

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 Fisetto 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

Minutes of the Meeting of the Audit/Operations Committee Held on July 25, 2003

The meeting of the Audit/Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on July 25, 2003 at the offices of the Authority, 601 S. Belvidere Street, Richmond, Virginia 23220.

Committee Members Present Charles Krum, Acting Chairman
Douglas Fahl
Jay Fisette
Edward McCoy, Jr.
Jodie Wagner

Others Present Susan F. Dewey, Executive Director
Art Bowen, Managing Director of Finance & Administration
Brenda Goodman, Acting Director of Public Policy
Ron A. Reger, Managing Director of Information Services
Tammy N. Taylor, Managing Director of Human Resources
Tammy A. Tyler, Strategic Development Leader
Russ Wyatt, General Auditor
Michael Champ, Palmer & Cay
Greg Snow, Palmer & Cay

Meeting Called to Order The meeting was called to order at 9:55 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.

Approval of Minutes Commissioner Wagner moved approval of the minutes of the meeting of the Audit/Operations Committee held on May 20, 2003. Commissioner Fahl seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Staffing Trend Analysis Tammy Taylor reviewed a diagram of VHDA's employee and contractor staffing trends since 1996. The diagram showed that staffing has remained level by requiring more of staff, maximizing efficiencies and better leveraging staffing resources. VHDA has been making a concerted effort to reduce the number of contractors and transfer knowledge to associates. In some cases, contractors have been hired as full-time associates without needing to increase the Authority's employment level and at a substantial cost savings.

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**Total
Compensation
Strategic Plan**

Tammy Taylor reviewed a five year strategic approach to Total Compensation. VHDA's Total Compensation program is designed to align the business needs and mission of the organization with the needs of a diverse workforce. Goals will be accomplished through a strategic process continuum in aligning the organization's objectives with compensation, benefits and investments (e.g. retirement funds) on an ongoing basis. Palmer & Cay conducted a benefits and cost study in 2002 and a summary of the results was shared with associates. Greg Snow and Mike Champ of Palmer & Cay attended the meeting and were available for questions.

The resulting changes to performance management and compensation were: integrated base pay management practices; implemented a "low option" HMO plan offering associates a 3rd option, reduced LTD coverage from 70% to 60% of base monthly earnings; and passed along one-fourth of a 20% increase in medical and dental insurance to associates and introduced two additional rate tiers on medical plans to provide more flexibility and lower costs to associates.

Tammy discussed several next steps including the completion of a comprehensive cost analysis by the end of August 2003 and conducting an employee opinion/climate survey to gain a better understanding of our employees' perceptions of the organization and program offerings.

There was a brief discussion on the proceeds from the Trigon demutualization and how best to utilize these funds. One alternative suggested by the Committee is to use these funds toward reducing the cost of medical benefits. Staff (in partnership with Palmer & Cay), will bring specific recommendations and suggested actions to the Board in September.

**FY '03
Compensation
Administration**

Tammy Taylor reviewed the current compensation philosophy which was developed by Mercer and approved by the Board in October 1999. The three components of the philosophy are base salary (merits), annual incentive and benefits. VHDA is in the process of evaluating individual performance for FY '03. She requested that the Committee affirm the use of the budgeted 3.5% merit pool to recognize individual performance.

Tammy then asked the Committee to consider incentives and provide direction on administration for FY '03 organizational performance. The Committee recognized that despite the challenging market conditions of FY '03, including decreasing and very low interest rate environment, record year of refinancings and decreasing market competitiveness, VHDA experienced another stellar year. In light of VHDA's accomplishments, the committee recommends approval of a 2% aggregate incentive pool.

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**FY '03
Compensation
Administration**
(cont'd)

Commissioner Fisette moved that the 3.5% merit pool and 2% incentive pool be recommended to the Board for approval. Commissioner Fahl seconded this motion. This motion was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

**Updated
Severance
Policy**

Tammy Taylor also reviewed an updated Severance Policy that will replace all previous policies. The Enhanced Severance Policy has been used since 2001. The Reduction in Workforce Policy does not have a timeframe associated with it; whereas the Enhanced Reduction in Workforce Policy expired July 1, 2003. In assessing VHDA's organizational needs, Human Resources has decided to combine the policies while still offering similar payments and benefits to impacted associates. The Revised Severance (Policy No. 512) can be used for discretionary purposes with Executive Director approval. The focus of the revised policy is to provide eligible associates with some protection against potential periods of involuntary unemployment that might result if they are affected by such a staff reduction. Commissioner Fahl moved that the Updated Severance Policy be recommended for approval to the Board. Commissioner Fisette seconded this motion. This motion was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

**Internal Audit
Report**

The General Auditor reported that the five-year audit schedule is progressing as anticipated and that three audits are currently in progress and are expected to be completed within the scheduled time allotted. The General Auditor also reported that no new audit reports have been issued since the May Audit/Operations Committee meeting, however, some issues reported in previous audits remain unresolved. The General Auditor indicated that he will discuss these issues in detail at the September meeting.

**Approval of
Commonwealth
Mortgage Bond
Series
Resolution**

Art Bowen reviewed a series resolution entitled "Series Resolution Authorizing the Issuance and Sale of Commonwealth Mortgage Bonds." This resolution will authorize the issuance and sale of single family bonds in an amount not to exceed \$600 million through May 31, 2004 and includes provisions that will enable the Authority to obtain bond insurance from additional bond insurance companies. Commissioner Fisette moved that the Committee recommend approval of the resolution entitled "Series Resolution Authorizing the Issuance and Sale of Commonwealth Mortgage Bonds" to the Board. Commissioner Wagner seconded this motion. This motion was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

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Audit/Operations Committee Minutes
July 25, 2003

**Outside
Counsel Update**

Art Bowen advised the Committee that the Authority will be extending for a term of one additional year the existing contracts with the law firms of Hunton & Williams (bond counsel); Hawkins, Delafield & Wood (special tax counsel); and McGuire Woods (outside counsel).

Adjournment

There being no further business, Acting Chairman Krum adjourned the meeting at 11:10 a.m.

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

Charles L. Krum, Jr.
Acting Chairman

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE **ON JULY 25, 2003**

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 July 25, 2003, at the Virginia Housing Center, 601 South Belvidere Street, Richmond Virginia.

COMMITTEE MEMBERS PRESENT:

Joan D. Gifford, Acting Committee Chairman
Terri M. Ceaser
William C. Shelton
John P. McCann

OTHERS PRESENT:

Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
J. Judson McKellar, Jr., General Counsel
John F. Hastings, Assistant Director of Multi-Family Development
Michele G. Watson, Assistant Director of Single Family
James M. Chandler, Program Director
Llewellyn C. Anderson, Business Liaison
Brenda D. Hawkins, Program Manager
Paul M. Brennan, Senior Counsel
Robert Halloran, Marketing Director
Chris Sterling, Virginia Community Development Corporation
Pastor James M. Harrison, Main Street Baptist Church
Graham Driver, Community Housing Partners Corporation
Kathy Talley, Community Housing Partners Corporation
James B. Brown, Main Street Baptist Church
F. Andrew Heatwole, Ripley Heatwole Company
Jody Mazur, Beacon Construction Company

The meeting of the Committee was called to order by Commissioner Gifford at approximately 9:55 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.

Commissioner Shelton moved approval of the minutes of the meeting of the Committee held on May 20, 2003. This motion was seconded by Commissioner Ceaser and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour presented reports on single family and multi-family loan production.

Next, Mr. Ritenour presented proposed amendments to the single-family program regulations. These amendments allow for the following:

- (i) Implementation of a new loan product in the tax-exempt bond financed program that does not require mortgage insurance;
- (ii) Flexibility to permit substitution of properties and transfer of locked interest rates when the need for substitution or transfer is beyond the applicant's control;
- (iii) Flexibility to offer alternative pricing;
- (iv) Flexibility to create alternative financing terms for manufactured housing;
- (v) Revision of eligibility requirements for a condominium to provide that a condominium must meet either Fannie Mae or Freddie Mac guidelines; and
- (vi) Revisions to the Flexible Alternative program to permit: (a) the refinance of VHDA loans, (b) a streamlined process for the refinance of VHDA loans, (c) limited cash out of the refinance transaction, (d) in the case of acquisition loans, additional subordinate financing, and (e) the Home Access program to be used for improvements to provide for visitability by disabled.

Commissioner Gifford moved that the Committee recommend that the staff be authorized to publish notice of, and hold a public hearing for, the proposed amendments. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Chandler presented a report of the options available for the reservation of 2003 Low Income Housing Tax Credits to developments in the At-Large Pool. Mr. Heatwole, Pastor Harris, and Ms. Mazur all spoke briefly in support of their developments. Mr. Chandler then recommended approval of Option 5 which provides for the reservation of low-income housing tax credits to all of the remaining developments in the At-Large Pool. Commissioner Shelton moved that the Committee recommend that low-income housing tax credits be reserved for all of the remaining developments in the At-Large Pool. This motion was seconded by Commissioner Ceaser and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Chandler next presented a resolution that would approve and ratify the reservation of the 2003 Low Income Housing Tax Credits. Commissioner Shelton moved that the Committee recommend approval of the resolution entitled "Resolution Approving and Ratifying Reservation

of Federal Low-Income Housing Tax Credits.” This motion was seconded by Commissioner Ceaser and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting, except Commissioner McCann who abstained as to Dabbs House Seniors Apartments.

Mr. Dolce presented an update of the Housing Choice Voucher Program (HCV). He reported that the HCV program is now at 97% leasing. In addition, Mr. Dolce requested that the Committee recommend approval of the resolutions entitled “Resolution Approving Section 8 Management Assessment Program Certification” and “Resolution Approving the Administration Plan for the Virginia Housing Development Authority for the Housing Choice Voucher Program”. Commissioner Ceaser moved that the Committee recommend approval of the two resolutions. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour next requested that the Committee recommend approval of the allocation of \$16 million in the Virginia Housing Fund to the state’s Regional Loan Fund for fiscal year 2003-2004. Commissioner Shelton moved that the Committee recommend approval of this allocation. This motion was seconded by Commissioner McCann and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Dolce introduced the Borrowers Assistance Program (BAP). He explained that BAP is a loss mitigation tool which will be utilized internally by VHDA to modify loans where borrowers are experiencing financial hardships beyond their control and that one million dollars has been allocated from the Virginia Housing Fund for funding of this program.

Mr. Dolce next presented an update on the performance based contract administration of HUD project-based Section 8 subsidy. Mr. Dolce requested that the Committee recommend that Quadel Consulting Corporation be selected by the Authority to administer the program. Commissioner Gifford moved that the Committee recommend 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 Shelton and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

There being no further business, the meeting was adjourned at approximately 11:00 a.m.