

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON OCTOBER 13 AND 14, 2009

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 October 13 and 14, 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 Fiset  
William C. Shelton  
Manju Ganeriwala  
Nancy K. O'Brien  
Yvonne T. Allmond  
Kermit E. Hale  
Marjorie N. Leon

COMMISSIONER ABSENT:

Jacqueline T. Black

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  
Patrick J. Carey, Finance Director  
Brenda Brophy, Development Officer Manager  
David Donahoe, Development Officer Manager  
Neal Rogers, Manager, Asset Management  
Michele G. Watson, Director of Homeownership Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
Paul M. Brennan, Deputy General Counsel  
J. Michael Hawkins, Director of Community Housing  
Barry Merchant, Policy Analyst

Llewellyn C. Anderson, Strategic Planner  
Ronald A. Reger, Strategic Planner  
Scott Heiry, Business Intelligence Manager  
Michael Stoneman, Multi-Family Owned Property Portfolio Manager  
Sharon B. Fairburn, Housing Choice Voucher Director  
Toni Ostrowski, Senior Community Housing Officer  
Mary H. Turnbull Waugh, Senior Asset Manager  
Robert Halloran, Marketing Director  
Alfrantz Lolagne, Intern  
Pachie Crown, Bowman Consulting

Chairman Hopkins called the meeting of the Committee of the Whole to order at 2:35 p.m. on October 13, 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 Ganeriwala who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee.

Ms. Dewey reported on the status of the program being considered by the U.S. Department of the Treasury for the purchase by Fannie Mae and Freddie Mac of bonds to be issued by state and local housing finance agencies and for providing financial liquidity to certain of those agencies.

Mr. Reger, Ms. Brophy, Mr. Donahoe and Mr. Rogers presented an overview of the Authority's underwriting and asset management of multi-family developments. In this presentation, they discussed with the Commissioners the following matters: the multi-family development business model and underwriting process, the parties involved in the underwriting of multi-family developments, the goals of balancing risk and mission, the performance of risk analysis and mitigation, the current conditions and challenges in underwriting, the external market forces affecting the underwriting of multi-family developments, the projected future challenges, the goals of asset management, the monitoring of the physical and financial performance of the developments, the composition and status of the multi-family portfolio, the changes and challenges in the multi-family portfolio, the current and projected conditions in the multi-family housing market, and the Authority's agent management certification program. During this presentation, Commissioners McCann and Ganeriwala joined the meeting.

Mr. Ritenour and Mr. Chandler reviewed and discussed with the Commissioners the proposed changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credit program that will be distributed to the public for comment. Upon the conclusion of the discussion of these proposed changes, it was the consensus of the Commissioners that the points for solar electric systems should be increased to 10, that the increase in the limitation on elderly developments should be deleted, that the Preservation Pool should be suspended in 2010 rather than eliminated, and that the Programs Committee should consider further at its meeting the percentage allocations among the credit pools and the terms of the new point category that would encourage new construction in certain growth and other areas and would discourage new construction in certain low growth areas. Following this report, Mr. Chandler advised the

Commissioners as to the status of the usage of the TCAP and exchange funds allocated for 2009. In this report, Mr. Chandler informed the Commissioners that the exchange funds were over-allocated and that, if the exchange program is not extended by the U.S. Congress to make funds available in 2010, the Authority will pre-allocate additional 2010 tax credits in amounts necessary to replace the over-allocated exchange funds.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 6:15 p.m. on October 13, 2009.

Chairman Hopkins called the regular meeting of the Board of Commissioners to order at approximately 11:14 a.m. on October 14, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Allmond and Ganeriwala who were not present at the regular meeting.

During the public comment period, Ms. Crown expressed support for the proposed changes to the Qualified Allocation Plan that would add points for geothermal heat pump systems and for solar electric systems.

The minutes of the meeting of the Committee of the Whole and the annual meeting of the Commissioners held on August 4 and 5, 2009 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Mary H. Turnbull Waugh" dated October 14, 2009, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Sharon B. Fairburn" dated October 14, 2009, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Michael R. Stoneman" dated October 14, 2009, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. McKellar presented a resolution required by Ginnie Mae to confirm the authorized officers of the Authority for the trading and marketing of securities. On motion duly made and seconded, the resolution entitled "Resolution-Authorized Officers Responsible for Supervision and Coordination of Activities Relating to Trading and Marketing of Securities" dated October 14, 2009 in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Mr. Bowen reported to the Commissioners on the status of Ginnie Mae financings of the Authority's single family loans. In this report, Mr. Bowen discussed with the

Commissioners the form and substance of “TBA” or “To Be Announced” trades which represent contracts for the purchase or sale of mortgage backed securities to be delivered at future agreed-upon dates and which are entered into for the purpose of managing the interest rate risk associated with financing single family mortgage loans, and Mr. Bowen explained that TBA contracts will be designated as Other Financial Agreements under the general bond resolution for the single family Commonwealth Mortgage Bonds.

Chairman Hopkins, on behalf of the Committee of the Whole, summarized the staff reports to, and the discussions by, the Committee on the following matters: the program proposed by the U.S. Department of the Treasury for the purchase by Fannie Mae and Freddie Mac of bonds to be issued by state and local housing finance agencies and for providing financial liquidity to certain of those agencies; an overview of the underwriting and asset management of multi-family developments; the recommended changes to the Authority’s Qualified Allocation Plan for the federal low-income housing tax credit program; and the status of the usage of the TCAP and exchange funds allocated for 2009.

Commissioner O’Brien, on behalf of the Programs Committee, reported that the Committee had received and discussed the proposed amendments to the Authority’s Qualified Allocation Plan to be distributed to the public for comment. Commissioner O’Brien advised the Commissioners that the Committee had concluded that the percentage allocations in the pools should be based on the 2010 data for rent burdened households as shown on the chart presented at the meeting, that the column titled “Marshall & Swift Cost Adjustment” in such chart should be shown as proposed, that the word “Growth” should be deleted from the column titled “NC/Rehab Growth Adjustment” in such chart, that the new point category to encourage “new construction” in certain growth and other areas and to discourage “new construction” in certain low growth areas should refer to “new rental space” rather than “new construction” and that the points in that category should be a maximum of 20 points and should be removed from scoring when developments compete in the At-Large Pool. Commissioner O’Brien further advised the Commissioners that the Committee had concurred that the staff should proceed with the public hearing and comments on the proposed amendments presented at the meeting as revised in the Committee of the Whole and the Programs Committee. Commissioner O’Brien next reported that the Committee had reviewed, and had recommended approval of, a resolution to approve and ratify the reservations of the federal low-income housing tax credits for 2009. On motion duly made and seconded, the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated October 14, 2009, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner O’Brien summarized the staff reports that had been received and considered by the Committee on the following matters: delinquencies in the Authority’s Ginnie Mae portfolio; the allocations of funds to applications in Round 8 of Single Family SPARC; single family and multi-family loan production; the status of the disposition of multi-family developments owned by the Authority; the status of the Authority’s emerging markets outreach efforts; homeownership and multi-family loan delinquencies; the leasing rate in the housing choice voucher program; and the Authority’s marketing activities.

Commissioner McCann, on behalf of the Audit Committee, summarized the report received and considered by the Committee on the Authority's monthly financials and budget comparisons for the period ended August 31, 2009. Commissioner McCann advised the Commissioners that the Committee had met on September 18, 2009 and had reviewed the results of the audit by KPMG of the Authority's financial statements for the fiscal year ending June 30, 2009 and that the Authority had received a clean audit report from KPMG. The auditor's report and financials statements were distributed during the meeting. Commissioner McCann next advised the Commissioners that the Committee had received and considered reports from Mr. Wyatt on the status of the internal audit schedule, the internal audit reports and recommendations, and the Authority's enterprise risk management activities, including completion of the risk and control self-assessment system.

Commissioner McCann, on behalf of the Operations Committee, reported that the Committee had discussed current market conditions for bond financings and the Authority's risk exposure and loss experience on its FHA Plus second mortgage loans and that under current conditions the Authority is expected to be able to finance \$50 million of such loans annually without an adverse material effect on its financial position. Commissioner McCann next reported that the Committee had reviewed, and had recommended approval of, a resolution to amend the bond limitations resolution for the Authority's single family Commonwealth Mortgage Bonds. On motion duly made and seconded, the resolution entitled "Amendment to Bond Limitations" dated October 14, 2009, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner McCann advised the Commissioners that the Committee had discussed the Authority's proposed tender offer for certain of its single family Commonwealth Mortgage Bonds that would, upon tender, be refunded and had also discussed the proposed lines of credit from Bank of America and PNC being considered by the Authority. Commissioner McCann next summarized staff reports that had been received and considered by the Committee on the following matters: the salient features of the Authority's proposed Rental Housing Bonds, 2009 Series F and G-Taxable; the administration of the merit increases and bonuses for the Authority's staff; an update on ITS projects; and the recent activities sponsored by the Organizational, Development and Learning Division.

Chairman Hopkins distributed to the Commissioners the performance objective for Ms. Dewey for fiscal year 2010.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the receipt by the Authority of NCSHA's annual awards for the Authority's property management certification program and performance management scorecard; the planned activities of the Virginia Foreclosure Prevention Task Force discussed at its recent meeting; the staff support provided by the Authority at four foreclosure clinics sponsored by HOME in Richmond; the events scheduled on November 4<sup>th</sup> and 5<sup>th</sup> for the opening of the Wytheville offices; the Governor's Housing Conference to be held in Norfolk on November 18<sup>th</sup>-20<sup>th</sup>; and the Board and Committee meetings on December 1<sup>st</sup> and 2<sup>nd</sup>. Following this report, Ms. Neale introduced Mr. Lolagne, who was recently hired by the Authority as an Intern, and

Mr. Halloran presented a PowerPoint video about the Authority and the benefits of affordable housing.

There being no further business, the meeting was adjourned at approximately 12:34 p.m. on October 14, 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 OCTOBER 14, 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 October 14, 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  
Charles McConnell  
Marjorie N. Leon

OTHER COMMISSIONERS PRESENT

John P. McCann  
Kermit E. Hale

COMMITTEE MEMBER ABSENT

Jacqueline T. Black

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Donald L. Ritenour, Managing Director of Development  
Thomas A. Dolce, Managing Director of Servicing and Compliance  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
J. Judson McKellar, Jr., General Counsel  
Michele G. Watson, Director of Homeownership Programs  
John F. Hastings, Director of Multi-Family Development Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
J. Michael Hawkins, Director of Community Housing  
Paul Brennan, Deputy General Counsel  
Ronald A. Reger, Strategic Business Planner  
Mike Stoneman, Multi-Family Owned Property Portfolio Manager  
Robert Halloran, Marketing Director  
Toni Ostrowski, Senior Community Housing Officer  
Sharon Fairburn, Director of Housing Choice Voucher Program  
Barry Merchant, Policy Analyst  
Llewellyn C. Anderson, Strategic Planner

The meeting of the Programs Committee was called to order by Committee Chairman O'Brien at approximately 9:05 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Hopkins who joined the

meeting in progress as noted below and thereafter remained present during the meeting of the Committee.

On motion duly made and seconded, the minutes of the meeting of the Committee held on August 5, 2009 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Ritenour and Mr. Chandler presented the proposed amendments to the Authority's Qualified Allocation Plan to be distributed to the public for comment. Mr. Chandler distributed charts that showed the projected changes to the number of rent burdened households in Virginia in 2010 and 2020 and that calculated the percentage allocations for the pools. The Committee agreed that the percentage allocations for the pools should be based on the 2010 data for rent burdened households as shown on the chart. The Committee requested that staff determine if Marshall & Swift Cost Adjustment is the most appropriate cost adjustment factor for the calculation of the pool allocations and that the column titled "Marshall & Swift Cost Adjustment" in the chart for pool allocations should be shown as proposed when distributed for public comment. The Committee concurred that the new point category to encourage "new construction" in certain growth and other areas and to discourage "new construction" in certain low growth areas should refer to "new rental space" rather than "new construction" and that the points in that category should be a maximum of 20 points and should be removed from scoring when developments compete in the At-Large Pool. The Committee also agreed that the word "Growth" should be deleted from the column titled "NC/Rehab Growth Adjustment" in the chart for pool allocations. Upon the conclusion of this discussion, it was the consensus of the Committee that staff proceed with the public hearing and comments on the proposed amendments presented at the meeting as revised by the Committee of the Whole at its meeting on October 13, 2009 and as revised at this meeting of the Committee.

Mr. Chandler next presented a resolution to approve and ratify the reservation of the federal low income housing tax credits for 2009. Commissioner Leon moved that the Committee recommend approval of the resolution entitled "Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits" dated October 14, 2009. 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.

Mr. Dolce presented a report on the delinquencies in the Authority's Ginnie Mae loan portfolio. Mr. Dolce stated that on September 22, 2009, 475 loans were financed in the Ginnie Mae portfolio and that only one of those loans was delinquent.

Mr. Ritenour and Mr. Hawkins presented a report on the allocation of funds to applications in Round 8 of Single Family SPARC. Ms. Ostrowski noted that 62 funding applications had been received totaling more than \$298 million and that the Authority expected to provide funding in the amount of \$183.4 million.

Mr. Ritenour and Ms. Watson presented a report on homeownership loan production for the period July 1, 2009 through September 30, 2009. In this report, Ms. Watson noted that more than 85% of the production was to households with incomes of

less than 80% of the state median income and that approximately 41% of production was to minority households.

Mr. Ritenour and Mr. Hastings presented a report on multi-family loan production for the period August 5, 2009 to October 14, 2009. In this report, Mr. Hastings advised the Committee that seven developments consisting of 714 units had been approved for mortgage loans in the estimated total principal amount of \$65 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 the Authority currently owns 13 multi-family developments with three offered for sale and that an additional three are expected to be offered for sale within the next six months.

Mr. Hawkins presented an update on the Virginia Housing Search website. Mr. Hawkins stated that as of September 2009, 40,369 rental units had been added to the database and that 2,552 were available for rent. During this discussion, Commissioners McCann and Hopkins joined the meeting.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan portfolios. Mr. Dolce advised the Committee that as of August, 2009 the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family loan portfolios were 10.67% and 1.76%, respectively. Mr. Dolce also reported that 157 single family homes are in VHDA's real estate owned portfolio and that 16 loans had been modified under the Authority's Borrower Assistance Payment Program. During this report, Commissioner Hale joined the meeting.

Mr. Dolce and Ms. Fairburn presented a report and an update on the Housing Choice Voucher Program. Ms. Fairburn commented that the lease-up rate is currently 96.5% and that the average subsidy amount is increasing due to the difficulties in the economy. Ms. Fairburn advised the Committee that the federal funding level for the program will likely remain the same for 2010.

Mr. Hill and Mr. Halloran presented an update on the Authority's marketing activities. Mr. Hill advised the Committee that the Authority's Wytheville office would be hosting an opening celebration on November 4 – 5, 2009. Mr. Halloran distributed promotional brochures for the Authority's Granting Freedom program and the Virginia Housing Search website.

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

## Minutes of the Meeting of the Audit Committee Held on October 14, 2009

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on October 14, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

---

**Committee Members Present** John P. McCann  
Kit Hale

---

**Other Commissioners Present** Gerald Hopkins

---

**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Russ E. Wyatt, General Auditor  
Michelle Edmonds, Sr. Executive Assistant

---

**Meeting Called to Order** The meeting was called to order at 9:05 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** On motion duly made by Commissioner McCann and seconded by Commissioner Hale, the minutes of the Audit Committee meeting of August 5 and the Audit Committee meeting of September 18, 2009 were approved.

---

**Report on Monthly Financials** Art Bowen, Managing Director of Finance & Administration, discussed the August 2009 financial highlights. For the month of August excess revenues before GASB 31 adjustments were \$7 million and exceeded plan by \$0.2 million. This was primarily a result of savings in operating expenses. Net Interest Margin was equivalent to plan as lower investment income and GNMA servicing fees were offset by higher mortgage interest income and lower interest expense. Loan losses and HCV Program net expenses continue to impact programmatic expenses; however, other programmatic income and savings in administrative or discretionary type costs more than offset the additional programmatic costs.

For the two months of FY 2010, excess revenues totaled \$6 million, or \$7 million behind plan, due to reduced net interest margin. Investment losses and write-downs contributed to a \$9 million shortfall versus budget. Loan loss expenses were over budget by \$1 million while administrative expenses, where we have more discretionary control, performed better than budget by \$1 million. Excess revenues

---

*Continued on next page*

**Audit Committee Minutes**  
**October 14, 2009**

---

**Report on  
Monthly  
Financials**  
*(cont'd)*

were \$16 million lower than last year primarily due to poor investments performance and loan loss expenses.

Net assets increased by \$18 million to over \$2.1 billion and were 23% of total assets.

---

**Internal Audit  
Report**

The General Auditor reported on the status of the audit schedule indicating that four audits or other tasks had been completed since the last Committee meeting: General Accounting (with the GEAC Application System), Payroll, The Ginnie Mae Program and Annual Confirmations. The General Auditor indicated that a standard report with discussion items was issued to management for General Accounting and Payroll. The General Auditor also indicated that a standard report with one reportable issue was issued directly by KPMG to Ginnie Mae on the Ginnie Mae Program. The one issue reported to Ginnie Mae was that VHDA did not comply with Ginnie Mae's minimum mortgage servicer errors and omissions coverage requirement. The General Auditor indicated that VHDA's errors and omissions insurance has been increased and now exceeds Ginnie Mae's requirement by approximately \$1.5 million. The General Auditor also reported that there were no adverse reports issued since the last Committee meeting.

The General Auditor further reported on the status of those audits in progress and that the Audit schedule is on track to be completed as planned.

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 then gave a status update of the Enterprise Risk Management Project indicating that The Risk and Control Self-Assessment System has been completed and now is in the system implementation (roll-out) phase. The General Auditor indicated that he anticipates that the first roll-out presentation will be held sometime in November, 2009.

The final copy of the year-end financial report prepared by KPMG was distributed to Committee members.

---

**Adjournment**

There being no further business, Commissioner McCann moved for adjournment of the meeting at 9:15 a.m.

---

---

Russ E. Wyatt  
General Auditor

---

John P. McCann  
Commissioner

## Minutes of the Meeting of the Operations Committee Held on October 14, 2009

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on October 14, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

---

**Committee Members Present** John P. McCann  
Kit Hale

---

**Other Commissioners Present** Gerald Hopkins

---

**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Barbara Blankenship, Managing Director of Human Resources  
Russ Wyatt, General Auditor  
Janet Butler, Managing Director of Information Technology Services  
Tammy Neale, Chief Learning Officer, OD&L  
Pat Carey, Finance Director  
Michelle S. Edmonds, Sr. Executive Assistant

---

**Meeting Called to Order** The meeting was called to order at 9:16 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 Hale moved approval of the minutes of the meeting of the Operations Committee dated August 5, 2009. Commissioner Hopkins seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

---

**Amendment to Bond Limitations Resolution for Commonwealth Mortgage Bonds** Art Bowen, Managing Director of Finance & Administration, presented a resolution that will authorize the issuance and sale of the Authority's single-family bonds in the maximum amount of \$2.5 billion, increased from \$1 billion in the previous resolution, for the purpose of providing funds to reimburse the single family loan expenditures. The purpose for the increase is to allow for a resumption of a "draw down" bond program whereby VHDA will issue several series of short-term bonds over a period of up to 3 years, rolling these short-term transactions into one or more long-term bond issues. The Committee recommends approval of the resolution by the Board.

---

*Continued on next page*

**Finance Update** Art Bowen and Pat Carey discussed plans for upcoming financings, including the salient features for an upcoming Rental Housing Bond issue to be issued in late October or late November, up to \$100 million tax-exempt bonds, expected to be rated Aa1/AA+ from Moody's and S&P respectively. Mr. Bowen and Mr. Carey also discussed plans for financing the single-family program including the continued use of Ginnie Mae securitization, possible tax-exempt bond issuance if interest rates permit, and the incorporation of any federal program if and/or when one is announced.

Art Bowen reviewed the salient features on the tender offer. The reason for the tender offer process is that bonds issued from CY 2004-2008 are not yet callable, so the only viable method to refund them is to purchase them in the secondary market using a tender offer, then issue new bonds to replace them.

Mr. Bowen and Mr. Carey also discussed the FHA Plus loan program, specifically the reasoning used to arrive at the \$50 million per year amount of VHDA-funded, self-insured second mortgages VHDA is comfortable undertaking for the next few years if necessary.

---

**HR Update** Barbara Blankenship reviewed the report on FY '09 performance management with the Committee and gave an update on CY '10 Healthcare Plan costs. Bonuses were paid out on Sept. 30 and the first installment of merits on October 7. Ms. Blankenship also reviewed for the committee the projected cost of healthcare for CY '10 which is anticipated to increase 16.5%. A new PPO will be added this year. Barbara will report back to the Committee in February on how the selection of the different health plans end up.

---

**ITS Update** Janet Butler, Managing Director of ITS, distributed a handout of the project and program dashboard. Three programs were highlighted.

1. Web Modernization program. Working on redesign of VHDA.com and all associated pages. The team has made tremendous strides in the past two months and the team is on target to roll out VHDA.com on Dec. 5. A Communications Team has been formed that focuses on an effective communications plan for prioritizing and addressing the communication deliverables on a weekly basis, i.e. Manager's Forum, Benefits Fair, Associates' Meeting, The Press and other appropriate communications with external stakeholders, etc.
2. Tax Credit Applications. This project will provide an efficient and secure online application for users to submit their locality notifications and provide a database of locality notification information to be utilized in reports and

---

*Continued on next page*

**Operations Committee Minutes**  
**October 14, 2009**

---

**ITS Update**  
*(cont'd)*

Other documents during the Tax Credit Process. Delivery is on target for all key milestones with production implementation in the 2<sup>nd</sup> week of November.

3. Southwest Virginia Housing Center (SWVHC). SWVHC associates moved into the newly renovated facility on Friday, October 2<sup>nd</sup>. This milestone for BFTF provides the same new technology architecture and network infrastructure as HQ and VHC. The “soft opening” is on target for November 4<sup>th</sup> and 5<sup>th</sup>.
- 

**OD&L Update**

Tammy Neale, Chief Learning Officer for OD&L reported the following:

- In August, VHDA piloted an in-house Homeownership Education Series for associates. The series was offered during lunch and covered 6 modules on personal finance, credit, working with a real estate agent, the loan process, home inspection and the loan closing process. Ten associates participated in the program and half completed all modules and earned a VHDA Homeownership Certificate.
  - In September, VHDA began utilizing a training calendar via a web portal called SharePoint. Associates can now view information on learning and development opportunities throughout the year. The information is hosted on the Intranet and associates are able to register based on work-related needs and/or areas of interest.
  - To add a little fun to the workday and celebrate the end of summer, the Leadership Team served ice cream to associates in September. The event was replicated for our Southwest Office and the staff at the Virginia Housing Center.
  - On September 30, VHDA hosted a membership drive for its Toastmaster Club. About 30 associates attended and enjoyed hearing from five speakers. Two associates from DHCD attended to learn more about our program. The club meets twice a month to offer a structured learning environment for leading meetings, practicing public speaking and developing leadership skills.
  - Starting this month, all associates are required to attend an in-house workshop on Information Security Awareness. The workshop must be completed before the end of the calendar year. This ensures that all associates are aware of internal policies and procedures on information security.
  - On the Thursday following each Board meeting, VHDA holds a Manager's Forum to update managers on Leadership Team meetings and the Board Meeting. It is also an opportunity to address strategic and operational issues and invite two-way dialogue among managers.
- 

*Continued on next page*

**Operations Committee Minutes**  
**October 14, 2009**

---

**OD&L** (*cont'd*)

- A Succession Planning policy was put into effect in 2007. It is reviewed bi-annually and will be updated by the end of this month. The policy is available to all associates via the Intranet. The next step is to develop a succession planning toolkit answering questions (do/don'ts) for managers.
  - VHDA is gearing up for the 2009 Commonwealth of Virginia Campaign which supports over 1,000 charities throughout Virginia. The campaign starts October 21.
  - In October, the Health & Wellness Center kicked off a challenge to encourage good nutrition, exercise and healthy habits leading into the holiday season. On October 28, we will host a lunch-n-learn session called "Having a Stress Free Holiday."
  - As part of an ongoing volunteer initiative, associates are able to donate unused hotel toiletries to shelters. While larger items are welcome, the smaller size items are easier for the more transient population to use or take with them. Baskets are located at each coffee station.
- 

**Adjournment**

There being no further business, Commissioner McCann adjourned the meeting at 10:20 a.m.

---

---

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

---

John P. McCann  
Commissioner