

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON FEBRUARY 5 AND 6, 2008

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 February 5 and 6, 2008 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

John P. McCann, Chairman  
Douglas R. Fahl, Vice Chairman  
Charles McConnell  
William C. Shelton  
Gerald W. Hopkins  
J. Braxton Powell  
Nancy K. O'Brien  
Yvonne T. Allmond  
Jacqueline T. Black  
Edward L. McCoy

COMMISSIONER ABSENT:

Jay Fisette

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  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
J. Judson McKellar, Jr., General Counsel  
John F. Hastings, Director of Multi-Family Development Programs  
Michele G. Watson, Director of Homeownership Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
Patrick J. Carey, Finance Director  
J. Michael Hawkins, Director of Community Housing  
Barry Merchant, Policy Analyst  
Llewellyn C. Anderson, Strategic Business Planner  
Melody S. Barackman, Controller  
Brian Matt, Public Relations Manager

Ronald A. Reger, Strategic Business Planner  
Joseph K. Feaser, Business Performance Analyst  
Scott Heiry, Business Intelligence Manager  
Nina B. Nolley, Assistant Director of Multi-Family Servicing  
Kathy Natale, Assistant Director of Business Systems  
J. D. Bondurant, Research Analyst  
Scott Willis, JPMorgan Chase Bank, N.A.

Chairman McCann called the meeting of the Committee of the Whole to order at 2:03 p.m. on February 5, 2008. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Vice Chairman Fahl and Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting, except Commissioners Shelton and McCoy who left the meeting as noted below, and except Commissioner Powell who was not present at the meeting on February 5, 2008.

Ms. Dewey reviewed the agenda for the meeting and advised the Commissioners as to her report to the House Committee on Finance. Ms. Dewey then discussed with the Commissioners the market challenges facing the Authority, including the high demand for the Authority's single family loans, the stable demand for the Authority's multi-family loans, the state of the tax-exempt and taxable bond markets, the spread between the rates on FNMA securities and tax-exempt housing bonds, the allocations and usage of the state's private activity bond cap since 2001, and pending federal and state legislation affecting the market. During this discussion, Vice Chairman Fahl joined the meeting.

Mr. Bowen reported on alternative bond financing structures. The Commissioners and the staff discussed the following matters during this presentation: the blending of tax-exempt and taxable bond financing; the recycling of principal repayments on single family loans into new single family loans; the levels of prepayments on single family loans during the period of FY 2002-FY 2007; the current difficulties in the market for taxable fixed rate single family bonds; the issuance of taxable floating rate bonds as a financing alternative to taxable fixed rate bonds; the benefits and risks of taxable floating rate taxable bonds and the use of interest rate swap arrangements to mitigate those risks; the changes to the Authority's current business model that would result from the use of taxable floating rate bonds and interest rate swap arrangements; the risks of interest rate swap arrangements; the sale of single family loans to Government Sponsored Enterprises and the use of internally generated funds as financing alternatives that could provide additional capital for the single family loan program; and the need for flexibility to respond to rapid developments in the capital markets. During this presentation, Commissioner Black joined the meeting.

Mr. Ritenour presented a report on changes to the Authority's single family program because of the increasing risk due to high loan-to-values and because of the Authority's decreasing bond financing resources. During this presentation, Mr. Ritenour discussed with the Commissioners the following: the program changes that had previously been implemented; the current risks to the single family portfolio; the decreasing bond

financing resources available to the Authority for the single family program; the proposed changes to the single family tax-exempt bond program that would reduce loan-to-value ratios to 97% on mortgage loans insured by private mortgage insurance companies and that would suspend the Step Rate Program; the proposed suspension of the single family taxable bond program; the impact of these programmatic changes; and the projected originations of single family tax-exempt mortgage loans from FY2006 through FY 2012. During this report, Commissioner Shelton left the meeting.

Mr. Dolce presented a report on the performance of the single family loan portfolio. During this report, the Commissioners and staff discussed the following: the Authority's single family portfolio analyzed by risk, loan type, insurer, and economic region; the Authority's single family loans on condominiums analyzed by economic region and risk; the Authority's single family loan delinquency rates analyzed by loan type; and the national, state and Authority's foreclosure rates on single family loans since 1989.

Upon the conclusion of these reports, it was the consensus of the Commissioners that the staff proceed with the analysis of the financing alternatives presented by Mr. Bowen, that the staff proceed with the suspension of the STEP Rate program and the single family taxable bond program, and that the proposed reduction of the loan-to-value ratio to 97% on single family mortgage loans insured by private mortgage insurance companies be presented at the Board meeting for approval.

Ms. Dewey presented the report on the Authority's mid-year strategic outcome performance. During this presentation, Commissioner McCoy left the meeting. In this report, Ms. Dewey reviewed the accomplishments and challenges of the Authority in achieving the outcomes for each of the three strategic goals of the Authority.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:50 p.m. on February 5, 2008.

Commissioner McConnell called the regular meeting of the Board of Commissioners to order at approximately 11:35 a.m. on February 6, 2008. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Chairman McCann and Vice Chairman Fahl who were not present during the meeting on February 6, 2008.

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 6 and 7, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Commissioner McConnell recognized Ms. Nina B. Nolley for her 30 years of service with the Authority. On motion duly made and seconded, the resolution entitled “Resolution in Recognition and Appreciation of Thirty Years of Service by Nina B. Nolley” dated February 6, 2008, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey presented to the Commissioners the proposed annual and regular meeting dates of the Board of Commissioners through calendar year 2008. On motion duly made and seconded, the resolution entitled “Resolution Establishing Regular and Annual Meeting Dates of the Board of Commissioners through December 31, 2008” dated February 6, 2008, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey, on behalf of the Committee of the Whole, advised the Commissioners as to the staff reports that were received and discussed by the Committee on the following matters: the market challenges facing the Authority; alternative bond financing structures; changes to the single family program; the status of the performance of the single family loan portfolio; and the Authority’s mid-year strategic outcome performance. On motion duly made and seconded, the proposed reduction of the loan-to-value ratio to 97% on single family mortgage loans insured by private mortgage insurance companies was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Commissioner McConnell, on behalf of the Programs Committee, reported that the Committee had received and discussed staff reports on the following matters: REACH subsidy utilization for FY 2008; the developments for which possible applicants for 2008 federal low-income housing tax credits had requested letters to be sent to the chief executive officer of the locality; the status of the sale by the Authority of Lincoln Manor; the issues relating to the financing by the Authority of leasehold estates; the status of homeownership and multi-family loan production; the status of homeownership and multi-family loan delinquencies; and an update on the Housing Choice Voucher Program. On motion duly made and seconded, the resolution entitled “Resolution Approving the PHA Annual and Five-Year Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program” dated February 6, 2008, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner McConnell next reported that the Committee had also received and discussed staff reports on the status of the Authority’s emerging markets outreach efforts and the Authority’s program for the financing of housing for people with disabilities.

Commissioner Allmond, on behalf of the Audit Committee, summarized the report received by the Committee from Ms. Barackman on the Authority’s monthly financials and budget comparisons for the period ended December 31, 2007 and the reports from Mr. Wyatt on the status of the internal audit schedule, the internal audit reports and recommendations, and the status of the Authority’s enterprise risk management activities.

Commissioner Allmond, on behalf of the Operations Committee, reported that the Committee had received and discussed a report from Ms. Blankenship on compensation trends and had approved a 3% merit pay increase for the purpose of preparing the Fiscal Year 2009 budget. Commissioner Allmond next reported that the Committee had reviewed and discussed, and recommended approval of, the bond limitations resolutions for the Authority's Rental Housing Bonds and Commonwealth Mortgage Bonds that (i) provide for issuance of Rental Housing Bonds in an aggregate amount not to exceed \$450 million and Commonwealth Mortgage Bonds in an aggregate amount not to exceed \$1.3 billion, (ii) provide for the sale of the Rental Housing Bonds and Commonwealth Mortgage Bonds not later than May 31, 2009 and (iii) authorize the distribution of one or more preliminary and final official statements in substantially the forms presented at the meeting. On motion duly made and seconded, the resolutions entitled "Bond Limitations Resolution" both dated February 6, 2008, in the forms attached hereto, were approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner Allmond next reported that the Committee had received and discussed a staff report on the possible procurement by the Authority of a line of credit that would provide the liquidity in connection with the issuance of taxable variable rate single family bonds. Chairman Allmond reported that the Authority would be proceeding with the renovation of the Wytheville office building and Phase I of the renovation of the Authority's headquarters but would be delaying for six months Phase II of the renovation of the Authority's headquarters.

Ms. Dewey's presented her report on operations in which she advised the Commissioners of the Board retreat to be held March 30- April 1 in Williamsburg and advised the Commissioners of the status of the Governor's Task Force on Foreclosures, including the Authority's assistance in the training of foreclosure prevention counselors and in proposed media announcements by the Governor to provide information to homeowners at risk of foreclosure. Following Ms. Dewey's report, Mr. McKellar advised the Commissioners as to the status of legislation relevant to the Authority that had been introduced in the 2008 Session of the General Assembly.

There being no further business, the meeting was adjourned at approximately 12:25 p.m. on February 6, 2008.

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John P. McCann, Chairman

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J. Judson McKellar, Jr.  
Assistant Secretary

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

**MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE**

**HELD ON FEBRUARY 6, 2008**

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 February 6, 2008 at the office of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

**COMMITTEE MEMBERS PRESENT:**

Charles McConnell, Committee Chairman  
William C. Shelton  
Jacqueline T. Black  
Gerald W. Hopkins

**COMMITTEE MEMBERS ABSENT:**

Douglas R. Fahl  
Jay Fisette

**OTHER COMMISSIONERS PRESENT:**

John P. McCann  
Yvonne T. Allmond  
Nancy K. O'Brien  
Braxton Powell  
Edward L. McCoy

**OTHERS PRESENT:**

Susan F. Dewey, Executive Director  
Donald L. Ritenour, Managing Director of Development  
Arthur N. Bowen, Managing Director of Finance and Administration  
Thomas A. Dolce, Managing Director of Servicing and Compliance  
J. Judson McKellar, Jr., General Counsel  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
Barbara Blankenship, Managing Director of Human Resources  
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  
J. Michael Hawkins, Director of Community Housing  
Llewellyn C. Anderson, Strategic Planner  
Ronald A. Reger, Strategic Planner  
Paul M. Brennan, Deputy General Counsel  
Melody S. Barackman, Controller  
Russ Wyatt, General Auditor  
Ann Bolen, Multifamily Business Development Officer  
Sharon Fairburn, Housing Choice Voucher Director  
Monica Jefferson, Community Housing Officer

Kathy Natale, Assistant Director of Business Systems  
Brenda Brophy, Development Officer Manager

The meeting of the Committee was called to order by Committee Chairman McConnell at approximately 9:06 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting.

On motion duly made and seconded, the minutes of the meeting of the Committee held on November 7, 2007 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Ritenour presented a report on the utilization of FY 08 REACH subsidy. In his report, Mr. Ritenour indicated that the initial FY08 allocation of \$19.3 million would be sufficient to support the strategic lending programs throughout the remainder of the fiscal year. Mr. Ritenour also indicated that any unused FY 08 REACH subsidy would be carried forward to the next fiscal year and combined with the FY 09 REACH subsidy.

Mr. Ritenour and Mr. Chandler presented the list of the developments for which possible applicants for 2008 federal low-income housing tax credits had requested letters to be sent to the chief executive officer of the locality. Mr. Chandler stated that he expects approximately 75 applications for the 2008 credits.

Mr. Ritenour and Ms. Bolen next presented a report on the sale by the Authority of Lincoln Manor. Mr. Ritenour advised the Committee of the necessity for a waiver by the Executive Director of a provision in the Qualified Allocation Plan prohibiting applications for federal low-income housing tax credits during the 15-year compliance period. Mr. Ritenour explained that the provision had not been intended to prohibit applications for developments that had been acquired by foreclosure and that such a waiver would enable Lincoln Manor, as well as other foreclosed developments, to receive federal low-income housing tax credits for the costs of rehabilitation. Ms. Bolen noted that, because Lincoln Manor would be ineligible under the Internal Revenue Code for federal low-income housing tax credits for the acquisition costs of the development, an application for a grant would be submitted to the Federal Home Loan Bank in order to obtain additional funding for the development.

Mr. McKellar presented a memorandum on measures that could reduce the risk to the Authority on the financing of leaseholds. Mr. McKellar advised the Committee of Commissioner Fiset's proposed revision to the Authority's policy on the financing of leaseholds and stated that the issue of leasehold financing would be discussed further at the Board retreat meeting on March 30<sup>th</sup>- April 1st. Upon the conclusion of the discussion of this matter, Commissioners McCann, Allmond, Powell and O'Brien left the meeting.

Mr. Ritenour and Ms. Watson next presented a mid-year report on homeownership loan production for FY08. Ms. Watson commented that VHDA is on track to originate an estimated \$835 million in the single family tax-exempt bond program and \$220 million in

the single family taxable bond program.

Mr. Ritenour and Mr. Hastings reviewed the multi-family bi-monthly loan production summary. Mr. Hastings noted that 29 developments consisting of 1,028 units had been committed using \$61.5 million in funds. Mr. Hastings also noted that 24 of the 29 developments were financed using REACH subsidy. During the presentation of this report, Commissioner Black joined the meeting.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan servicing portfolios. Mr. Dolce noted that, as of December, 2007, the overall delinquency rate for homeownership loans had increased to 6.23% and the multi-family loan delinquency rate had decreased to 0.63%. Mr. Dolce also presented an update on the Housing Choice Voucher Program in which he stated that current leasing remained at 98% as of December 2007. Mr. Dolce next presented a memorandum and a resolution for approval of the Authority's annual and five-year plans for the Housing Choice Voucher Program. Commissioner Hopkins moved that the Committee recommend to the Board of Commissioners approval of the resolution entitled "Resolution Approving the PHA Annual and Five-Year Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program" dated February 6, 2008. This motion was seconded by Commissioner Black and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Hawkins presented a report on REACH *Virginia's* outreach efforts to the Hispanic and African American markets. Ms. Jefferson reported on the Authority's Harvest Project, a pilot initiative to assist faith-based 501(c)(3) community development corporations to develop their land for affordable housing.

Mr. Ritenour and Mr. Hawkins presented an update on the Authority's multi-family program to finance housing for people with disabilities.

There being no further business, the meeting was adjourned at 11:27 a.m.



## Minutes of the Meeting of the Audit Committee Held on February 6, 2008

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on February 6, 2008 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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**Committee Members Present** Yvonne Allmond, Chair  
John P. McCann  
Edward McCoy  
Nancy O'Brien  
Braxton Powell

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**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Russ E. Wyatt, General Auditor  
Melody Barackman, Controller  
Barbara Blankenship, Managing Director of Human Resources  
Janet Butler, Managing Director of Information Technology Services  
Michelle S. Edmonds, Sr. Executive Assistant

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**Meeting Called to Order** The meeting was called to order at 10:05 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.

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**Approval of the Minutes** On motion duly made by Commissioner O'Brien and seconded by Commissioner McCann, the minutes of the Audit Committee meeting of November 7, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

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**Report on Monthly Financials and Budget Comparisons** Melody Barackman reviewed VHDA's completed financial statements dated December 2007 and provided the Committee with a comparison of revenues and expenses to budget. Ms. Barackman explained that the operating statement has been reformatted to move non-cash items consisting of depreciation and GASB 31 (mark-to-market) adjustments to the bottom of the report allowing for ease of reporting cash flow from Operations, then excess revenue over expenses showing the impact of GASB 31 as a memo notation.

Ms. Barackman also reported that in order to achieve an accelerated financial close, the decision was made to forgo recording financial activity of the owned MF portfolio in December. Owned property activity for December will be recorded in January and will continue to lag by one month in all future reporting.

Cash flow from operations was \$11.3 million for December and \$76.7 million year-to-date which is approximately \$500,000 ahead of plan for the month and year-to-

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**Audit Committee Minutes**  
**February 6, 2008**

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**Report on  
Monthly  
Financials and  
Budget  
Comparisons**  
*(cont'd)*

date. Excess revenue over expenses before the GASB 31 adjustment was \$11.1 million for the month of December, ahead of plan by \$590,000. Year-to-date excess revenue over revenues (before GASB 31 adjustments) was \$75.7 million, exceeding plan by \$791,000. Unrealized losses from GASB 31 adjustments were \$3.2 million for December and \$16.0 million year-to-date, however, the realized or true impact at disposition is expected to be substantially less. Net assets are nearly \$2.04 billion and total assets exceed \$8.6 billion. Commissioner Allmond suggested adding another line at the bottom of the financials to show the bottom line results factoring in amounts for GASB adjustments.

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**Internal Audit  
Report**

The General Auditor reported on the status of the audit schedule indicating that the Fidelity Application System and SF Loan Administration audits had been completed since the last Committee meeting and clean reports were issued in both instances. The General Auditor also reported that there were no adverse reports issued since the last meeting. The General Auditor indicated that audits of (1) Human Resources, (2) the HR Application Systems that support the HR Division; (3) Business Systems, and (4) SF Direct Loan Servicing, are in progress. The General Auditor further reported that the Audit schedule is on track to be completed as planned.

The General Auditor noted 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 which is progressing on three fronts: 1) tone at top assessment; 2) risk identification and analysis; and 3) automation. The General Auditor reported that regarding the tone at top assessment, questions relating to the ethical tone displayed by top management will be added to the next authority wide survey scheduled for the spring. Regarding the identification and analysis of risk, the General Auditor reported that the annual SWOT analysis workshop had been held and the process used included significantly more risk identification and analysis than in the past. Regarding automation, the General Auditor reported that ITS had completed a project analysis to determine whether to build or buy a system to assist with ERM and has proposed that the existing risk modeling system currently in use within Audit be updated and modified to provide the desired automation. The General Auditor indicated that the next step is to take the proposal to the 2010 Team for the approval of resources to move forward with the project.

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**Adjournment**

There being no further business, Commissioner Allmond moved for adjournment of the meeting at 10:42 a.m.

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Russ E. Wyatt  
General Auditor

Yvonne Allmond  
Chairman

## **Minutes of the Meeting of the Operations Committee Held on February 6, 2008**

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on February 6, 2008 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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**Committee Members Present** Yvonne Allmond, Chair  
John P. McCann  
Edward McCoy  
Braxton Powell  
Nancy O'Brien

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**Others Present** Arthur N. Bowen, III, Managing Director of Finance & Administration  
Barbara Blankenship, Managing Director of Human Resources  
Melody Barackman, Controller  
Russ Wyatt, General Auditor  
Janet Butler, Managing Director of Information Technology Services  
Michelle S. Edmonds, Sr. Executive Assistant

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**Meeting Called to Order** The meeting was called to order at 10:42 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.

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**Approval of the Minutes** Commissioner McCoy moved approval of the minutes of the meeting of the Operations Committee dated November 7, 2007. Commissioner O'Brien seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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**Overview of Compensation Trends** Barbara Blankenship distributed a handout on VHDA's total compensation plan and discussed national compensation trends concerning merit. Ms. Blankenship also discussed current recruitment and retention trends and distributed a handout from the Virginia Employment Commission dated November 2007 on unemployment rates. After a thorough discussion, the Committee recommended a merit pool of 3% be used for the 2009 budget projections. Barbara will follow-up with the Board at the April retreat and provide more comparable data.

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**Approval of Multifamily Bond Resolution** Art Bowen explained that the Multifamily Bond Limitations Resolution will authorize the issuance and sale of the Authority's multifamily bonds until May 31, 2009 in the maximum principal amount of \$450 million. The resolution and related official statement has been reviewed and approved by VHDA's General Counsel and bond counsel. A motion to recommend approval by the Board was made by

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**Operations Committee Minutes**  
**February 6, 2008**

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**Approval of  
Multifamily  
Bond  
Resolution**  
*(cont'd)*

Commissioner McCann and seconded by Commissioner O'Brien. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

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**Approval of  
Single Family  
Bond  
Resolution**

Mr. Bowen then presented the Single Family Bond Limitations Resolutions which will authorize the issuance and sale of Commonwealth Mortgage Bonds until May 31, 2009 in the maximum principal amount of \$1.3 billion. The resolutions and related official statements have been reviewed and approved by VHDA's General Counsel and bond counsel. A motion to recommend approval by the Board was made by Commissioner McCann and seconded by Commissioner O'Brien. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Mr. Bowen stated that there will be several action items pertaining to various bond offerings at the April retreat.

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**External Line  
of Credit**

Mr. Bowen discussed the likely need for an additional credit facility in connection with the proposed issuance of taxable, variable-rate single family bonds. VHDA currently has two external lines of credit (Bank of America and the Bank of Nova Scotia). The facility provider would enter into a standby bond purchase agreement with VHDA agreeing to buy any bonds "put" back to VHDA as part of a remarketing. This structure is necessary with variable rate financing to assure investors there will always be adequate liquidity available in the transaction. The Board will be asked at the April retreat to approve the credit facility as part of the overall variable rate financing structure.

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**Building for the  
Future  
Program**

Mr. Bowen updated the Committee on plans to date on modernization efforts. Due to the current market state, VHDA has decided to delay Phase 2 of modernization efforts for six months. Will continue implementation of Phase 1 (infrastructure of the building, computer room, parking deck) and renovation of the Wytheville building. Staff will update the Board on where we are with this project in the Fall of the year.

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**Adjournment**

There being no further business, Commissioner Allmond adjourned the meeting at 11:12 a.m.

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

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Yvonne Allmond  
Chairman