

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

October 14, 2014
815 Florida Avenue, NW
Washington, DC 20001
5:30 pm

Approved Minutes, As Amended

I. Call to order and verification of quorum.

The Chairperson, Mr. Derek Ford, called the meeting to order at 5:37 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq., to verify a quorum. Mr. M. Craig Pascal participated via telephone. With five members present, the Board of Directors (the “Board”) had a quorum and the meeting continued.

The Chairperson asked the Board Members present to review the agenda. The Chairman asked to move the agenda item associated with the Auditors Presentation to agenda item number III. The agenda was unanimously approved, as amended.

II. Approval of minutes from the September 23, 2014 Board meeting.

The Chairperson asked the Board Members present to review the draft minutes of the September 23, 2014 meeting. A motion was made by Mr. Stanley Jackson, to approve the minutes, as presented, and seconded by Ms. Leila Batties, Vice Chairperson. The minutes were unanimously approved.

III. Presentation – CohnReznick upcoming audit of the Agency

The Interim Secretary, Maria K. Day-Marshall, introduced the Chief Financial Officer, Sergei Kuzmenchuk, and the team who will perform the upcoming audit of the Agency. The team is comprised of CohnReznick and Walker & Company. The representatives that were present at the meeting included Dan Kenney, CohnReznick, Bryan Benson, CohnReznick and Ronald P. Walker, Walker & Company LLP. The representatives provided the Board with a brief presentation and they distributed a handout to the Board. The goal is to have the audit completed by December 18, 2014.

IV. Vote to close the meeting to discuss the approval of the Lincoln Westmoreland Apartments project and bond transaction and The Brightwood Portfolio project and bond transaction.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors 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 Lincoln Westmoreland Apartments project and bond transaction and

The Brightwood Portfolio project and bond transaction. An open meeting would adversely affect the bargaining position or negotiation strategy of the public body. (D.C. Code §2-575(b)(2)).

A motion to approve the transaction was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Jackson. The motion was approved by voice vote.

V. Re-open meeting.

The Chairperson reopened the meeting at 6:32 PM.

VI. Consideration of DCHFA Final Bond Resolution No. 2014-15 for Lincoln Westmoreland Apartments.

Ms. Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for their consideration. Ms. Day-Marshall then introduced Mr. Anthony Waddell to present the matter to the Board. Mr. Anthony Waddell then asked that Mr. Ed Pauls, the Senior Development Officer on the transaction, present the matter to the Board. The development team present included Robert Agus, Robert Agus Development Company, Dahn Warner, Key Urban, LLC, Alicia Terry, Kutak Rock LLP, David Lu, Kutak Rock LLP, and Theodosia Robinson, Lincoln Westmoreland Tenants' Association.

The principal developer of the project is the Lincoln Westmoreland Housing, Inc. The project consists of the rehabilitation of an existing 108-unit building, including the creation of two new units on the ground floor, for a total of 110 units. Three commercial spaces currently occupy the ground floor of the building. The project has a total development cost of \$30.9 million, which will be partially financed by \$15 million in tax-exempt bonds and \$6.9 million of 4% Low Income Housing Tax Credit (LIHTC) equity.

The bedroom mix is as follows; eight studio units, 32 one-bedroom units, 62 two-bedrooms and eight three-bedroom units for a total of 110 units. All of the units will meet the 40 percent at 60 percent of Area Median Income (AMI) test for both tax-exempt bonds and housing tax credits.

This project is being rehabilitated in conjunction with the development of Channing Phillips; a new 56-unit building that will be built adjacent to the Lincoln Westmoreland building. It is expected that the Channing Phillips project will come before the Board of Directors for the final bond consideration in approximately 6-8 weeks.

The construction period is seven to eight months and the project should be completed by the summer of 2015. The Channing Phillips building will likely be completed approximately one year later.

Questions asked by the Board of Directors included the following:

- Please discuss the services at the property. The development team responded that the tenants' association is involved with suggesting and arranging the services provided at

the property. The activities range from after-school programs, to dancing classes, to events for the seniors. In addition, there is a healthy snacks project and the residents can attend field trips from time to time. Finally, there are two food programs where food is provided to families that may need the assistance.

- Will the new building be built as a matter of right or will you be seeking variances? The development team responded that they have already received the Board of Zoning Adjustments (BZA) approval to subdivide the property, and so there are two smaller parcels instead of one large parcel. BZA granted variances for parking, loading zone size and for subdividing the lot.
- Will you be changing the building materials on the existing building? The development team responded yes. The existing building will receive a few aesthetic flourishes and some color will be added to the façade. The changes to the façade of the existing building will help the two buildings (existing and new) complement one another upon completion.
- Please explain why the tax credit equity raise is lower per dollar than for other 100% affordable projects. Mr. Pauls explained that the primary reason for the “lower raise up” is due to the speed of the renovations and because the housing tax credit equity will be provided during construction or soon thereafter.
- Please discuss the tenant relocation activities. The development team stated that the tenants will need to be out of their homes during the daytime hours and not overnight. 26 units will be renovated at one time. Boxes and support services to aid in the tenants move with larger items will be provided. Breakfast and boxed lunches will be provided in the common areas for the tenants while their units are being renovated.

A motion to approve the transaction was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Lowery, Jr. The Interim Secretary called the roll, and the motion carried with 5 votes in the affirmative.

VII. Consideration of DCHFA Final Bond Resolution No. 2014-16 for The Brightwood Portfolio.

Ms. Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for their consideration. Ms. Day-Marshall then introduced Mr. Anthony Waddell to present the matter to the Board. Mr. Anthony Waddell then asked that Ms. Patience Dean, the Development Analyst on the transaction to present the matter to the Board. The development team present included Patrick Harper, The Hampstead Companies, Raymond Nix, Nix Development Company, and Leon Wells, Concord Apartments Tenants’ Association.

The project consists of the acquisition and rehabilitation of a scattered site of four three-story buildings located in the Brightwood neighborhood of Washington, D.C. The principal developer of the project is Hampstead Brightwood Partners, LP, which is controlled by the Hampstead Group and Nix Development Company.

The building will consists of 140 units, and the bedroom mix is as follows: twenty-four efficiency units, 95 one-bedroom units and 21 two-bedroom units for a total of 140 units. The total development costs of approximately \$26.7 million will be financed using proceeds from

tax-exempt short and long-term bonds, low income housing tax credits and historic tax credit proceeds, and syndication proceeds. An acquisition loan from the Department of Housing and Community Development, project operating income, District Department of Energy tax credits and subsidies and deferred developer fee will also finance the development of the project.

Ninety percent of the units will be affordable to those earning less than 60 percent of the area medium income and the transaction is targeted to close in the later part of 2014 or in the early part of 2015.

Questions asked by the Board of Directors included the following:

- Have you talked with the other two tenants' associations? The development team responded that they have been working with all three tenants' associations and that while only one tenant association representative was present, the other tenants' associations support the project. The development team responded that they try to meet with the tenants' associations every six to seven weeks. Each of the tenant's associations has a separate relationship with the developer.
- When do you want to close on this transaction? The development team stated that they would like to close on the project's financing by the end of the calendar year.
- How long is the construction period? The development team responded that the construction period is expected to last one year, with four months for stabilization.
- Has the construction company, Nastos, performed a lot of work in DC? The development team responded that Nastos has worked on many DC government office or commercial projects. Nastos is located in Ward 7, near Kenilworth Gardens. Nastos also worked on R Street Apartments, a project that was financed by the DCHFA.
- What was the basis for the buildings being granted historic status? The development team responded that the historic status was granted because of the year the buildings were built and their historical context in the Brightwood community. The buildings were built in 1937 and 1939.
- How far apart are the buildings from each other? The buildings are located about a half of a mile from each other.
- Is the agreement with each tenant's association the same in terms of the right to recapture at the end of 15 years? The development team responded yes.
- Discuss how the services will be provided. The development team responded that some services will be centralized and others will be provided at each site. Services may include adult financial literacy and budgeting, language classes, computer training, after school programs and tutoring.

The Board of Directors requested that principal members of the development team and representatives from all three tenants' associations be represented when the Board considers the Final Bond Resolution. If principal members of the development team and the three tenants' associations are not present, the project may not be approved for financing.

A motion to approve the transaction was made by Mr. Lowery, Jr. and seconded by Ms. Batties, Vice Chairperson. The Interim Secretary called the roll, and the motion carried with 5 votes in the affirmative.

VIII. Consideration of DCHFA Resolution No. 2014-09(G) Ratifying the Purchase and Sale of Parkway Overlook Apartments East and West.

The Interim Secretary read the DCHFA Resolution No. 2014-09(G) Ratifying the Purchase and Sale of Parkway Overlook Apartments East and West into the record.

The DCHFA transferred title to the property on September 30, 2014 to the DC Housing Authority. Per the Purchase and Sale Agreement, the DC Housing Authority agreed to provide a redevelopment plan to the DCHFA in six months. The property will no longer be a liability for the DCHFA. A motion to approve the resolution was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Jackson. The Interim Secretary called the roll, and the motion carried with 5 votes in the affirmative.

IX. Interim Executive Director's Report.

- Financial Disclosure Statements – On July 28, 2014, an amendment to the law was made to require certain DCHFA employees to submit confidential financial disclosure statements. The confidential financial disclosure statements are prepared for the calendar year, after the year has expired. For the year 2014, the confidential financial disclosure statements are due no later than May 15th of next year. Per the amendment, the confidential financial disclosure statements are submitted to the Executive Director and not to the Board of Ethics and Government Accountability (BEGA). If the Executive Director identifies a problem with the statement, he or she then refers it to BEGA for further action.
- Management Training – The Senior Staff and other managers attended a day long management training at the end of September. A consultant was hired to train the team.
- NCSHA Annual Conference – The NCSHA conference will be held from October 18-21, 2014 in Boston, MA.
- First Board Meeting in November – Thursday, November 13, 2014 at 5:30 PM.
- RFP For Real Estate Advisory Services – The proposals were provided to the Board Members in their Board packages. The Board of Directors will review the proposals and score them based upon the scoring sheet at the November 13, 2014 meeting.

X. Other Business.

- Fraud Hotline – DCHFA team worked with Thorn Pozen and Jeff Lorocca to finalize the protocol and policies associated with the Fraud Hotline.

XI. Adjournment.

The meeting adjourned at 7:53 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary to the Board of Directors

October 24, 2014

Approved by the Board of Directors on October 28, 2014