

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

August 28, 2018

815 Florida Avenue, NW

Washington, DC 20001

5:30 p.m.

Minutes

I. Call to order and verification of quorum.

DCHFAs Board Member (Acting as Chair), Ms. Sheila Miller, called the meeting to order at 5:35 p.m. and asked the Secretary to the Board, Mr. Todd Lee to verify a quorum. With four members present, the Board of Directors had a quorum, and the meeting continued.

The following members were present at roll call: Bryan “Scottie” Irving, Stanley Jackson (telephonically), and Sheila Miller.

Mr. Lee stated for the record that the Board Chair, Mr. Binitie, is affiliated with the developer on both Delta Towers and Capitol Vista. He was not present for the closed meeting discussion and will not be present for the open meeting discussion and will not vote on either of these transactions.

Board Chair, Buwa Binitie, joined the meeting after the Final Bond Resolution vote took place for Delta Towers and Capitol Vista.

Mr. Lee also stated for the record that Mr. Green, a Board member, has an affiliation with the developer of The Strand. Mr. Green was not present for the closed portion of the meeting, and will not be present for the open portion of the meeting and is absent from today’s meeting in its entirety.

II. Approval of the Minutes from the August 28, 2018 Board Meeting.

A motion was made to approve the minutes from the August 28, 2018 Board Meeting by Mr. Jackson. The motion was properly seconded by Mr. Irving.

The motion passed by a chorus of ayes.

III. Vote to close meeting to discuss an Eligibility Resolution for The Strand Residences, a Final Bond for Milestone Senior Housing Apartments, a Final Bond for Delta Towers, and Capitol Vista.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson Mr. Binitie 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 **an Eligibility Resolution for The Strand Residences, a Final Bond for Milestone Senior Housing Apartments, a Final Bond for Delta Towers, and Capitol Vista.**

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. Irving, seconded by Mr. Jackson and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:37 p.m. and resumed at 6:01 p.m.

IV. Consideration of DCHFA Final Bond Resolution No. 2018-11 for Delta Towers and Capitol Vista.

DCHFA Underwriter, Calvin Jones, presented the transaction and information to the Board.

The subject transaction, Delta Towers is inclusive of an estimated \$25.45 million, a 50/50 Risk Share loan. The Risk Share program loan will be constrained to 85 percent stabilized LTV and a 1.15 amortized debt service coverage ratio. The subject transaction will be 179 units, of which 149 units will be a HAP contract and the remaining 30 units will receive LRSP subsidy.

The capital stack will consist of permanent financing in the amount of \$25,450,000 provided by DCHFA, \$23.2 million from DHCD, an estimated \$30.3 million in LIHTC equity, a \$4.3 million seller note, an estimated \$81,000 in accrued interest from the seller note, and an estimated \$3 million in a deferred developer fee. The total estimated development cost of the project is \$86 million or \$483,000 per unit.

Mr. Jones also presented to the Board to approve the Final Bond Resolution for Capitol Vista in an amount not to exceed \$25 million dollars. The subject loan is also inclusive of the 50/50 Risk Share loan, and the permanent loan amount is \$15.2 million. The Risk Share loan will be constrained to 85 percent stabilized LTV and a 1.15 amortized debt service coverage ratio.

DCHFA is offering a 17-year permanent mortgage with a 40-year amortization for the subject transaction, Capitol Vista. The subject transaction will consist of 104 affordable housing units. Additionally, the capital stack will consist of permanent financing in the amount of \$15.2 million in DCHFA permanent financing, an estimated \$18 million from DHCD, an estimated \$14.6 million in LIHTC equity, and \$3 million in deferred developer fee. The total estimated development cost for this project is \$51 million or \$490,000 per unit.

Mr. Lee asked DCHFA General Counsel, Michael Hentrel, to describe the Final Bond Resolution. Mr. Hentrel stated for the record that since DCHFA will be proceeding with one bond issuance for both transactions, the Agency is requesting that the Board to approve one bond resolution that will cover both transactions, Capitol Vista and Delta Towers.

Mr. Corey Powell from Dante's Partners was present and answered questions regarding the transaction.

Mr. Irving raised a question about relocation for residents of Delta Towers, and construction work hours as it related to disturbing residents. Mr. Powell stated that they had not had that discussion with the residents, however, he noted that Delta Housing Corporation is very much in tune with their customers that are currently on site. If there are any issues, Dante's Partners be able to address them. Mr. Powell also noted that for emergency situations residents still have ingress/egress and access to the elevators.

Mr. Irving also raised a question about the security of the project site. Mr. Powell confirmed that they are using security cameras with remote access.

Ms. Miller called for a motion to approve DCHFA Final Bond Resolution No. 2018-11 for Delta Towers and Capitol Vista. A motion to approve the resolution was made by Mr. Irving and seconded by Mr. Jackson.

Mr. Lee called for a roll call vote:

Mr. Jackson – Yes

Mr. Irving – Yes

Ms. Miller – Yes

V. Vote to close meeting to discuss an Eligibility Resolution for The Strand Residences, a Final Bond for Milestone Senior Housing Apartments.

Board Chair, Mr. Binite, joined the meeting.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson Mr. Binite 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 **an Eligibility Resolution for The Strand Residences, a Final Bond for Milestone Senior Housing Apartments.**

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 6:17 p.m. and resumed at 6:35 p.m.

VI. Consideration of DCHFA Final Bond Resolution No. 2018-10 for Milestone Senior Housing Apartments.

DCHFA Underwriter, Ugonna Duru, presented the Milestone Senior transaction and information to the Board.

Ms. Duru introduced Jim Edmondson (E&G Group) representative for the transaction to the Board and he provided a brief introductory statement.

Ms. Duru presented the following to the Board:

The MLNI underwriting staff recommends that the Board of Directors authorize the issuance of tax exempt bonds in an amount not to exceed \$6.5 million to finance the construction of Milestone Senior Housing four percent LIHTC units. The subject transaction will be a privately placed tax-exempt construction loan currently underwritten for \$6.2 million.

Milestone Senior is the first phase of the redevelopment of Meadow Green Court Apartments located at 3605 to 3615 Minnesota Avenue, Southeast. The transaction will involve the use of both nine percent LIHTC equity and four percent LIHTC equity, a process known as “twinning”.

The capital stack will consist of permanent financing in the amount of \$1.7 million and a first mortgage from JPMorgan Chase, \$5.4 million in DHCD HPTF, \$3.9 million in low income housing tax credit equity, and \$386,000 deferred development fee. The total development cost of the project is \$11.4 million or \$357,000 per unit.

Development team includes guarantors E&G Group and Equity Plus Manager. Also, the general contractor will be Marriottsville Construction LLC, a subsidiary of Harkins Builders, Wiencek + Associates as architect, E&G Property Services as property managers. Also, R4 Capital LLC will be a LIHTC investor for the transaction.

Mr. Binite asked how the development team chose the “twinning” transaction structure. Mr. Edmondson stated that Milestone Senior is the first phase of a multiphase development. He noted that with this structure they can demolish 26 units and put back 60 senior units because they can do it as a matter of right, and they wanted to move the process forward rather than to

try to wait for what could have been a two- or three-year process or more, to get the entire site re-planned and rezoned.

Mr. Lee asked if there is going to be a PUD (Planned Unit Development). Mr. Edmondson stated that they think they are going to do the project without a PUD and obtain the rezoning with individual parcel re-planned.

Mr. Jackson raised a question regarding E&G Group's and Equity Plus's financial statements that only go back to 2014. Ms. Duru explained that she has updated 2017 statements for E&G Group but not for Equity Plus. The E&G Group's financial statements were not audited. Ms. Duru noted that E&G Group is the primary guarantor for the transaction.

Mr. Edmondson also explained that E&G Group is a two-partner firm, and has never conducted audited financial statements. He stated however, that E&G Group does file tax returns.

Mr. Binitie proffered a motion to approve the resolution, and was seconded by Mr. Jackson.

Mr. Lee called for a roll call vote:

Mr. Binitie – Yes

Mr. Jackson – Yes

Ms. Miller – Yes

Mr. Irving – Yes

VII. Consideration of DCHFA Eligibility Resolution No. 2018-09 for The Strand Residences.

DCHFA Underwriter, Calvin Jones, presented The Strand Residences transaction and information to the Board.

Mr. Jones presented the recommendation to the Board to adopt an Eligibility Resolution authorizing the issuance of tax exempt and-or taxable bond in an amount not to exceed \$24,625,000 million to finance a portion of the new construction of The Strand Residences. The Strand Residences is a proposed 86-unit affordable housing development located in the Deanwood neighborhood of Washington, D.C. The project is part of the New Communities Initiative in which 28 of the 86 units will be replacement housing for the nearby Lincoln Heights public housing project. Twenty-eight of the units will receive a Section 8 voucher via the LRSP program. The remaining 68 units will be at a 60 percent area median income.

The subject transaction will be a 221(d)(4) project. The permanent capital stack is as follows: \$7.3 million in FHA 221(d)(4), an estimated \$15.6 million via DMPED, an estimated \$11

million in TNC Real Estate or an affiliate of TNC as a LIHTC investor, an estimated \$500,000 from a federal home loan bank grant, an estimated \$2.6 million in deferred developer fee. The total estimated development cost of the project is \$37 million.

Ms. Miller made a motion to approve the resolution, the motion was seconded by Mr. Jackson.

Mr. Lee called for a roll call vote:

Mr. Binite – Yes
Mr. Jackson – Yes
Ms. Miller – Yes
Mr. Irving – Yes

VIII. Executive Director's Report.

No Executive Director's Report was given.

IX. Other Business

Ted Blake, DCHFA CFO presented the following FY18 Budget Forecast Preview for the record:

Our fiscal year '18 forecast is in line with our previous REI forecast, the work that you've done today to approve the transactions that we are slating for close in September, our key and essential to achieving fiscal '18 numbers. Fiscal '19 is currently confirmed at seven-and-a-half to eight million dollars. As Todd mentioned, we'll have a more detailed package at the next Board Meeting. This is to kind of give a good preview on things and talk about current state of affairs.

Slide 3 shows fiscal year '17 as well as what our '18 budget is. The middle column is the REI forecast as it currently stands. And the last column is our '19 budget as it current stands. At the bottom, you will see in grey, or blue if you happened to print it out in color, net income loss number. Just to recap things, '17 we had a 7.8-million-dollar net income. This year, we're projecting 7.4 million. And next year, we're projecting \$7.7 million. So we're hoping to keep both years in the seven-and-a-half to eight range or thereabouts, within some measure of variance.

Mr. Binitie asked if the budget presented was an achievable budget. Mr. Blake stated that it is achievable because the Agency has taken a realistic view of what deals should close in Fiscal Year 2019. Mr. Blake also noted that the Agency started to diversify its revenue stream away from just relying upon deals to be closing and fees that we collect with those but also creating ongoing streams of revenue. Mr. Blake also stated that the third item that the

Agency has changed its pricing and that putting in more robust pricing will also help us achieve these numbers.

Mr. Blake informed the Board that he will return to the next Board Meeting with much more detail on the revenue side of the picture for multifamily as well as a view on single family, and will delve into certain elements in the expenses as well.

Mr. Binitie noted that he wants to dig in more into the revenue just to further understand the assumptions.

X. Adjournment

Mr. Binitie called for a motion to adjourn.

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

The motion was approved by a chorus of ayes.

The meeting adjourned at 7:15 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on September 7, 2018.

Approved by the Board of Directors on September 11, 2018.