

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE PUBLIC HEARING HELD ON JULY 24, 2003
AND THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE ANNUAL MEETING OF THE COMMISSIONERS
HELD ON JULY 25, 2003

A hearing on proposed amendments to the Rules and Regulations- General Provisions for Programs of the Virginia Housing Development Authority and the Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income was held on July 24, 2003 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia. 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 were held on July 25, 2003, at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Charles L. Krum, Jr., Chairman
Jay Fisette, Vice Chairman
Joan D. Gifford
Terri M. Ceaser
Jody M. Wagner
William C. Shelton
Douglas R. Fahl
John P. McCann
Edward L. McCoy

COMMISSIONERS ABSENT:

J. Cheryl J. Avery-Hargrove
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
Arthur N. Bowen, Managing Director of Finance and Administration
Ronald A. Reger, Managing Director of Information Services
Tammy N. Taylor, Managing Director of Human Resources
Russ E. Wyatt, General Auditor
Brenda K. Goodman, Managing Director of Public Policy
J. Judson McKellar, Jr., General Counsel
Tammy A. Tyler, Strategic Development Leader
John F. Hastings, Director of Multi-Family Programs

Michele G. Watson, Director of Homeownership Programs
James M. Chandler, Senior Development Officer
Kathleen A. O'Rourke, Media Affairs Manager
Robert Halloran, Marketing Manager
Joseph K. Feasor, Business Performance Analyst
Richard B. Taylor, Governmental Relations Manager
Members of the public and press

The public hearing was called to order at 3:00 p.m. on July 24, 2003. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the public hearing. The transcript of the public hearing is attached hereto. The public hearing was adjourned at 4:55 p.m. on July 24, 2003.

The meeting of the Committee of the Whole was called to order at 8:30 a.m. on July 25, 2003. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting of the Committee.

Ms. Dewey summarized the results of the Authority's organizational performance for fiscal year 2002-2003, including the following: the creation of the Organizational Planning Team; the initiation of loan servicing efforts to reduce single family defaults and foreclosures; the achievement of loan production, targeted production and SPARC goals; the decline in the single family portfolio due to prepayments; the lower than anticipated net revenues due to lower interest rates and accounting adjustments; the purchase of the loans and assets of the Virginia Housing Partnership Revolving Loan Fund; the completion of the restructuring of the Housing Choice Voucher Program; the improvement in stakeholder relationships; the initiation of the Genesis project for minority outreach; the commencement of the Housing Virginia Campaign; the revisions to the Qualified Allocation Plan for the federal low-income housing tax credits; and the servicing of additional loans for Habitat for Humanity.

Ms. Dewey next reviewed the terms of the proposed Agency Head Executive Agreement to be executed by the Authority, the Secretary of Commerce and Trade, and the Governor.

Commissioner Fisetite moved that the Committee convene in closed session to discuss and consider the performance and salary of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and that Ms. Dewey and Ms. Taylor, who are deemed necessary to be present and will reasonably aid the Committee in its consideration of the aforesaid topic, be present during the closed session. This motion was seconded by Commissioner Gifford and was approved by the affirmative vote of each of the Commissioners present at the meeting and authorized to vote. Following the closed session, the Commissioners reconvened in an open meeting, and 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. There being no further business, the meeting of the Committee of the Whole was adjourned at 9:48 a.m.

The annual meeting of the Board of Commissioners was called to order at approximately 11:10 a.m. on July 25, 2003. All of the Commissioners listed above as being present at the meeting were present at that time and remained present throughout the meeting. Vice Chairman Krum welcomed Commissioners McCann, McCoy and Fahl to the Board.

Vice Chairman Krum then relinquished the floor to Ms. Dewey for the purpose of electing the Chairman of the Board. Ms. Dewey declared the floor open for nominations for Chairman. Commissioner Fisette nominated Commissioner Krum, and Commissioner Gifford seconded the nomination. There being no further nominations, Commissioner Gifford moved that the floor be closed. This motion was seconded by Commissioner Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Krum was then elected Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting. Chairman Krum then assumed the chair and declared the floor open for nominations for Vice Chairman. Commissioner Gifford nominated Commissioner Fisette, and Commissioner Fahl seconded the nomination. There being no further nominations, Commissioner Gifford moved that the floor be closed. This motion was seconded by Commissioner Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Fisette was then elected Vice Chairman by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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

Commissioner Gifford moved approval of the minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on May 19 and 20, 2003. This motion was seconded by Vice Chairman Fisette and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Bowen presented the monthly financials and budget comparisons.

Ms. Dewey presented resolutions recognizing the contributions and service of Commissioners Kornblau, Klein, Jones and Thomas. Commissioner Gifford moved approval of the resolutions entitled "Resolution of Recognition and Appreciation of Sam Kornblau," "Resolution of Recognition and Appreciation of Gary C. Klein," "Resolution of Recognition and Appreciation of Allen H. Jones," "Resolution of Recognition and Appreciation of H. Evans Thomas, V," all dated July 25, 2003 in the forms attached hereto. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The Commissioners next considered resolutions to amend the Authority's Rules and Regulations- General Provisions for Programs of the Virginia Housing Development Authority and the Authority's Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income by deleting the requirement that multiple borrowers be related by blood, marriage, adoption or legal custodial relationship. Commissioner Gifford

moved approval of the resolutions entitled “Resolution Amending the Rules and Regulations-General Provisions for Programs of the Virginia Housing Development Authority” and “Resolution Amending the Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income” both dated July 25, 2003, in the forms attached hereto. This motion was seconded by Commissioner Ceaser. Commissioner Fisette stated that the Authority had received letters of support for the proposed amendments from former Commissioners Kornblau and Klein, that no similar requirement is imposed by any other state housing finance agencies or private lenders, that the requirement adversely impacts the Authority’s mission and service to low and moderate income Virginians, and that the letters and e-mails to the Authority overwhelmingly supported the proposed amendments. This motion was then approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Following a brief recess, Ms. Dewey presented a resolution to establish the dates of the regular meetings of the Board of Commissioners for fiscal year 2003-2004. After a discussion of these dates, it was the consensus of the Commissioners that the date set forth in the resolution for the regular meeting in September be changed to September 24, 2003. Commissioner Fahl then moved approval of the resolution entitled “Resolution Establishing Regular Meeting Dates of the Board of Commissioners through July 31, 2004” dated July 25, 2003 in the form attached hereto. This motion was seconded by Commissioner Fisette and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey next reported that the Committee of the Whole had received her report summarizing the results of the Authority’s organizational performance for fiscal year 2002-2003 and her report on the terms of the proposed Agency Head Executive Agreement to be executed by the Authority, the Secretary of Commerce and Trade, and the Governor.

Commissioner Wagner, on behalf of the Audit/Operations Committee, reported that the Committee had received reports on the Authority’s staffing trends, total compensation strategic plan, and compensation administration for fiscal year 2003-2003. Commissioner Wagner advised the Commissioners that the Committee recommended approval of a 3.5% merit pool and moved approval of this recommendation. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Wagner next reported that the Committee recommended approval of a 2% incentive payment pool and moved approval of this recommendation. This motion was seconded by Commissioner Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Wagner advised the Commissioners that the staff had presented a revised severance policy to replace the Authority’s existing severance policies and that the Committee recommended approval of the revised severance policy. Commissioner Wagner then moved approval of this recommendation. This motion was seconded by Commissioner Fisette and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Wagner next reported that the Committee recommended approval of a proposed series resolution authorizing the issuance of Commonwealth Mortgage Bonds and requested Mr. McKellar to review the terms of such resolution. Mr. McKellar reviewed the provisions in the series resolution which (i) authorized the sale and delivery of Commonwealth Mortgage Bonds in an aggregate amount not

to exceed \$600 million to such purchasers or underwriters, at such purchase prices and on such terms and conditions as shall be set forth in or determined pursuant to one or more written determinations by an Authorized Officer of the Authority and in one or more purchase contracts, including notices of sale, in accordance with the series resolution; (ii) provided for the sale of the Bonds not later than May 31, 2004, (iii) established limitations and restrictions with respect to such written determinations; (iv) authorized the execution and delivery of purchase contracts and other necessary or appropriate agreements, instruments, documents and certificates; (v) specified that the portion of the Debt Service Reserve Fund Requirement allocable to each series of bonds to be issued pursuant to the series resolution shall be \$0 or such higher amount as may be set forth in or determined pursuant to the applicable written determinations; (vi) authorized the distribution of one or more preliminary and final official statements in substantially the forms presented at the meeting and (vii) included terms and conditions relating to any bond insurance that may be provided for the bonds. Commissioner Wagner moved approval of the resolution entitled "Series Resolution Authorizing the Issuance and Sale of Commonwealth Mortgage Bonds" dated July 25, 2003, in the form attached hereto. This motion was seconded by Commissioner Gifford and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Commissioner Gifford, on behalf of the Programs Committee, reported that the Committee had received staff reports on homeownership and multi-family loan production. Commissioner Gifford next advised the Commissioners that the staff had presented a report on proposed changes to the Authority's Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income and that the Committee recommended that the staff be authorized to publish notice of, and hold a public hearing for, such proposed amendments. Commissioner McCann then moved approval of this recommendation. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Gifford also reported that the Committee had recommended that federal low income housing tax credits be reserved for all of the remaining developments in the At-Large Pool and that the Committee had reviewed, and recommended approval of, the resolution entitled "Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits" dated July 25, 2003, in the form attached hereto. Commissioner Gifford then moved approval of these recommendations. This motion was seconded by Commissioner Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, except that Commissioner McCann abstained as to the resolution approving and ratifying the reservation of federal low-income housing tax credits. Commissioner Gifford next informed the Commissioners that the Committee had received a report on the status of the Housing Choice Voucher Program and recommended approval of the resolutions to approve the SEMAP Certification and the Authority's Administrative Plan for the Housing Choice Voucher Program. Commissioner Gifford then moved approval of the resolutions entitled "Resolution Approving Section 8 Management Assessment Program Certification" and "Resolution Approving the Administrative Plan for the Virginia Housing Development Authority for the Housing Choice Voucher Program," both dated July 25, 2003 in the forms attached hereto. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Gifford next advised the Commissioners that the Committee had received a report from the staff on the allocation of \$16 million in the

Virginia Housing Fund for the state's Regional Loan Fund for fiscal year 2003-2004 and that the Committee recommended approval of such allocation. Commissioner Gifford then moved approval of this recommendation. This motion was seconded by Commissioner Fahl and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner Gifford next reported that the Committee had received a report from the staff on the Borrower Assistance Program which will provide for single family loan modifications when borrowers are experiencing financial hardships beyond their control. Commissioner Gifford advised the Commissioners that the Committee had received a update report from the staff on the proposed performance based contract administration of HUD project-based section 8 subsidy and that the Committee recommended that Quadel Consulting Corporation be selected by the Authority for the administration of such program. Commissioner Gifford then moved that the staff be authorized to enter into a contract with Quadel Consulting Corporation or a related entity for the performance based contract administration of HUD project-based section 8 subsidy and that the staff be authorized to take any and all action necessary or appropriate to implement such administration. This motion was seconded by Commissioner Ceaser and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey presented her monthly report of operations in which she reviewed the dates for the NCSHA Annual Conference and the Governor's Housing Conference. Mr. Bowen then provided an update report on the purchase by the Authority of the loans and other assets of the Virginia Housing Partnership Revolving Fund.

There being no further business, the meeting was adjourned at approximately 12:20 p.m.

Charles L. Krum, Jr., Chairman

J. Judson McKellar, Jr.
Assistant Secretary