

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON JANUARY 17 AND 18, 2006

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on January 17 and 18, 2006 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Douglas R. Fahl, Chairman  
Jay Fiset, Vice Chairman  
John P. McCann  
Edward L. McCoy  
Charles McConnell  
William C. Shelton  
Gerald W. Hopkins  
Terri M. Ceaser  
Yvonne T. Allmond  
Jack Loeb, Jr.  
J. Braxton Powell

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  
Tammy N. Taylor, Managing Director of Human Resources  
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  
Tammy A. Tyler, Strategic Development Leader  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
J. Michael Hawkins, Director of Community Housing  
Llewellyn C. Anderson, Business Planning Analyst  
Nina Nolley, Assistant Director of Multi-Family Servicing  
Brenda Hawkins, Program Manager  
Eugene F. Griffin, III, Reservations and Special Programs Manager  
Ved P. Jain, Design and Construction Director  
Toni Ostrowski, Senior Community Housing Officer

Chairman Fahl called the meeting of the Committee of the Whole to order at 4:07 p.m. on January 17, 2006. The Commissioners listed above as present at the meeting were present at that time, except Commissioner McCoy who joined the meeting in progress and Vice Chairman Fisette who was not present during the meeting of the Committee on January 17, 2006.

Chairman Fahl welcomed Commissioner Powell to the Board, and Commissioner Powell gave a brief summary of his professional experience.

Mr. Dolce, Ms. Nolley and Ms. Hawkins presented a report on multi-family loan servicing and program compliance in the Authority's Servicing and Compliance Division. In this report, Mr. Dolce reviewed the organizational chart and staffing in the Division; Ms. Nolley discussed the multi-family loan servicing activities of the Division, including portfolio analysis, loan administration, escrow administration, reserve administration, collections and default management, and subsidy financial administration; and Ms. Hawkins described the monitoring and loan compliance activities of the Division, including the auditing, reporting and training relating to the Authority's multi-family programmatic and loan specific requirements.

Commissioner Shelton presented an overview on the Department of Housing and Community Development, including a discussion of the following matters: its mission, budget and organization; the boards supported by the Department; the role of the Director of the Department; the duties, programs and activities of each of the divisions within the Department; the additional roles performed by the Department; and the relationship between the Department and the Authority.

Ms. Dewey reported on the Authority's organizational performance for the second quarter of fiscal year 2006. In this report, Ms. Dewey noted the following: the high level of production in the single family program; the expected decline in multi-family production; the lease-up rate of 92% in the Housing Choice Voucher Program; the Genesis project and REACH Team activities to increase homeownership among minorities; the activities of the REACH Team to support community revitalization; the creation of the interactive CD to promote barrier-free housing; the Authority's allocation and usage of the state tax exempt bond cap; the net revenues received by the Authority through the end of the second quarter; and the expected increase in REACH subsidy contributions in 2007 and 2008.

There being no further business, the meeting of the Committee of the Whole was recessed at approximately 6:05 p.m. on January 17, 2006.

Chairman Fahl called the meeting of the Committee of the Whole to order at 9:00 a.m. on January 18, 2006. The Commissioners listed above as present at the meeting were present at that time, except Commissioners McCoy and Powell who joined the meeting in progress.

Mr. Ritenour, Mr. Bowen, Ms. Taylor and Mr. Hill presented reports on the Authority's diversity initiatives in the areas of (i) program outreach, (ii) procurement, (iii) human resources, and (iv) marketing, sponsorships and technology. During this presentation, the Commissioners and the staff discussed the following matters: the Authority's programs for homeownership education and for training of housing sponsors; the use of the Authority's REACH funds to serve diverse communities; the homeownership loan products that address the housing needs of minorities; the Authority's contributions to organizations serving minority populations; the Authority's multi-cultural advisory board and advisory board for persons with disabilities; the trends and efforts by the Authority to procure goods and services from small, women-owned and minority (SWAM) businesses; the demographics of the Authority's employees; the recruitment and hiring of minorities and non-minorities by the Authority in calendar year 2005; the sources and efforts used by the Authority to increase diversity in its employment; the Authority's current and planned marketing activities; sponsorships by the Authority of minority events; the technology employed by the Authority to improve access to its programs; and the continuing challenges to improve diversity in the Authority's programs, activities and employment.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 10:45 a.m. on January 18, 2006.

Chairman Fahl called the regular meeting of the Board of Commissioners to order at approximately 11:55 a.m. on January 18, 2006. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Allmond and Powell who joined the meeting in progress as noted below and thereafter remained present during 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 November 14 and 15, 2005 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Bowen presented a report on the Authority's operating statement for the period ended November 30, 2005 and quarterly unaudited financial statements for the period ended September 30, 2005. During this report, Commissioners Allmond and Powell joined the meeting.

On motion duly made and seconded, the resolution entitled "Resolution of Recognition and Appreciation of Jody M. Wagner" dated January 18, 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 Mr. Griffin and Mr. Jain for their 30 years of service with the Authority. On motion duly made and seconded, the resolutions entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Eugene F. Griffin, III” and “Resolution in Recognition and Appreciation of Thirty Years of Service by Ved P. Jain” both dated January 18, 2006, in the forms attached hereto were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Chairman Fahl noted that it was not necessary to present a report of the Committee of the Whole since all of the Commissioners had been present at the meeting of the Committee.

Commissioner McCann, on behalf of the Audit/Operations Committee, reported that the Committee had received and discussed (i) reports from the General Auditor on the internal audit schedule and the internal audit reports issued since the prior meeting, (ii) a draft of the charter of the Committee setting forth its role and responsibilities, (iii) an overview report on the Authority’s employee retirement plans, (iv) the budget preparation calendar for fiscal year 2007 and (v) a report on the salient features of the Authority’s proposed Rental Housing Bonds, 2006 Series A-Taxable, B-AMT and C.

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 bi-monthly loan production; the single family and multi-family loan delinquencies; the allocations of REACH funds in Round 5 of the Single Family SPARC program; the status of the Mews on Little High Street, Phase I; an update on the Housing Choice Voucher Program; the transfer of REACH funds from the Multi-Family SPARC program to the Multi-Family HIP program; and the allocation of REACH funds from the Discretionary Allocation.

Ms. Dewey presented her report of operations in which she advised the Commissioners as to the NCSHA Legislative Conference to be held on March 6-8, 2006 in Washington, D. C. and the Board Retreat to be held on March 19-21, 2006 in Charlottesville. Mr. McKellar then reported on the status of legislation in the 2006 Session of the General Assembly.

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

---

Douglas R. Fahl, Chairman

---

J. Judson McKellar, Jr.  
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE ON  
JANUARY 18, 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 January 18, 2006, at 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Committee Chairman  
Terri M. Ceaser  
William C. Shelton  
Jay Fisette  
Gerald W. Hopkins  
Jack Loeb, Jr.

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Donald L. Ritenour, Managing Director of Development  
Thomas A. Dolce, Managing Director of Servicing and Compliance  
J. Judson McKellar, Jr., 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  
Sharon B. Fairburn, Housing Choice Voucher Program Director  
J. Michael Hawkins, Director of Community Housing  
Llewellyn C. Anderson, Strategic Planner  
Toni M. Ostrowski, Senior Community Housing Officer

The meeting of the Committee was called to order by Committee Chairman McConnell at approximately 10:55 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 Commissioners Fisette and Hopkins who joined the meeting 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 November 15, 2005 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Ritenour and Ms. Watson presented the homeownership bi-monthly production report. During this report, Commissioners Fisette and Hopkins joined the meeting. In this report, Mr. Ritenour noted that VHDA had reserved an estimated \$1.2 billion in single family reservations for calendar year 2005 and that in December 2005 more than \$70 million in single family loans had closed. Mr. Hastings reviewed the multi-family bi-monthly production report and commented that multi-family loan production is expected to be below targeted goals and that the recently approved multi-family developments have, on average, fewer units and are

more targeted toward a specific need, such as, people with disabilities. Following these reports, Mr. Ritenour advised the Committee of the status of the Mews on Little High Street located in Charlottesville.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan servicing portfolios. Mr. Dolce noted that homeownership loan delinquencies increased slightly while the multi-family loan portfolio experienced a decrease. Ms. Fairburn presented an update on the Housing Choice Voucher Program. In this report she noted that 95 of the households which received housing choice vouchers for victims of Hurricane Katrina have leased housing units, of which 44 are located in York County and 25 each are located in the areas of Manassas and Fredericksburg. She further advised the Committee that the lease-up rate for the Housing Choice Voucher Program is 93%. Ms. Fairburn informed the Committee that the owner of John Perry House in Woodstock had opted to terminate the Section 8 project-based subsidy administered by HUD, and she explained the issues in working with the owner to convert such subsidy to Housing Choice Vouchers. Ms. Fairburn also reported that the administration of 135 housing choice vouchers will be transferred to Wythe County Redevelopment and Housing Authority on March 1, 2006.

Mr. Ritenour presented a report on Round 5 of Single Family Sponsoring Partnerships and Revitalizing Communities (SPARC) stating that a total of \$250,575,125 million would be allocated. He reported that (i) of the 64 applications received, 62 will be funded using an estimated \$210,575,125 million of the allocation, (ii) \$10 million was set aside for Local Government use, (iii) \$10 million was set aside for the Regional Loan Fund, and (iv) \$20 million was set aside for a statewide pool to be used as deemed appropriate.

Mr. Ritenour next presented a report on the redistribution of REACH (Resources Enabling Affordable Community Housing) money from the Multifamily SPARC Program to the Multifamily Housing Initiatives Partnership (HIP) Fund. Mr. Ritenour also reported that two projects, Joshua Street Apartments and Day On The Hill, received REACH funding from the Discretionary Pool.

There being no further business, the meeting was adjourned at 11:46 a.m.

## **Minutes of the Meeting of the Audit/Operations Committee Held on January 18, 2006**

The meeting of the Audit/Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on January 18, 2006 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

---

**Committee Members Present** John McCann, Chairman  
Edward L. McCoy  
Braxton Powell  
Yvonne Allmond  
Douglas Fahl

---

**Others Present** Susan F. Dewey, Executive Director  
Arthur N. Bowen, III, Managing Director of Finance & Administration  
Tammy N. Taylor, Managing Director of Human Resources  
Russ E. Wyatt, General Auditor  
Pat Carey, Finance Director  
Michelle S. Edmonds, Sr. Executive Assistant

---

**Meeting Called to Order** The meeting was called to order at 10:55 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.

---

**Internal Audit Update** The General Auditor reviewed the updated schedule of audits with the Committee and reported that audits in progress include 1) MF Compliance (Federal Tax Credit Monitoring, Tenant/IRS Code Compliance Monitoring, MF State Tax Credit Program and Related Application Systems); and 2) The Housing Choice Voucher Program (Program Compliance and the ECS Application System. The General Auditor also reported that the audits of the Investments Department and the Real Time Application System were tabled until after the implementation of the new ASP System (May/June 2006).

The General Auditor then reported that two audits had been completed since the last meeting, 1) The Support Services Department; and 2) The Policy, Planning and Communications Department. The General Auditor reported that both areas received clean reports. The General Auditor also reported that there were no adverse reports issued since the last Committee meeting.

The General Auditor then reviewed the salient features of a proposed charter for the Audit Committee. Commissioner McCann noted that due to SOX regulations, the Audit Committee should be separate from Audit/Operations. Commissioner McCann asked Committee members to review the proposed charter and provide suggested modifications via email to the General Auditor. A final draft will be provided for possible adoption at the March Board meeting.

---

*Continued on next page*

---

**Internal Audit  
Update** (cont'd)

The General Auditor also reported that the RFP for VHDA's external auditor will be advertised in newspapers on February 5, 2006 and posted on VHDA's posting board and mailed to selected firms on February 6, 2006.

---

**Retirement  
Plans**

Pat Carey, Finance Manager, provided the Committee with an overview of VHDA's retirement plans including the objective of the plans, plan offerings, highlights, investments, statistics and steps taken to educate associates regarding retirement plans and achieving a secure retirement. The financial engines, which is a separate entity from Vanguard, allows associates to determine how much money they will need to set aside in their retirement plans for a secure retirement. Commissioner McCann requested Tammy Taylor, Manager of Human Resources, to research and determine where the market is with ideal vesting options and vesting schedules. This information is to be provided to the Committee at the March meeting.

---

**Budget  
Calendar**

Art Bowen, managing Director of Finance & Administration, reviewed for the Committee the calendar of events related to the development of the operating budget for FY '07. The Committee will receive an updated and recommendations for compensation at the March meeting. The proposed budget will be presented to the full Board in May. The budget can be adopted at that time or at the August Board meeting.

Mr. Bowen also reported that VHDA has taken the title for the Cox Road property. Minor repairs are needed to the property but partial use of the property may be available late spring or early summer 2006.

---

**Salient  
Features**

Art Bowen reviewed the salient features for an upcoming Rental Housing Bond issue, which will be up to \$160 million taxable and tax-exempt bonds. A portion of the proceeds will be used for the acquisition of the Cox Road property. Expected ratings of Aa1 and AA+ are expected from Moody's and Standard & Poor's, respectively.

---

**March Board  
& Staff Retreat**

Tammy Taylor will provide the Committee with an update on benefits.

---

**Adjournment**

There being no further business, Commissioner McCann adjourned the meeting at 11:40 a.m.

---

---

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

---

John P. McCann  
Chairman