DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BOARD OF DIRECTORS MEETING
June 13, 2017
815 Florida Avenue, NW
Washington, DC 20001
5:30 p.m.

Minutes

I. Call to order and verification of quorum

In the absence of both DCHFA Board Chair, Mr. Buwa Binitie and DCHFA Board Vice Chair, Mr. Stephen M. Green served as Chair, presiding.

The presiding Chair called the meeting to order at 5:33 p.m. and asked the Secretary to the Board, Mr. Todd A. Lee to verify a quorum. With three members present, the Board of Directors (the “Board”) had a quorum, and the meeting continued. The following members were present at roll call: Mr. Stephen M. Green, Bryan “Scottie” Irving (telephonically), and Stanley Jackson (telephonically).

II. Approval of the Minutes from the May 9, 2017 Board Meeting

Mr. Jackson called attention to the obvious error in a figure of $559 million given as the developer fee on the Petworth Station transaction, and asked for correction to reflect the actual amount. Mr. Green assisted Members present (subsequent staff inquiry revealed $559,461 as the correct amount).

A motion to approve the minutes from the meeting of May 9, 2017 as distributed was made by Mr. Irving and seconded by Mr. Jackson. The minutes were approved by a chorus of ayes.

III. Vote to close meeting to discuss the approval Maycroft Apartments transaction and the selection of Digidoc, Inc., trading as Document Managers as the IT Consultant to Develop and Implement the Agency’s Multifamily Online Application.

Pursuant to the District of Columbia Administrative Procedure Act, Mr. Green called a vote to close the meeting in order to discuss, establish, or instruct the public body’s staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of the Maycroft Apartments transaction and the selection of Digidoc, Inc., trading as Document Managers as the IT Consultant to Develop and Implement the Agency’s Multifamily Online Application. An open meeting would adversely affect the bargaining position or negotiation strategy of the public body. A motion to close the meeting was made by Mr. Jackson, seconded by Mr. Irving and was followed by a chorus of ayes.
The meeting was closed by unanimous consent at 5:36 p.m. and resumed at 6:19 p.m.

IV. Consideration of DCHFA Final Bond Resolution No. 2017-13 for the Maycroft Apartments.

DCHFA Development Officer, Ms. Carrie Fischer presented the following information to the Board:

- Authorizing Resolution for the Maycroft Apartments transaction amount is one not to exceed $15,840,000.
- The principal developer of the project and property management agent is Jubilee Housing, Inc.
  - Additional members of the development team include
  - Hamel Builders as the general contractor
  - Bonstra Haresign Architects as the architect of record for the project

- The Project is located at 1474 Columbia Road in the Columbia Heights neighborhood of Washington, DC and will consist of the acquisition, rehabilitation and construction of one midrise apartment building that currently consists of 63 residential units. The Project will include a residential portion financed with Bonds and Low-Income Housing Tax Credit (LIHTC) and a commercial portion financed through New Market Tax Credit (NMTCs) with ownership of the residential and commercial portions segregated through a condominium regime. Upon completion of the residential rehabilitation and construction, the project will consist of 64 units.

- The total Project development cost will be approximately $35.6 million or (approximately $557,000 per unit). The construction scope of work includes a substantial rehabilitation of the property.

**Financing**

- The total Project development cost will be approximately $35.6 million will be financed with short and long term tax exempt bonds, subordinate loans from the DC Department of Housing and Community Development (DHCD) Housing Production Trust Fund and HOME, Department of Behavioral Health (DBH), Housing Opportunities for People with Aids (HOPWA), LIHTC and Historic Tax Credit equity, a sponsor loan, and deferred developer fee.
- United Bank will be the construction to permanent lender, and will purchase both the short and long term bonds in a private placement transaction.

- The investor, R4, is anticipated to purchase tax credits at a rate of $1.00 per $1.00 of credit, yielding an LIHTC equity contribution of $12.3 million.
The total capital stack is as follows:

- $8.64 million in short term DCHFA tax exempt bonds
- $7.2 million in long term DCHFA tax exempt bonds
- $9.3 million in equity raised through the syndication of LIHTCs.
- $3 million in equity raised through the syndication of HTCs.
- $12 million in subordinate debt from DHCD through the HPTF and HOME Programs
- $3.2 million Sponsor Loan that will include proceeds from Jubilee, DBH and HOPWA
- $900,000 in deferred developer fee

On the operating side:

41 of the 64 units will be subsidized by Local Rent Supplement Program (LRSP). As noted in the credit memo, in year one of operations LRSP rents will be set to 2013 levels and the Sponsor will request a rent increase from District Of Columbia Housing Authority (DCHA) after one year of operations. Based on 2013 rent levels, the Debt Service Coverage Ratio (DSCR) on amortizing debt will be below 1.0 DSCR, and underwriting assumes an increase in rents to the 2016 Housing Choice Voucher Program (HCVP) level, which will generate NOI of approximately $409,000 which would be sufficient to support the permanent debt at a 1.19 DSCR. The mitigating factors related to the operating income are discussed comprehensively in the credit memo.

With respect to the Program:

- The Bedroom mix is as follows
  - 11 efficiency units
  - 38 one bedroom units
  - 10 two bedroom units
  - 5 three bedroom
  - For a total of 64 units
  - At the terrace level Jubilee will operate programming for children and teens and a family resource center in the space to be created through the NMTC portion of the project.
- The sponsor has elected to set aside a minimum of 40% percent of the units at the 60% AMI Level.

Construction

- Construction period is estimated to be 14 months.
Anticipate closing on this transaction is June 14, 2017
Ms. Fischer introduced Mr. James “Jim” Knight of Jubilee Housing. Mr. Knight introduced Phile Broos, Vice President of the Maycroft Building Tenant’s Association, and Dorothy Larimer, Vice President of Property Management & Development at Jubilee Housing.

Mr. Knight gave a brief overview of Jubilee’s history and scope of business. He discussed that residents of Jubilee-owned properties (i.e., Maycroft), receive preferential access to the organizations array of social support services. He then discussed the planned development, which features 14,000 square feet of usable ground floor space, which will house child care provider Martha’s Table. The ground floor will also house a commercial kitchen to support Martha’s Table’s operations at the building. The space will also house a teen program that will accommodate overflow from another Jubilee site.

He then discussed the history of the building, and its acquisition by Jubilee, and the organization’s work to place it on the Historic Register, which provided opportunity to access historic credits. Mr. Knight discussed Jubilee’s successful application for DHCD gab financing, and New Market Tax Credit Allocation on the Project. He then discussed a “rogue tenant association,” which contested the transfer of ownership from the previous owner, and resulted in a 6-year cost to “carry” the building rather than the anticipated 2-3 three year duration of said cost.

The cost to carry the building, according to Mr. Knight, strained the organization’s finances. He discussed the re-underwriting of the Project, which due to 2013 funding approval, is constrained by the requirement that it receive LRSP funding at 2013 rent levels. Developer has discussed with its project investors, the prospect of applying for new LRSP rents and “right-sizing” the bonds, which are not automatic, but Jubilee is retaining extra reserves to account for possible shortfall in rents.

Mr. Knight turned the presentation over to Mr. Brooks who discussed the ethnic diversity of the tenant population and significant features of the planned development.

Mr. Green commended Mr. Knight for his continued work on the Project over time. Mr. Jackson associated himself with Mr. Green’s comments.

Mr. Green expressed concern over the projected rents and debt service coverage ratio, and encouraged the developer to work closely with the DCHA to effectuate an increase in LRSP rents. He then indicated that the comfort of the lender and tax credit syndicator engendered his support for the Project. In commending the developer, Mr. Green then remarked on the complexity created by several sources of project financing.

Mr. Green called for a vote on the matter. A motion to approve the resolution was made by Mr. Jackson and seconded by Mr. Irving. Mr. Lee then took a roll call vote. All present members voted in the affirmative. The motion carried.
V. Consideration of DCHFA Resolution No. 2017-10(G) Regarding an Approval of the Agency’s Selection of Digidoc, Inc., trading as Document Managers as the IT Consultant to Develop and Implement the Agency’s Multifamily Online Application.

DCHFA Business Process Manager, Mr. Thurston Ramey gave the following presentation:

In order to streamline and automate the application process, the agency has been seeking to create a dedicated multi-family online application, which allows developers to generate and cement electronic applications.

On March 7th, 2017, the Board approved DCHFA Resolution Number 2017-3G, which resulted in the IT consulting services contract between the agency and Digidoc Inc., to implement software in the agency's single-family and compliance and asset management departments.

During that process, internal staff discussions led the Agency to determine that, due to work flow and interfaces within the Department of Compliance and Asset Management (CAM) an asset compliance scope of work, was necessarily to procure a firm to develop and implement the Agency's applications.

In order to not cause a significant delay in the process that had already begun the Agency determined the best course of action was to procure a firm through a critical contract selection method, pursuant to the Agency’s procurement guidelines.

The Agency used its best efforts to secure a total of three written price quotes, but was only able to obtain two. In order to not cause a significant delay in the development and launch of the application, the Agency determined that the company selected needs to possess a significant understanding of the Agency's current processes.

Through previous and current work, Digidoc has developed an advanced understanding of the Agency's processes and procedures. Additionally, Digidoc is a Certified Business Enterprise (CBE), qualifying as a Small Business Enterprise (SBE), Local Business Enterprise (LBE), Disadvantaged Business Enterprise (DBE), and a Resident Owned Business (ROB).

Based on their evaluated capabilities, their ability to seamlessly develop and implement the application and their current good standing relationship with the Agency, it was recommended that the Board accept this critical contract justification and approve the Agency to enter into a contract with document managers for the multi-family work, in an amount not to exceed $115,136. Mr. Ramey then invited questions from the Board.

Mr. Jackson asked whether the contract duration is one year. DCHFA Deputy Executive Director, Fran Makle responded affirmatively adding that the Agency expects the contractor’s work to conclude before that time. Mr. Jackson then inquired on the expected commencement date. Mr. Lee responded “in the next 30 days”.

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Mr. Green conveyed his understanding that the Agency attempted to secure the underlying work through a pre-existing IT contract with a firm that is performing unrelated work before releasing an emergency procurement. Ms. Makle affirmed Mr. Green’s assessment. Mr. Green continued by asking whether the Agency was requesting approval of the contract to complete the bulk of the necessary work, including the execution and support of an online system. Ms. Makle answered affirmatively.

Mr. Green called for additional questions. Hearing none, he called for a vote on the matter. A motion to approve the resolution was made by Mr. Jackson and seconded by Mr. Irving. Mr. Lee then took a roll call vote. All present members voted in the affirmative. The motion carried.

VI. Executive Director’s Report

- DC Open Doors House Crawl was scheduled Saturday, June 17 from 10:00am-2:00pm. The Agency invited unnamed DC Councilmembers.
- The Agency planned to grant $1,500 to DC Open Doors Participants using the Fannie Mae product during the month of June.
- The Agency will offer “super conforming” loans up to $636,000.
- The Agency completed its first Housing Purchase Assistance Program (HPAP) closing on June 12, 2017. 8 additional loans were tentatively scheduled at the time.

Mr. Pozen indicated that he had a brief report to provide to the Board, but could present at the meeting to follow.

VII. Adjournment

A motion to adjourn the meeting was made by Mr. Irving and seconded by Mr. Jackson.

The motion was approved by a chorus of ayes.

The meeting adjourned at 6:51 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on July 25, 2017.

Approved by the Board of Directors on July 25, 2017.