

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

June 12, 2018

815 Florida Avenue, NW

Washington, DC 20001

5:30 p.m.

Minutes

I. Call to order and verification of quorum.

DCHFA Board Chair, Mr. Buwa Binitie, 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 four members present, the Board of Directors had a quorum, and the meeting continued.

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

II. Approval of the Minutes from the May 8 and May 22, 2018 Board Meetings.

Mr. Green called in telephonically to join the meeting and therefore five members were present for the meeting.

A motion was made to approve the minutes from the May 8 and May 22, 2018 Board Meetings by Ms. Miller. The motion was properly seconded by Mr. Irving.

The motion passed by a chorus of ayes.

III. Recusal of Board member Stanley Jackson from the St. Elizabeth’s

Mr. Jackson stated that he would like to recuse himself and temporarily leave the meeting during the discussion and voting for the St. Elizabeth’s transaction because he has an interest in the transaction in the capacity as the Executive Director of the Anacostia Development Corporation.

IV. Vote to close meeting to discuss an Initial Credit Review for the St. Elizabeth’s transaction and a loan product presentation for the Affordable Assisted Living Facilities.

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 the approval of an Initial Credit Review for the St. Elizabeth’s transaction and a loan product presentation for the

Affordable Assisted Living Facilities. 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 Ms. Miller and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:38 p.m. and resumed at 5:55 p.m.

Mr. Jackson exited the meeting during the discussion of the St. Elizabeth's transaction.

V. Initial Credit Review – St. Elizabeth's.

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

Duane Miller, from Flaherty Collins, introduced his company has having a 49% ownership with AEDC. Mr. Miller also stated that he has a long history of community development work. Oke Anyaegbunam introduced himself as development counsel to AEDC along with his background.

Ms. Miller inquired about the historic element of the project and whether the developer has completed any tax credit deals before. Mr. Miller responded that he has completed approximately ten (10) tax credit deals nationwide.

Ms. Miller also asked whether the developer is working on approvals. Mr. Miller stated that they have received local approval and are in the process of securing additional approvals and permits.

Ms. Miller asked about the cash flow as it relates to historic tax credits because there is a cash-on-cash return that the investors have to receive. Mr. Miller replied that he did not need all of the tax credit up front and instead, it will be a pro rata throughout a three (3) year process. Mr. Miller further elaborated on the structure of the project.

Mr. Binitie called for a motion to approve the Initial Credit Review for St. Elizabeth's. A motion to approve the resolution was made by Ms. Miller and seconded by Mr. Irving. Mr. Lee then took a roll call vote. All present members voted in the affirmative. The motion carried.

Mr. Binitie left the call and Mr. Green stepped in to serve as the Chairperson of the Board of Directors. Mr. Jackson re-entered the meeting.

VI. Discussion - Affordable Assisted Living Facilities (AALFs) loan product.

DCHFAs Underwriter, Ugonna Ibebuchi Duru presented to the Board the demand for affordable assisted living options and the shortage of available nursing home beds along with additional

senior housing demographic information which further illustrated the shortage and need for the AALF loan product to provide options for this underserved segment of the housing market.

Assisted living facilities are housing developments designed for elderly or disabled persons who need help with some activities of daily living, also referred to as ADLs, including eating, bathing, toileting, grooming, dressing, and mobility, but do not need extensive care as provided in nursing home settings. They must offer three meals per day to each resident, along with central dining, kitchen, and recreation areas. They must provide access to appropriate support services, medical, dental, rehabilitative, counseling, and other services as needed. Market rate, also called private pay affordable assisted living facilities, or ALFs, typically charge a flat monthly fee that covers rent, meals, housekeeping, and activities, and is privately paid for by residents. Medicare does not cover room and board, i.e., rent, for ALFs.

The proposed AALF is a program funded through Medicaid, in which elderly or disabled persons can choose to receive support services in a home or community based setting. Participants must choose from a list of EPD waiver approved service providers. The AALF program only pays for the services component at each AALF.

Ms. Duru highlighted the risks of the project, such as any decrease in federal funding for Medicaid could negatively impact the feasibility and affordability of AALFs. Mr. Lee indicated that last year, the DC Department of Health Care Finance raised the Medicaid reimbursement rate from \$60 to almost \$160 dollars a month, which can make financing such transactions more feasible. He stated that this program will be the first of its kind in the District one of very few nationally.

Mr. Green commented that he felt positive about the AALF program, but highlighted that based on his experience, there does not appear to be any local operators who are interested and that he had to bring an operator in from Florida. Mr. Lee agreed that there is an operational risk. Ms. Miller stated that she is aware of a woman who runs a company and is a successful operator and that she can provide the operator's contact information. Ms. Miller asked about the revenue stream and the high rents for assisted living and whether there would be enough money to find a quality operator and whether LRSP funds could be useful. Mr. Lee responded that the financing is subsidized with tax credit equity, bond finance, and Medicaid, which will lift some of the burden off of the project. Mr. Irving inquired about the number of units. Ms. Duru answered that the first project would have approximately 150 units.

VII. DCHFA Financial Re-forecast.

DCHFA CFO, Ted Blake, remotely presented the following information to the Board:

Mr. Blake was in New York City, talking with S&P about increasing the Agency's general obligation rating. Mr. Blake's main focus as it related to the reforecast was to focus on the Agency's origination fees. Mr. Donald added that the Agency has a number of unfunded deals but they are delayed and still have not closed. The Agency was a little aggressive in its projections, certain projects are subject to some yield restrictions where the project funds cannot be earned beyond the yield restriction, and other projects are subject to HUD approvals, etc. Mr. Donald further stated that the Agency is still working on getting some of these deals across the finish line. Mr. Blake illustrated that upon review of net income, that the Agency could likely do as well as 2017 and that the Agency is on target to reach its financial goals. Mr. Green asked for a financial synopsis. Mr. Lee replied that the Agency is projecting an \$8 million dollar net income figure for 2018. Mr. Lee also stated that the Agency has been doing a lot of infrastructure investment, with systems and processes, and that is where a large portion of the budget has been invested in.

Pursuant to Mr. Lee's suggestion, the Board did not approve the investment committee in the absence of Mr. Binitie. There was no further discussion on the matter.

VIII. Executive Director's Report

- At 1:00pm on June 25th, the Agency will be unveiling its new website and logo during an Agency-wide luncheon.
- On the June 29th, DMPED is planning a scissors and shovel day with multiple groundbreakings throughout the city. As a part of the scissors and shovel day, the Agency will be hosting a groundbreaking for the Gales Street HIP project and borrower closings for the Elvans Road Townhomes.

IX. Vote to close meeting to consult with an attorney to obtain legal advice.

Pursuant to the District of Columbia Administrative Procedure Act, the Chair will now, or the Vice Chair will now call a vote to close the meeting in order to consult with an attorney to obtain legal advice, and to preserve the attorney/client privilege between an attorney and the public body, or to approve settlement agreements, provided that upon request the public body may decide to waive the privilege. An open meeting would adversely affect matters related to the Agency.

A motion to close the meeting was made by Mr. Jackson, seconded by Ms. Miller and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 6:45 p.m. and resumed at 6:54 p.m.

X. Adjournment

Mr. Green 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 6:55 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on July 6, 2018.

Approved by the Board of Directors on July 10, 2018.