

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE ANNUAL MEETING OF THE COMMISSIONERS
HELD ON AUGUST 4 AND 5, 2009

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 August 4 and 5, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

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

COMMISSIONERS ABSENT:

Manju Ganeriwala
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
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
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
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
Paul M. Brennan, Deputy General Counsel
Eric Ritchey, Systems Administrator
Sherry Long, Project Manager
Julie Phillips, Business Analyst
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Policy Analyst
Melody S. Barackman, Controller
Ronald A. Reger, Strategic Planner

Scott Heiry, Business Intelligence Manager
Michael Stoneman, Multi-Family Owned Property Portfolio Manager
Janet Aylor, Virginia Department of the Treasury

Chairman Hopkins called the meeting of the Committee of the Whole to order at 2:10 p.m. on August 4, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners McCann and Black who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Mr. Reger presented a video that provided an overview of the federal low-income housing tax credit program, and Mr. Chandler discussed with the Commissioners various requirements and procedures in the programs. During this presentation, Commissioner McCann joined the meeting. Mr. Chandler reviewed the calculation of the amount of federal low-income housing tax credits available for the pools in 2009, the amount of the TCAP funds available for funding the equity gap in the developments, and the amount of funds available in exchange for tax credits. Mr. Chandler next reviewed the final rankings within the pools for reservations of credits and TCAP and exchange funds in 2009 and advised the Commissioners as to the applications that were recommended for selection in the At-Large Pools. Mr. Chandler also reviewed the calculation of the amount of credits expected to be available for allocation in 2010. After this presentation, Commissioner Black joined the meeting.

Mr. Hawkins presented a report on the website VirginiaHousingSearch.com developed by the Authority to enable prospective tenants to obtain information about houses and apartments that are available for rent in Virginia. Upon the conclusion of this report, Mr. Richey presented a demonstration of the website.

Ms. Dewey presented a report on the Authority's organizational performance for fiscal year 2009. During this report, Ms. Dewey discussed with the Commissioners the key decisions and actions that had been made in the past to position the Authority for long-term success and noted the following accomplishments by the Authority in fiscal year 2009: net revenues of \$81 million resulting in REACH funds of \$21.8 million to be made available in fiscal year 2010; total single family and multi-family loan production of 7,890 units; 13,023 attendees in the homeownership education courses, including increased attendance by African Americans and Hispanics; homeownership foreclosure and delinquency rates that have increased during fiscal year 2009 but are substantially below statewide rates reported by the Mortgage Bankers Association; financing of 3,043 multi-family units for occupancy by families with incomes at or below 60% of area median income; lease-up rate of 100.2% in the Housing Choice Voucher Program; and maintenance of the Aa1/AA+ bond ratings.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:55 p.m. on August 4, 2009.

Chairman Hopkins called the annual meeting of the Board of Commissioners to order at approximately 11:15 a.m. on August 5, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner McCann who left the meeting as noted below.

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

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on June 2 and 3, 2009 were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolution entitled “Resolution in Recognition and Appreciation of the Twentieth Anniversary of Arlington Partnership for Affordable Housing” dated August 5, 2009, was approved in the form attached hereto by the affirmative vote of each of the Commissioners noted above as present at the meeting.

On motion duly made and seconded, the resolution entitled “Resolution in Recognition and Appreciation of the Forty-Fifth Anniversary of People Incorporated of Southwest Virginia” dated August 5, 2009, was approved in the form attached hereto by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey presented a proposed resolution to approve the retreat and regular meeting dates of the Board of Commissioners from January 1, 2010 through June 30, 2010. The proposed resolution was revised to change the date for the regular meeting in June to June 8th. On motion duly made and seconded, the resolution entitled “Resolution Establishing Meeting Dates of the Board of Commissioners from January 1, 2010 through June 30, 2010” dated August 5, 2009, in the form attached hereto, as so revised, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman Hopkins, on behalf of the Committee of the Whole, reported that the Committee had received and discussed staff reports on the following matters: an overview of the federal low-income housing tax credit program; the final rankings for reservations of the federal low-income housing tax credits and the TCAP and exchange funds in 2009; the website VirginiaHousingSearch.com developed by the Authority to enable prospective tenants to obtain information about houses and apartments that are available for rent in Virginia; and the Authority’s organizational performance for fiscal year 2009.

Commissioner O’Brien, on behalf of the Programs Committee, reported that the Committee had received and discussed the staff report on the final rankings for reservations of the federal low-income housing tax credits and TCAP and exchange funds in 2009 and had received comments from Mr. Michael O’Donnell of The Mulholland Group requesting additional TCAP funds for Andover Place Apartments. Commissioner O’Brien reported the recommendation of the Committee that the final rankings be approved and that in the event any unreserved TCAP funds shall be available for allocation prior to September 30, 2009, the Executive Director be authorized, in her discretion, to allocate such unreserved funds to Andover Place Apartments and/or to projects eligible therefor in the order of their ranking in the Tier Two At-Large Pool, provided that no additional 2010 credits shall be pre-allocated. Commissioner O’Brien moved approval of such recommendation of the Committee, and this motion was approved by the affirmative vote of each of the Commissioners noted above as present at

the meeting, except Commissioner McCann who abstained as to Lincoln Mews II and Claiborne Square. Commissioner O'Brien next summarized the staff reports to, and the discussions by, the Committee on the following matters: requirements to be applicable to single family mortgage loans on condominiums in declining markets that will impose a maximum 75% loan-to-value ratio and a maximum 95% combined loan-to-value ratio on uninsured loans and will limit SPARC assisted loans to insured loans; the status of homeownership and multi-family loan production; the status of the disposition of multi-family developments owned by the Authority; emerging markets outreach efforts; the status of homeownership and multi-family loan delinquencies; and an update on the leasing rate in the Housing Choice Voucher Program. Commissioner O'Brien reported that the Committee had received a staff report on the annual Section 8 Management Assessment Program Certification ("SEMAP Certification") for the Section 8 Housing Choice Voucher Program for 2009 and recommended approval of the resolution approving and authorizing the execution of the SEMAP Certification. On motion duly made and seconded, the resolution entitled "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification" in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Following this action, Commissioner O'Brien summarized the staff report that had been received and considered by the Committee on the Authority's marketing activities.

Commissioner Allmond, on behalf of the Audit Committee, reported that the Committee had received an update report from KPMG on its 2009 audit of the Authority's financial statements. Commissioner Allmond summarized the following reports that had been received and considered by the Committee: a report from Ms. Barackman on the Authority's monthly financials and budget comparisons for the year ended June 30, 2009; and a report from Mr. Wyatt on the status of the internal audit reports and schedule, the addition of the audit to comply with the requirements of Ginnie Mae, and the roll-out of the Authority's enterprise risk management system that is delayed due to the addition of the Ginnie Mae audit.

Commissioner Allmond, on behalf of the Operations Committee, summarized the reports that had been received and considered by the Committee on projects of the Information Technology Services Division and on activities of the Organizational, Development and Learning Division and the Human Resources Division. Commissioner Allmond next reported that the Committee had received the recommendation of the Executive Committee for approval of a staff bonus pool for fiscal year 2009 in an amount not to exceed \$1,065,000 representing approximately 4.73% of the estimated salaries and that the Committee recommended the approval of such staff bonus pool. On motion duly made and seconded, a resolution to approve the recommended staff bonus pool was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, except Commissioners Fisette and Shelton who voted no.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the dates and anticipated agenda items for meetings of the Board during fiscal year 2010; the NCSHA annual meeting in San Antonio on October 3rd-6th; the opening events for the Authority's Wytheville office on November 4th and 5th; the Governor's Housing Conference to be held in Norfolk on November 18th-20th; and the recent opening ceremony for The Gateway in SoNo.

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

On motion duly made and seconded, a resolution was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting 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. Aylor, Ms. Dewey and Ms. Blankenship, who were deemed necessary to be present or would reasonably aid the Commissioners in their consideration of the aforesaid topic, be present during the closed session. During the closed meeting, Commissioner McCann left 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 Hopkins relinquished the chair to Vice Chairman McConnell and moved that Ms. Dewey's compensation for fiscal year 2010 be approved. This motion was seconded by Commissioner O'Brien and was approved by the affirmative vote of each of the Commissioners then present at the meeting, except Commissioners Fisette and Shelton who voted no.

There being no further business, the meeting was adjourned at approximately 12:38 p.m. on August 5, 2009.

Gerald W. Hopkins, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON AUGUST 5, 2009

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 5, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Nancy K. O'Brien, Committee Chairman
Jay Fiset
Gerald W. Hopkins
William C. Shelton
Jacqueline T. Black
Charles McConnell

OTHER COMMISSIONERS PRESENT

John P. McCann
Yvonne T. Allmond
Kermit E. Hale

COMMITTEE MEMBER ABSENT

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
Barbara Blankenship, Managing Director of Human Resources
Russ E. Wyatt, General Auditor
Arthur N. Bowen, Managing Director of Finance and Administration
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
Paul Brennan, Deputy General Counsel
Ronald A. Reger, Strategic Business Planner
Mike Stoneman, Multi-Family Owned Property Portfolio Manager
Robert Halloran, Marketing Director
Yolanda Dickerson, Executive Assistant
Michael O'Donnell, The Mulholland group
Ryne Johnson, Astoria
Janet Aylor, Virginia Department of the Treasury

The meeting of the Programs Committee was called to order by Committee Chairman O'Brien at approximately 8:32 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, except Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting.

On motion duly made and seconded, the minutes of the meeting of the Committee held on June 3, 2009 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

In the public comment period, Mr. O'Donnell made a presentation on behalf of the owner of Andover Place Apartments which had applied to the Authority for TCAP funds and for which he requested additional TCAP funds of approximately \$400,000.

Mr. Ritenour and Mr. Chandler reported on the final rankings for the reservations of the federal low-income housing tax credits and TCAP and exchange funds in 2009. Commissioner Fisette moved that the Committee recommend that the final rankings be approved and that in the event any unreserved TCAP funds shall be available for allocation prior to September 30, 2009, the Executive Director be authorized, in her discretion, to allocate such unreserved funds to Andover Place Apartments and/or to projects eligible therefor in the order of their ranking in the Tier Two At-Large Pool, provided that no additional 2010 credits shall be pre-allocated. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee then present at the meeting. Following this action, Commissioner Black joined the meeting, and Commissioner Hopkins, Allmond, Hale and McCann left the meeting.

Mr. Ritenour and Ms. Watson presented proposed requirements to be applicable to single family loans on condominiums in declining markets that will impose a maximum 75% loan-to-value ratio and a maximum 95% combined loan-to-value ratio on uninsured loans and will limit SPARC assisted loans to insured loans.

Mr. Ritenour and Ms. Watson presented a report on homeownership loan production for the period July 1, 2008 through June 30, 2009. In this report, Ms. Watson noted that more than 80% of the production was to households with incomes of less than 80% of the state median income, that approximately 38% of production was to minority households, and that approximately 32% production was in Northern Virginia.

Mr. Ritenour and Mr. Hastings presented a report on multi-family loan production for the period May 26, 2009 to August 5, 2009. In this report, Mr. Hastings advised the Committee that 9 developments consisting of 378 units had been approved for mortgage loans in the estimated total principal amount of \$22.4 million.

Mr. Stoneman presented a report on the status of the disposition of the multi-family properties owned by the Authority. Mr. Stoneman stated that Alcove Lane and Freemont Street had been acquired by foreclosure in the past 2 months and that Ashton Ridge was under contract as of June 9, 2009. Mr. Stoneman also stated that Tinker Creek

was under contract as of May 4, 2009, but he explained that the contract is subject to receipt of an allocation of federal low-income housing tax credits and Tinker Creek was currently not ranked high enough to receive such credits.

Mr. Hawkins presented the emerging markets outreach report for the period July 2008 through June 2009. In this report, Mr. Hawkins noted the increased attendance of African Americans and Hispanics in the Authority's Homeownership Education classes.

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 June 30, 2009 the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family loan portfolios were 9.84% and 1.25%, respectively, and delinquent single family loans totaled 3,374 and that the July 2009 delinquency rate for the single family loan portfolio will be approximately 9.97%.

Mr. Dolce reported on the leasing rate in the Housing Choice Voucher Program and presented a resolution to approve and authorize the execution of the annual Section 8 Management Assessment Program Certification ("SEMAP Certification") for the Section 8 Housing Choice Voucher Program for 2009. On motion duly made and seconded, a resolution to recommend approval of the resolution entitled "Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification" was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Hill presented an update on the Authority's marketing activities. In this report, Mr. Hill noted that African Americans and Hispanics registering for the online English and Spanish Homeownership Education classes averaged 47% for the four month marketing campaign compared with the average of 26% before the campaign and that there were 27,000 visitors to the English and Spanish landing pages during the campaign. Following this report, Mr. Halloran presented examples of the Authority's advertising and marketing materials.

There being no further business, the meeting was adjourned at 11:07 a.m.

Minutes of the Meeting of the Audit Committee Held on August 5, 2009

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 5, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

Committee Members Present Yvonne Allmond, Chair
John P. McCann
Kit Hale

Other Commissioners Present Gerald Hopkins, Chairman of the Board

Others Present Arthur N. Bowen, III, Managing Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Melody Barackman, Controller
Rob Churchman, KPMG
Kathy Glass, KPMG
Janet Aylor, sitting in for Commissioner Manju Ganeriwala

Meeting Called to Order The meeting was called to order at 9:50 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 On motion duly made by Commissioner McCann and seconded by Kit Hale, the minutes of the Audit Committee meeting of June 3, 2009 were approved.

KPMG Presentation Rob Churchman and Kathy Glass of KPMG provided a status update of the 2009 audit. Ms. Glass reported on interim fieldwork accomplishments which includes a test of controls over entity level controls/significant accounts; testwork over IT general controls and a review of Fidelity and Strategy SAS 70 reports, A-133 planning and interim testwork performed and a review of VHDA's methodology used in estimating mortgage loan allowances for loan losses. Ms. Glass noted that no deficiencies have been identified as a result of their tests of controls. KPMG is working on the logistics of what type of report will be required for the Ginnie Mae program. Ms. Glass also reported that KPMG will be retesting analytical reviews and this work should be completed by the end of this week. In light of current

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Audit Committee Minutes Notes
August 5, 2009

**KPMG
Presentation**
(cont'd)

fluctuations in the market, KPMG sent VHDA's entire investment portfolio to a valuation specialist and will evaluate the investment pricing data. Final fieldwork is scheduled for August 13-September 11 with substantive testing to be completed and ready to issue final report in time for the September Board meeting. KPMG will continue to work with the controller and the general auditor on various issues.

**Report on
Monthly
Financials and
Budget
Comparisons**

Melody Barackman discussed the June 2009 financial highlights. Preliminary year-end results before GASB 31 adjustments totaled \$80.7 million in excess revenues. Net interest margin was 31.9% compared to a budget of 34.7% resulting in \$29.2 million variance from plan. Curtailments in loan production coupled with increasing payoffs since January 2009 resulted in lower than expected mortgage interest earnings, while earnings on investments were low throughout the year and losses were realized on certain asset-backed securities.

Administrative expenses were 7% better than budget, improving year-end results by \$3.4 million. Cost savings was achieved in all major administrative categories through management's efforts to defer or forego discretionary spending.

Programmatic expenses were over budget by \$11.8 million. Loan loss expenses and loan loss provision exceeded budget by \$17.8 million. Loan losses, REO disposition losses, and related expenses accounted for \$9.1 million. Property valuations on owned rental and REO properties held at year-end accounted for \$9.2 million. The incremental provision for loan loss reserves totaled \$16.3 million. Partially offsetting these overages was better than expected net operating income from ancillary fees (\$1.5 million) and owned rental property income (\$4.0 million) and reduced grant or program training costs by \$1.2 million.

Total assets increased by \$23.0 million for the year bringing total assets to \$9.37 billion. Liabilities decreased by \$55.9 million to a net total of \$7.25 billion. Net assets increased by \$78.9 million or 3.9% for the year, including adjustments for GASB 31, bringing the total to \$2.12 billion as of June 30, 2009.

**Internal Audit
Report**

The General Auditor reported on the status of the audit schedule indicating that no audit reports had been issued since the last Committee meeting. The General Auditor indicated that the following audits are in progress: (1) General Accounting, with its GEAC Application System; (2) Payroll; (3) Annual Confirmations; (4) Project Management, which was combined with Systems Development and Web Systems Development; (5) Support Services with its application systems, which includes the Boxes Application System; Signal HAVC Early Warning System; and the Receptor Security System, and (6) Ginnie Mae Program. The General Auditor further reported that the Audit schedule is on track to be completed as planned.

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Audit Committee Minutes Notes
August 5, 2009

Internal Audit Report *(cont'd)*

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

The General Auditor advised the Audit Committee that he had reviewed the 5-year audit schedule with the Executive Director, his Audit Manager and his IT Auditor and determined that the audits planned for FY 2010 appear appropriate with one exception; the addition of a Ginnie Mae audit to comply with Ginnie Mae requirements and to ensure that new Ginnie Mae operating policies and procedures developed and implemented by VHDA are compliant with Ginnie Mae requirements. The General Auditor indicated that by conducting the field work for this audit for the Authority's independent auditors he hoped to reduce the fees they will charge.

The General Auditor then reported that he will prepare a mark up of the five year schedule to show changes made, including the addition of an annual Ginnie Mae audit, and the new anticipated dates of the audits for the remaining three years of the schedule.

The General Auditor also reported that adding the Ginnie Mae program audit to the audit schedule, has delayed the planned roll-out of the Risk and Control Self-Assessment System by approximately one month to six weeks.

Adjournment

There being no further business, Commissioner Allmond moved for adjournment of the meeting at 10:20 a.m.

Russ E. Wyatt
General Auditor

Yvonne Allmond
Chairman

Minutes of the Meeting of the Operations Committee Held on August 5, 2009

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on August 5, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

Committee Members Present Yvonne Allmond, Chair
John P. McCann
Kit Hale

Other Commissioners Present Gerald Hopkins, Chairman of the Board

Others Present Susan F. Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance & Administration
Janet Butler, Managing Director of Information Technology Services
Tammy Neale, Chief Learning Officer, OD&L
Barbara Blankenship, Managing Director of Human Resources
Melody Barackman, Controller
Russ Wyatt, General Auditor
Michelle S. Edmonds, Sr. Executive Assistant
Sheila Phillips, Assistant Director of Project Management
Janet Aylor, sitting in for Commissioner Manju Ganeriwala

Meeting Called to Order The meeting was called to order at 10:20 p.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 McCann moved approval of the minutes of the meeting of the Operations Committee dated June 2, 2009. Commissioner Hale seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

ITS Update Janet Butler introduced Shelia Philips, Assistant Director of the Project Management Office who gave out our ITS Program/Project Dashboard. Shelia highlighted two specific programs.

1. Web Mod Program - Under the umbrella of this Program, this 2nd Project (Redesign of VHDA.COM --- the 1st being the Infrastructure Project to support all our future efforts) has been baselined and is slated for production the 1st week of December.

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Operations Committee Minutes
August 5, 2009

ITS Update
(cont'd)

2. ERP (Enterprise Resource Planning) Program - This program is in its infancy with a RFP (Request for Proposal) having been submitted for a viable product. This RFP closed on July 31st and a decision on the product is expected from the evaluation panel by mid-August. The next step is to submit a RFP for the implementation of the selected product and this is anticipated to be completed by November 1st.

Shelia also made the Board aware that VHDA's Project Management Office has been nominated for a case study with Microsoft for Enterprise Portfolio Management (EPM). This is an extremely rare nomination for a public sector organization. VHDA is the only public sector organization in the running with many private sector organizations for this award. If awarded, this affords VHDA the opportunity for the full suite of EPM (\$400K+) with the full benefit of Microsoft Subject Matter Experts for implementation.

OD&L Update

Tammy Neale, Chief Learning Officer for the Organizational Development and Learning Division, reported that in June, VHDA hosted an extended lunch (called Catch A Short Breeze) for all associates complete with a cookout, team building activities and opportunities for social interaction among associates. It was well received and they will continue to seek opportunities to support morale and build relationships across the authority.

In July, OD&L piloted a workshop for new and recently hired associates. The goal is to provide a foundational understanding of VHDA in a short period of time. Content includes a review of the mission, vision, guiding principles, branding philosophy, strategic plan, business model, core programs, services and competencies. This workshop expands what is currently being done to orient associates to VHDA.

Effective July 1, OD&L monitors, tracks and reports on all conferences, seminars and other forms of education. This change enables OD&L to (1) provide guidance on development opportunities available to associates and (2) provide oversight of training activities and dollars. Also provided, was a brief update on VHDA's e-learning system (called the "knowledge Center") and how it is being utilized to support talent management.

HR Update

Barbara Blankenship reviewed bonus pool options for FY '09. Several options and charts were provided. In light of FY '09 net revenues the Committee recommended approval of a staff bonus pool for fiscal year 2009 in an amount not to exceed \$1,065,000 representing approximately 4.73% of the estimated salaries.

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Operations Committee Minutes
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Adjournment There being no further business, Commissioner Allmond adjourned the meeting at 10:55 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 AUGUST 4, 2009

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 August 4, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Gerald W. Hopkins, Chairman
John P. McCann
Charles McConnell
Yvonne T. Allmond
Nancy K. O'Brien

OTHERS PRESENT:

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

Chairman Hopkins called the meeting of the Committee to order at approximately 6:15 p.m. All of the members of the Committee listed above as present at the meeting were present at that time and remained present throughout the meeting.

The Committee discussed the process for the nominations of the Chairman and Vice Chairman. It was the consensus of the Committee to recommend that Commissioner Hopkins be nominated for Chairman and Commissioner McConnell be nominated for Vice Chairman and that Commissioner McCann would make the nominations at the annual meeting of the Board of Commissioners.

The Commissioners discussed the amount of the bonus pool to be recommended for the Authority's staff. Following this discussion, it was the consensus of the Committee to recommend approval of a bonus pool for fiscal year 2009 in an amount not to exceed \$1,065,000 representing approximately 4.73% of the estimated salaries.

On motion duly made and seconded and approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, the Executive Committee convened 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. Blankenship, who was deemed necessary to be present or would reasonably aid the Commissioners in their consideration of the aforesaid topic, be present during the closed session. 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. The members of the Committee then discussed the process for reviewing Ms. Dewey's performance.

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 5, 2009

The 2009 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 5, 2009, at approximately 4:05 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 2009 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 2009 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 5, 2009

The 2009 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 5, 2009, at approximately 4:08 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 2009 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