

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BOARD OF DIRECTORS MEETING**

October 29, 2013
815 Florida Avenue, NW
Washington, DC 20001

APPROVED MINUTES

I. Call to order and verification of quorum.

The Chairperson, Derek Ford, called the meeting to order at 4:40 PM and asked the Secretary of the Board, Harry D. Sewell to verify a quorum. With 5 members present, the Board of Directors (Board) had a quorum and the meeting continued.

The Chairperson asked the Board Members present to review the agenda. In addition, the Chairperson asked to amend the agenda and add the approval of the minutes to item IA. Upon hearing no further amendments to the agenda, the Chairperson asked for a motion, made by Leila Batties, Vice Chairperson and a second, made by Charles R. Lowery, Jr. The agenda was approved, as amended.

IA. Review and approval the draft minutes from October 8, 2013 Board of Directors Meeting

The members reviewed the minutes and asked for the following change to be made.

- Global change from William C. Smith to William C. Smith + Co.
- Change the question mark to a period on page 7 under Other Business, first bullet.

The amended minutes were then moved by Ms. Batties and seconded by Mr. Lowery. The amended minutes were approved by voice vote.

II. Vote to close meeting to discuss the approval of an Amended Eligibility Resolution for the Highland Dwellings project and bond transaction and an Eligibility Resolution for the Edgewood Terrace I project and bond transaction.

The Chairperson called a vote to close the meeting to discuss the approval of an Amended Eligibility Resolution for the Highland Dwellings project and bond transaction and an Eligibility Resolution for the Edgewood Terrace I project and bond transaction.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call 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 Highland Dwellings project and bond transaction and the

Edgewood Terrace I project and bond transaction. An open meeting would adversely affect the bargaining position or negotiation strategy of the public body. (D.C. Code §2-405(b)(2)).

A motion was made by Ms. Batties and seconded by M. Craig Pascal. The Chairperson moved the meeting into a closed session at which time the DCHFA staff presented both projects to the Board of Directors and the Board of Directors asked questions regarding each project.

III. Re-open meeting.

The Chairperson reopened the meeting at 5:40 PM.

IV. Consideration of DCHFA Amended Eligibility Resolution No. 2013-12 for the approval of the Highland Dwellings project and bond transaction.

The Secretary read the resolution into the record and the Chairperson asked for a presentation by staff.

Ed Pauls, Senior Development Officer presented the Highland Dwelling project and bond transaction to the Board of Directors. The measure before the Board of Directors is requesting the Board of Directors to adopt an Amended Eligibility Resolution authorizing the issuance of up to \$43 million in tax-exempt and/or taxable multifamily housing revenue bonds for the acquisition, new construction and rehabilitation of Highland Dwellings. The project will consist of the demolition of buildings, the construction of a new multifamily apartment building, two community buildings along with related site improvements. The reason for the Amended Eligibility Resolution is because there was a change in project scope which required an increase in the authorization amount of tax-exempt/taxable bonds for project. The project is located in Ward 8.

The development team gave a presentation to the Board of Directors, led by Steve Green, Director of Capital Programs, DC Housing Authority. The presentation walked through renderings, site plans, construction plans, resident services, property management, and design elements. Additional development team members present included Thomas Jones, Jacqueline Soldana, and Lori Parrish. Tenant representatives present included Renee Patterson, Highland Dwellings Council President and Caroline Cohen, Highland Dwellings Council Vice President.

The Board of Directors asked several questions including:

- What is the number of buildings to be demolished? The development team answered six residential buildings and a management office, so technically seven buildings.
- What is going to manage the roadway and what are the improvements that will be made? The development team answered that the roadway will have milling and repaving and they will create a new drainage in the alleyway. In addition, there will be lighting improvements throughout the site, possibly to LED standards.
- What percent of the units have been completed? The development team answered, no units are completed. We have a model unit available to show residents what the

renovations will look like and we have done some renovation work on 104 units, about 70% completed, but they are not 100% completed.

- Please explain how the project went from \$17 million to \$43 million, a \$26 million increase. The development team answered that some of the increase in cost is due to the new construction of a building which was not originally envisioned for the property. Also, a new storm water management system will be on site. Finally, the scope of the renovation for each unit is more extensive than originally planned. The units will be brand new inside.
- Please explain the why 37.8% of your total utility costs are attributed to electrical costs. The development team answered that the increase is mostly due to more lighting on site and that the utilities will be all underground. In addition, there is no gas on site.
- Please explain the development team's organizational structure. The development team stated that they created a nonprofit to place non-Federal assets in and a subsidiary to provide the guarantees on the debt. The entities have enough liquidity and net assets to secure several projects. Capital Housing Partners is the developer and Capital Housing Partners will create a subsidiary for each project.
- Why is the total development cost per unit at \$300,000 per unit? The development team answered that due to the large amount of site work and the time it took to move the project forward, the cost per unit increased to \$300,000 per unit.
- Why are the construction company and the property management company not DC based? The development team answered that DC Housing Authority abides by Federal procurement rules and Federal procurement rules do not allow for a geographical preference.
- Are there any local funds? The development team answered no local funds.
- What is the phasing of the project? The development team answered that the first phase is 56 units and some residents will begin to return to the property. Phase 2 will be the remaining 50 or so units, which already started and more residents will return to the property in the near future. And the phasing will continue until phase 6 is completed.
- How long will the construction take? The development team stated that the construction period is 18 months but they hope to deliver some units within the next six months.
- What occurred between June 2011 and today, October 2013? The development team responded that the biggest thing that occurred was a suit that was filed against them by a group of residents and it took time to resolve the suit.
- How was the suit resolved? The development team responded that the suit was settled by using better and more effective communication. There was not a lot of disagreement between the residents and the Housing Authority. Some residents were concerned that the Highland renovation was going to be similar to a HOPE VI project and residents were concerned about their right to return and other tenants concerns. However, the project was never going to be HOPE VI like.
- Where will the services be held? The development team responded that the services will be held in a variety of places, including on site. Additional locations include the nearby school and recreation center. A group called Smart from the Start is assisting with the tenant services.

The tenant representatives stated that they were pleased with everything that has been going on and everything that they have seen. They are looking forward to the new construction and

moving back into their new homes. They stated that the other tenants are excited about the new community center and they can't wait to move back home. The tenant representatives keep in touch with tenants through monthly meetings, flyers and other interactions. Also, the Housing Authority holds meetings at apartment buildings where a significant number of tenants have been relocated to and they give updates to the tenants.

The resolution was then moved by Ms. Batties and seconded by Stan Jackson. After a roll call vote, the resolution passed 5-0.

V. Consideration of DCHFA Eligibility Resolution No. 2013-13 for the approval of the Edgewood Terrace I project and bond transaction.

The Secretary read the resolution into the record and the Chairperson asked for a presentation by staff.

Ed Pauls, Senior Development Officer presented the Edgewood Terrace I project and bond transaction to the Board of Directors. The resolution before the Board of Directors is requesting the Board to adopt an Eligibility Resolution authorizing the issuance of tax-exempt and/or taxable bonds in an amount not to exceed \$26,000,000 to finance a portion of the costs to acquire and rehabilitate Edgewood Terrace I. Edgewood Terrace I will consist of the acquisition and rehabilitation of five garden style, three story buildings consisting of 292 units. The buildings are part of a large Master Development constructed in 1973 and located in Ward 5.

The development team representatives from Community Preservation Development Corporation (CPDC) included Suzanne Welch, Chris Lopiano, Pamela Lyons, Jeff Stern (consultant), and Stacie Birenbach. The tenant representative was Lesia Alleyne-Lamorell.

The development team presented a brief presentation that discussed explained the site plan, the project's location, the history of the project, the resident services and the renovation plans.

The Board of Directors asked questions including:

- Will the existing bedroom sizes and unit mix remain the same? The development team responded yes.
- How long is the project expected to take? The development team responded 18 months.
- What is the mix of affordability on site? The development team responded that there are 114 project based vouchers and the remainder of the units will be at tax credit affordability levels with some units at 80% AMI rent levels.
- What is the exterior façade work that will be done? The development team responded that the corridors will be brightened up and redone.
- Please explain the cash flow fluctuation in the later years. Mr. Pauls stated that the small dip in the cash flow in the later years is due to a function of relatively high expenses and how the expenses trend at a higher pace than the revenues trend. Rents trend at 2% and expenses trend at 3%.

The tenant representative stated that she has been a resident of Edgewood for over 14 years. She is an active member of the community and is happy to see more residents attending the meetings. She stated that it is a very nice community to live in.

The resolution was then moved by Ms. Batties and seconded by Mr. Jackson. After a roll call vote, the resolution passed 5-0.

VI. Consideration of DCHFA Resolution No. 2013-05(G) for the approval of the Amendments to the Agency's Bylaws.

The consideration of the Agency's Bylaws was tabled until the following meeting.

VII. Executive Director's Report.

• Government Affairs Update

- Nkosi Bradley, Director of Government Affairs and Allison Ladd, Associate Executive Director, presented a Government Affairs Update. A presentation was distributed to the Board of Directors along with a draft copy of a Legislative Digest that is typically electrically distributed internally to senior staff.
- The presentation focused on the collaborative approach to government affairs, the communication methods used (internally and externally) and priority issues that are being tracked by the team.
- The priority issues that are being tracked include the Mayor's Legislative Agenda, the proposed CBE legislation, the GSE Reform and the Dodd-Frank legislation implementation.
- Several Board Members asked to receive a copy of the Legislative Digest when it is distributed to staff.
- The Chairperson asked what the process was to receive approval by the Administration and City Council for financial actions taken by the Board of Directors. The General Counsel answered the question because the General Counsel Office handles the administrative process for the HFA.

Maria Day-Marshall, General Counsel stated that once the Board approves an eligibility resolution, the Secretary to the Board signs the resolution and then HFA submits the resolution to City Council for passive approval. The passive approval consists of a 30 day review period, excluding weekends and holidays. Once the process is completed, the eligibility resolution is deemed approved. Periodically, an affirmative action, (by an emergency resolution) is taken by City Council to immediately approve the HFA project but this is on rare occasion. No project has been denied by City Council in the last 7 years.

- The Board asked the Government Affairs team to track a piece of legislation introduced by Councilmember Jack Evans regarding banks' responsible lending practices.

- Small Projects Program
 - The Executive Director stated that research continues to be performed to further identify the universe of buildings/properties that can be considered for the small projects program. Currently, there are approximately 10,000 addresses that meet the 4-49 unit criteria. In addition, the Executive Director met with the President of City First Bank and the Executive Director of Montgomery County Housing Opportunities Commission to learn more about financing options and program details.

VIII. Other Business.

- NCSHB Updates
 - The Chairperson shared that Charles R. Lowery, Jr. was elected to the Board of NCSHB.
- Awards
 - The Chairperson asked if the HFA submits award applications. The Executive Director stated that yes, from time to time, applications are submitted. Most recently, the HFA received an award from the National Association of Local Housing Finance Agencies for HomeSaver.
- Affirmative Fair Housing Plans
 - The Chairperson asked for an update. The Executive Director stated that the Director of Compliance and Asset Management was unable to attend the meeting due to a sick child. In addition, the Executive Director stated that 67 percent of the units financed by the HFA have households earning \$25,000 or less a year. Additional review and evaluation of the Affirmative Fair Housing Plans will continue and an update will be provided to the Board, when available.
- Executive Director Submitted Materials to the Board of Directors
 - The Executive Director gave the requested materials to the Chairperson and the Chief Financial Officer explained the nature of the materials. Additional materials will be submitted by November 1st.

IX. Credit Card Review Process Update Discussion and Vote to close meeting to discuss the Credit Card Usage.

The Chairperson called a vote to close the meeting to discuss the credit card usage. The reason for closing the meeting is stated below.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call a vote to close the meeting in order to discuss a matter regarding the employment and compensation of government appointees, employees, or officials. An open meeting would adversely affect the employment and compensation related issues affecting the Agency. (D.C. Code §2-405(b)(10)).

A motion was made by Ms. Batties and seconded Mr. Jackson. The Chairperson then moved the meeting into a closed session.

X. Re-open meeting.

Upon the conclusion of the closed meeting, the Chairperson reopened the meeting.

XI. Adjournment.

The meeting adjourned at 8:00 PM.

Submitted by Harry D Sewell, Secretary
November 8, 2013

Approved by the Board of Directors on November 12, 2013