

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

September 13, 2016
815 Florida Avenue, NW
Washington, DC 20001
5:30 p.m.

Minutes

I. Call to order and verification of quorum.

The Chairman, Mr. Buwa Binitie, called the meeting to order at 5:38 p.m. and asked the Acting Secretary to the Board of Directors, Mr. Todd A. Lee, to verify a quorum. With five members present, the Board of Directors (the “Board”) had a quorum, and the meeting continued. The members present included Mr. Binitie, Mr. Stephen M. Green, Mr. Stanley Jackson, Ms. Sheila Miller and Mr. Bryan “Scottie” Irving (who participated via telephone).

II. Approval of the Minutes from the August 23, 2016 Board Meeting.

Mr. Jackson made a motion to approve the minutes as they were presented to the Board, which was seconded by Mr. Green. The minutes were then approved by a chorus of ayes.

III. Vote to close the meeting to discuss the approval of the Pomeroy Gardens and SOME Spring Road transactions.

Pursuant to the District of Columbia Administrative Procedure Act, a vote was called to close the meeting to discuss, establish or instruct the Agency’s staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of the Pomeroy Gardens and SOME Spring Road transactions. An open meeting would adversely affect the bargaining position or negotiating strategy of the Agency. (D.C. Code §2-575(b)(2)).

A motion to close the meeting was made by Mr. Green and seconded by Mr. Irving. The motion was approved by a chorus of ayes.

The meeting was closed at 5:41 p.m.

The meeting was re-opened at 6:19 p.m.

V. Consideration of DCHFA Resolution No. 2016-14 for the Pomeroy Gardens transaction.

Mr. Lee introduced the resolution and then introduced Ms. Carrie Fischer, Development Officer, who provided a brief summary of the project. The principal developer and sponsor of the project is Pomeroy Gardens Limited Partners, which is controlled by the Non-Profit Community Development Corporation (NPCDC). In addition to the sponsor, the development team includes

Hamel Builders, Inc., which will be the general contractor, ResidentialONE, which will serve as property management agent, and Angel Clarens, the architect of record.

The project will be located at 2400, 2404, 2408, 2412 Pomeroy Road, Southeast and 2907 Stanton Road, Southeast in the Barry Farm Neighborhood of Washington, D.C.

The project will consist of the acquisition and rehabilitation of an existing five-building garden apartment complex totaling 60 units. The bedroom mix is 50 two-bedroom units and 10 three-bedroom units.

The sponsor has elected to set aside 100 percent (100%) of the units at or below 60 percent (60%) of area median income (AMI). The sponsor has also committed to keep rents at the current levels for the 30 current tenants.

With respect to the bonds, \$6 million in bonds will be directly placed by Stifel Nicolaus & Company (Stifel), the placement agent, and will be rated by Standard & Poor's Financial Services LLC. The bonds will be 100 percent cash collateralized during construction by the proceeds of an Eagle Bank construction loan.

Prior to closing the developer will complete the pre-build certification with Enterprise Green Communities.

During construction, tenants will be temporarily relocated to on-site hotel units for a period of approximately two months. NPCDC will also offer tenant services at the property. A part-time resident services coordinator has been assigned to the project and will work with Pomeroy Gardens Tenant Association and its contracted service providers to coordinate services for tenants. Planned services include tutoring and academic assistance programs for children, social worker resident assistance, and senior support services and coordination.

Tenants will also have access to the NPCDC-operated Outreach Center, located at the Douglas Knoll Apartments in Southeast D.C., which is approximately a five-minute drive or a 15-minute walk from the property.

NPCDC also partners with a licensed counselor that is available to provide intervention services to tenants experiencing acute crisis or trauma.

Members of the development team who were present in support of the project included the following: Walter Johnson and Michelle Owens of NPCDC, Tony Washington and John Kelly of Eagle Bank, Mitchell Greenstein, a financial consultant to NPCDC, Elzoria Knight and Alexander Johnston, who are managing tenant relocation during the rehabilitation, Kent Neumann of Eichner Norris & Neumann PLLC, Karen Kendrick Brown of Lewis & Munday, Co-Bond Counsel, and Martin Proctor, the president of the Pomeroy Gardens tenant association.

Mr. Binitie requested that Eagle Bank briefly describe the structure of the transaction. Mr. Washington described that the transaction will be largely a cash-collateralized bond loan during construction that will be privately placed by Stifel and funded by Eagle Bank. The bonds will be redeemed after completion of construction when the FHA loan closes.

Mr. Green asked why the tax credit pricing, at \$1.04 per credit, was lower than that which the Agency has been seeing recently. Mr. Johnson replied that the primary reason for the selection of the chosen tax credit syndicator, the National Development Council (NDC), was that the sponsor shared a more common mission with NDC, and the terms were more favorable with respect to stabilization requirements than with some of the other prospective tax credit investors. Pricing was also affected by the fact that the NPCDC is a non-profit developer that does not possess as strong of a balance sheet as that of other developers in the affordable housing arena.

Mr. Jackson asked about transportation of some of the residents who may need assistance getting to the off-site service center. Mr. Johnston replied that the social service provider intends to assess the needs of all of the residents currently located at the property. Additionally, there will be an on-site construction trailer at the property for the next twelve to eighteen months. Finally, there will be staff on site who are willing and able to drive residents as necessary.

A motion to approve the resolution was made by Mr. Green and seconded by Mr. Jackson and Ms. Miller. The roll was called, and with five affirmative votes, the resolution was approved.

Mr. Binitie indicated that he would like for staff to notify the Board when the project is refinanced with the FHA loan.

VI. Consideration of DCHFA Resolution No. 2016-15, an Eligibility Resolution for the SOME Spring Road transaction.

Mr. Lee introduced the resolution and then introduced Mr. Bobvala Tengen, Development Analyst, who provided a brief summary of the project. The principal developer of the project and property management agent is SOME, Inc. (SOME). Additional members of the development team include Eichberg Construction as the general contractor and Miner Feinstein as the architect of record for the project.

The project is located at 1433 and 1435 Spring Road, Northwest in the Columbia Heights neighborhood of Washington, D.C. and will consist of the acquisition, rehabilitation and construction of two mid-rise buildings which currently consist of 30 units.

Upon completion of the rehabilitation and construction, the project will consist of 37 units. The developer expects to receive Local Rent Supplement Program (LRSP) subsidies for 36 of the 37 units. The bedroom mix is as follows: one (1) efficiency unit, eighteen (18) two-bedroom units, and eighteen (18) three-bedroom units. The complex will feature a community room, which will provide a location for SOME to provide regular tenant services and a playground. All of the units will be intended to meet the tax credit requirements of at least forty percent (40%) will be available to persons at or below sixty percent (60%) of AMI. All of the units that receive LRSP subsidy will be made available to persons earning at or below thirty percent (30%) of AMI.

Troy Swanda of SOME provided a brief overview of the project, including project drawings, to the Board.

Mr. Binitie inquired about the development timeline. Mr. Tengen replied that the bond closing is anticipated to take place in November. Mr. Binitie also inquired about the night property manager. Mr. Swanda replied that the person would be a part-time employee who would live on site and be available in the event that there was a lock-out or a fire alarm or other such event to occur during the night. Mr. Binitie also asked if this project had been awarded in the most recent Request for Proposals (RFP) from the Department of Housing and Community Development (DHCD). Mr. Swanda replied that in March 2016, it was announced that the project had been awarded DHCD funds, a LRSP supplement and a Department of Behavioral Health grant in the amount of \$84,000 from the 2015 RFP.

Ms. Miller inquired about current residency. Mr. Swanda replied that the site is being leased to the Coalition for the Homeless and there are currently only twelve (12) occupied units at the property. Current occupants will be relocated to 50th Street Southeast during construction and rehabilitation.

A motion to approve the resolution was made by Mr. Green and seconded by Ms. Miller. The roll was called and with five affirmative votes, the resolution was approved.

VII. Vote to Modify the HFA Fraud Hotline response protocols.

A motion to modify the HFA Fraud Hotline response protocols in the manner that was discussed at the previous Board Meeting was made by Mr. Green and seconded by Ms. Miller. A voice vote was called, and the motion was approved by a chorus of ayes.

VIII. Discussion about the Agency's FY 2016 Year-to-date Performance and FY 2017 Budget.

Mr. Lee highlighted that through the end of the third quarter, the Agency has experienced a thirty-one percent (31%) cost underrun. This was largely due to a number of vacancies in personnel expenses as well as the delayed implementation of the Agency's financial management system. The delay in implementation was to provide an opportunity for the Agency to hire a chief financial officer (CFO), who would be afforded an opportunity to participate with the vendor in the planning and design of the system. The newly-hired CFO, Ms. Yvette Downs, has now begun that process.

Mr. Lee also reported that the Agency intends to close fourteen of the fifteen projects that were predicted to close before the end of the fiscal year. He also noted, however, that the Agency will have produced more units than that which was predicted for the fiscal year. The Board inquired as to whether or not the volume cap allocated for the year will be used. Mr. Lee said that staff would provide that information to the Board.

Single family intends to reach the \$200 million mark for closings in its DC Open Doors program in October, which the Agency intends to celebrate in November.

Of the 129 projects in the Agency's Asset Management portfolio, one hundred percent (100%) of the required inspections have been completed, all financial reporting has been obtained, and

there are no outstanding defaults on any of its bond transactions. There are two small McKinney Act loans that remain in a default status.

Overall, the proposed FY 2017 budget is an \$11.6 million budget. The proposed FY 2017 budget is within the limits of the consolidated budget for the District of Columbia, which was submitted back in February of this year. The Agency's revenues are projected at \$14.6 million and, thus, the Agency is projecting a \$3.8 million surplus for FY 2017. Projected expenditures for FY 2017 are slightly higher than FY 2016 due in large part to technology and, to a lesser extent, facilities upgrades that are planned for FY 2017. Mr. Lee and Ms. Downs provided additional highlights that explained the increases from FY 2016 to FY 2017 for various line items in the budget. Mr. Lee also listed some of the major initiatives that the Agency intends to launch in FY 2017 which, Mr. Lee anticipates will not negatively impact staff's ability to close its anticipated pipeline of multifamily transactions. Those initiatives include items like establishing a parity indenture and becoming approved as a 50-50 risk sharing lender and launching a joint venture single family workforce housing initiative.

IX. Acting Executive Director's Report.

- o Standard & Poor's would like to visit the Agency to meet with staff and reassess our issuer credit rating. Mr. Lee has requested that their visit be postponed until mid-October, after the end of the current fiscal year. They have requested that staff respond to a questionnaire prior to the end of the Agency's fiscal year, and they will follow up with a site visit later.
- o The Agency intends to host an event in November to celebrate reaching the \$200 million mark in its single family lending program. An invitation to that event will be forthcoming.
- o Lisa Hensley and Nkosi Bradley will both be leading panels at the National Council of State Housing Agencies conference in Miami and Mr. Lee requested that Board Members attend those panels in order to support DCHFA staff.

X. Adjournment.

A motion to adjourn the meeting was made by Mr. Green and seconded by Mr. Jackson. The motion was approved by a chorus of ayes.

The meeting was adjourned at 7:43 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on September 23, 2016.

Approved by the Board of Directors on September 28, 2016.

