to the Commissioners copies of the performance and evaluation form for Ms. Dewey for fiscal year 2008 and reported that he had reviewed her performance goals for fiscal year 2008 and that goals for building community support for affordable housing and for developing a financing program for mixed income developments had been added.

There being no further business, the meeting was adjourned at approximately 1:10 p.m. on August 1, 2007.

John P. McCann, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE

HELD ON AUGUST 1, 2007

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 August 1, 2007 at the office of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Committee Chairman
William C. Shelton
Douglas R. Fahl
Jacqueline T. Black

COMMITTEE MEMBERS ABSENT:

Gerald W. Hopkins
Jay Fisette

OTHER COMMISSIONERS PRESENT:

John P. McCann
Edward L. McCoy
Yvonne T. Allmond
Nancy K. O'Brien

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Arthur N. Bowen, Managing Director of Finance and Administration
Thomas A. Dolce, Managing Director of Servicing and Compliance
J. Judson McKellar, Jr., General Counsel
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Janet W. Butler, Managing Director of Information Technology Services
Tammy N. Taylor, Managing Director of Organizational Development and Learning
Barbara Blankenship, Managing Director of Human Resources
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
Ronald A. Reger, Organizational Development Manager
William Fuller, Senior Community Housing Officer
Paul M. Brennan, Deputy General Counsel
Brenda Brophy, Development Officer Manager
David White, Associate Development Officer
Yvonne Farmer, Marketing Specialist

Melody S. Barackman, Controller
Monica Jefferson, Community Housing Officer
Robert Adams, Consultant, Virginia Housing Coalition
David Shawa, Housing Opportunities Made Equal
Brian Gordon, Northern Virginia Apartments Association

The meeting of the Committee was called to order by Committee Chairman McConnell at approximately 10:12 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, 2007 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Commissioner McConnell opened the floor for public comments on the proposed changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credits. Mr. Adams requested that the Authority consider a change that would provide additional points for smaller developments. Ms. Dewey stated that the staff would proceed with developing proposed amendments to provide additional points for smaller developments and would seek comments on this issue at the tax credit forum to be held on September 10, 2007. Upon the conclusion of the discussion of this matter, Commissioners McCann, McCoy, Allmond and O'Brien left the meeting.

Mr. Chandler presented a report on the proposed changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credits. Following this presentation, Commissioner Shelton moved that the Committee recommend approval of the resolution entitled "Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations" dated August 1, 2007. 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 and Ms. Watson next presented reports on homeownership loan production for fiscal year 2007 by region and by tax-exempt and taxable bonds. Ms. Watson commented that total production was 7,603 loans, which exceeded the budget estimate of 6,069 loans. In addition, Ms. Watson reported that the proceeds of more than \$1 billion in tax-exempt bonds and \$263 million in taxable bonds were used to finance the loans.

Mr. Ritenour and Mr. Hastings reviewed the multi-family bi-monthly loan production summary. Mr. Hastings noted that six of the eight developments financed for the bi-monthly period were assisted with REACH funds. Mr. Hastings also noted that the Authority financed 4,697 multi-family units for fiscal year 2007, which exceeded the Authority's most likely budget estimate of 4,000 units.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan servicing portfolios. Mr. Dolce noted that, as of the May 31, 2007, the overall delinquency rate for homeownership loans had increased to 4.88% and the multi-family loan delinquency rate had increased to 0.65%. Mr. Dolce also presented an update on the Housing Choice Voucher Program in which he stated that current leasing was at 99.4% as of June 2007.

Mr. Chandler presented a proposed resolution to approve and ratify the reservations of the 2007 federal low-income housing tax credits. Commissioner Fahl moved that the Committee recommend approval of the resolution entitled "Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits" dated August 1, 2007. 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. Hawkins presented a report on the Authority's Hispanic and African-American outreach activities for fiscal year 2007. Following this presentation, Mr. Hawkins and Ms. Jefferson presented a report on "Wealth Starts at Home," an Authority educational initiative that provides homeownership education to students in historically black colleges and universities.

There being no further business, the meeting was adjourned at 11:26 a.m.

Minutes of the Meeting of the Audit Committee Held on August 1, 2007

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 1, 2007 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

Committee Members Present	Yvonne Allmond John P. McCann Nancy O'Brien Edward McCoy
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Committee Members Absent	Braxton Powell
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Others Present	Arthur N. Bowen, III, Managing Director of Finance & Administration Russ E. Wyatt, General Auditor Melody Barackman, Controller Tammy Taylor, Chief Learning Officer, OD&L Barbara Blankenship, Managing Director of Human Resources Janet Butler, Managing Director of Information Technology Services Michelle S. Edmonds, Sr. Executive Assistant
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Meeting Called to Order	The meeting was called to order at 10:30 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	On motion duly made by Commissioner McCann and seconded by Commissioner McCoy, the minutes of the Audit Committee meeting of May 16, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.
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Report on Monthly Financials and Budget Comparisons	Melody Barackman reviewed VHDA's completed financial statements dated June 2007 and provided the Committee with a comparison of revenues and expenses to budget. Excess revenue over expenses before the GASB 31 adjustment was \$12.7 million for the month of June and \$156.1 million for the year. Excess revenues for FY '07 exceed the goal of \$138.7 million by \$17.4 million. Results for FY '07
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**Report on
Monthly
Financials and
Budget
Comparisons**
(cont'd)

include write-downs of \$6.1 million in the value of owned multifamily properties. It also includes additional surplus reserves of \$2.7 million from HUD funding of the HCV program. Total assets exceed \$8.3 billion and net assets have grown to \$1.97 billion. Ms. Barackman also reported that KPMG is in the process of completing its year-end audit which is scheduled to be released in late September. Commissioner O'Brien expressed the desire to review the audit before filing with the state on September 29. Accordingly, Ms. Barackman will contact the auditors and schedule a meeting with members of the Audit Committee at VHDA offices.

**Internal Audit
Report**

The General Auditor reported that two audits were completed since the last Committee meeting (MF Development and Finance) and clean reports were issued in both instances. The General Auditor reported that, with the exception of one audit that is in the closing phase (IT Operations), the Audit Division has completed the old 5-year schedule and has begun conducting audits included in the new schedule. The General Auditor also reported that no adverse reports have been issued since the last meeting.

The General Auditor further reported that there are no control concerns that were previously reported that have not been addressed by management.

**Enterprise Risk
Management
Update**

The General Auditor made a presentation to the Committee regarding Enterprise Risk Management concepts and design and gave a status update on the project. The General Auditor reported that he is scheduled to meet with VHDA's Planning Team to discuss embedding ERM in the strategic planning process and is working with the ITS division to develop a user friendly system to assist management in performing risk and control self-assessments that will be required under ERM. The General Auditor also indicated that the Enterprise Risk Management process will be reviewed in greater detail with the Leadership Team at its retreat in August.

**Audit
Committee
Charter**

The General Auditor presented a revised Audit Committee Charter to the Committee, which was amended to include revisions recommended in the recently completed quality assurance review and discussed with, and approved by, the Committee at the May Audit Committee meeting. A motion to recommend approval by the full Board of the changes made to the Audit Committee Charter was made by Commissioner O'Brien and seconded by Commissioner McCoy. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Pursuant to the new wording in the Charter, Commissioner McCann reminded the General Auditor to bring to the Committee's attention, at the beginning of each fiscal year, proposed changes to the audit schedule made as a result of perceived changes in risk that occurred subsequent to the creation of the original schedule. .

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Adjournment

There being no further business, Commissioner Allmond moved for adjournment of the meeting at 11:05 a.m.

Russ E. Wyatt
General Auditor

Yvonne Allmond
Chairman

Minutes of the Meeting of the Operations Committee Held on August 1, 2007

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 1, 2007 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

Committee Members Present Yvonne Allmond, Chair
John P. McCann
Edward McCoy
Nancy O'Brien

Commissioners Absent Braxton Powell

Others Present Susan F. Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance & Administration
Barbara Blankenship, Managing Director of Human Resources
Tammy Taylor, Chief Learning Officer, Organizational Development and Learning
Melody Barackman, Controller
Russ Wyatt, General Auditor
Janet Butler, Managing Director of Information Technology Services
Michelle S. Edmonds, Sr. Executive Assistant

Meeting Called to Order The meeting was called to order at 11:05 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.

Approval of the Minutes Commissioner O'Brien moved approval of the minutes of the meeting of the Operations Committee dated May 16, 2007. Commissioner McCoy seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Compensation Barbara Blankenship then reviewed bonus pool options for FY '07. Several options and charts were provided. In light of FY '07 net revenues and surpassed SF production goals, the Committee recommended a bonus pool of approximately \$1.125 million. Commissioner McCoy moved that this bonus option be recommended to the Board for approval. Commissioner O'Brien 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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**Salient
Features**

Art Bowen reviewed the salient features for two future bond financings.

The first is an issue of up to \$150 million in taxable and tax-exempt Rental Housing Bonds to finance new loans for multifamily projects and to refund certain outstanding bonds based on market conditions. The bonds are expected to be rated Aa1/AA+ by Moody's and Standard & Poor's respectively, will be sold by competitive bid, with the sale expected to occur in September or October.

Art also reviewed the salient features for a \$100 million taxable Commonwealth Mortgage Bond issue. The bonds will be sold as pass-throughs, paying a fixed rate of interest with all principal payments, including prepayments, passed through to investors as received. The proceeds of the bonds will be used to provide permanent financing for VHDA's Flexible Alternative single-family loan program, where such loans were originally funded with short-term VHDA funds. One item to note here, the mortgage-backed securities market has been unpredictable lately due largely to the effect of problems in the sub-prime mortgage market, and VHDA has decided to postpone an upcoming taxable Commonwealth Mortgage Bond issue until the market settles. VHDA is considering and would like to preserve the option to sell these bonds through negotiation with one or more investment banking firms if necessary.

**Proposed
Revision to
Authorized
Officer
Resolution**

Art Bowen presented a proposed resolution that will amend and restate the current resolution designating the Authority's authorized officers. The current resolution authorizes the Executive Director to designate an officer to act for periods not in excess of 60 days in her place and stead during her absence or periods of disability. Because the Board meetings will be held quarterly, it is necessary to amend the resolution by changing the period to 90 days. This amendment will avoid the risk that there could be any period of time during which no one would be authorized to act as Executive Director until the appointment of an acting Executive Director could be made at the next Board meeting. Commissioner O'Brien moved that the proposed resolution be recommended to the Board for approval. Commissioner McCann seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

**Building For
the Future
Update**

Art Bowen reviewed the status of the Building for the Future program, reporting that the Virginia Housing Center project has reached substantial completion and passed final inspections, with only punch-list items remaining. VHDA is on schedule to begin moving into the building on September 7, with use of the meeting space

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**Building For
the Future
Update** (cont'd)

scheduled to begin in October. VHDA is currently reviewing 90% complete drawings for phase 1 of the renovation of the VHDA Headquarters Building. Once the plans are complete, phase 1 (exterior and UPS work) will be put out to bid, likely within 6-8 weeks (late summer/early fall). Phase 2 of the renovation (HQ interior) will go out to bid February/March 2008. VHDA is also reviewing detailed design drawings for the Southwest Virginia Housing Center (Wytheville), and this project will likewise proceed to bid once the drawings are complete. Since the Wytheville building is designated as historic, VHDA staff and the architect will also work with the Wytheville Historical Society. Will probably not go out to bid until after beginning the 1st phase of HQ. Projected HQ modernization is estimated at \$8.5 million.

Adjournment

There being no further business, Commissioner Allmond adjourned the meeting at 11:26 a.m.

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

Yvonne Allmond
Chairman

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON JULY 31, 2007

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 July 31, 2007 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

John P. McCann, Chairman
Charles McConnell
Yvonne T. Allmond
Douglas R. Fahl

COMMISSIONER ABSENT:

Jay Fisette

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Barbara Blankenship, Managing Director of Human Resources
J. Judson McKellar, Jr., General Counsel

Chairman McCann called the meeting of the Committee to order at approximately 6:30 p.m. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

Ms. Blankenship presented alternatives for the bonus pool for the Authority's staff. The Commissioners discussed the strong performance of the Authority in fiscal year 2007 and the alternatives for recognizing this performance. Following this discussion, it was the consensus of the members of the Committee to recommend approval of a staff bonus pool for fiscal year 2007 of \$1.125 million representing approximately 5.5% of the Authority's salary budget.

Mr. McKellar joined the meeting and presented a proposed Amended and Restated Employment Agreement between Ms. Dewey and the Authority and explained the changes made to the existing employment agreement, as previously amended. During a discussion of the terms of the proposed Amended and Restated Employment Agreement, Commissioner Allmond noted that the provisions of Section 5 of the proposed Amended and Restated Employment Agreement required termination of employment, and the Commissioners concurred that Mr. McKellar should redraft Section 5 to provide for termination at the discretion of the Board of Commissioners. On motion duly made and seconded and approved by the affirmative vote of each of the members of

the Committee noted above as present at the meeting, the Committee approved a resolution to recommend that (i) the proposed Amended and Restated Employment Agreement be approved in the form presented at the meeting as revised to provide that any termination under Section 5 shall be at the discretion of the Board of Commissioners and (ii) the Chairman be authorized to execute such Amended and Restated Employment Agreement as so revised. At this point, Ms. Dewey and Mr. McKellar left the meeting.

The members of the Committee and Ms. Blankenship then reviewed the performance of Ms. Dewey and her compensation for fiscal year 2008 and reached consensus on the compensation to be recommended to the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 8:00 p.m.

HOUSING FOR VIRGINIA, INC.

**MINUTES OF THE
ANNUAL MEETING OF SHAREHOLDERS**

August 1, 2007

The 2007 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, 2007, at approximately 4:20 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 2007 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 2007 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.

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, 2007

The 2007 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, 2007, at approximately 4:25 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, J. Judson McKellar, Jr., and himself, were present at the meeting. He then declared that the 2007 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. McKellar, 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

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

Thomas A. Dolce
Chairman and Secretary of the Meeting