

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

December 17, 2013
815 Florida Avenue, NW
Washington, DC 20001

APPROVED MINUTES, AS AMENDED

I. Call to order and verification of quorum.

The Chairperson, Derek Ford, called the meeting to order at 4:48 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq. to verify a quorum. With 4 members present, the Board of Directors (Board) had a quorum and the meeting continued. Mr. M. Craig Pascal participated in the meeting via telephone.

The Chairperson asked the Board Members present to review the agenda. Hearing no changes to the minutes, the Chairperson asked for a motion to approve the agenda. The motion was made by Mr. Stanley Jackson and seconded by Charles R. Lowery, Jr. By voice vote, the agenda was approved.

II. Review and approval the draft minutes from November 12, 2013 Board of Directors Meeting

The members reviewed the minutes and the minutes were then moved by Mr. Jackson and seconded by Mr. Lowery, Jr. The minutes were then approved by voice vote.

III. Review and approval the draft minutes from November 22, 2013 Board of Directors Meeting

The members reviewed the minutes and the minutes were then moved by Mr. Jackson and seconded by Mr. Lowery, Jr. The minutes were then approved by voice vote.

IV. Presentation: Auditor presentation by CohnReznick LLP.

The Secretary to the Board introduced Sergei Kuzmenchuk, Chief Financial Officer of the Agency and the representatives of the auditing firm, CohnReznick, and subsequently turned the meeting over to Mr. Kuzmenchuk.

Mr. Kuzmenchuk briefly introduced Dan Kenney and Brian Benson, CohnReznick. Then Mr. Kenney proceeded with a presentation to the Board. A handout was provided to the Board of Directors.

Mr. Kenney stated that it was the second year that CohnReznick served as the DCHFA's auditing firm and that CohnReznick's partner on the contract is Walker & Company. Mr. Kenney stated

that CohnReznick is also working with the Vermont Housing Finance Agency and that some members of the DCHFA's team are also working on the Vermont account.

Mr. Kenney discussed their implementation plan and stated the following:

- Performed interim field work November 4-8th
- Draft financial statements on December 20th
- Wrapping up field work in the first or second week of January
- Other deliverables – Hardest Hit Fund, McKinney Saving Act, Internal Controls – completed by the end of January

Mr. Kenney stated that the DCHFA staff has provided all the information needed to perform the audit.

Some areas that the auditors will look at are listed below:

- Financial close process
- Pay room
- Bank reconciliations
- Investments
- Interest rate risk for negative arbitrage and credit risk
- Journal entry processing

Mr. Kenney stated there is a new audit and clarity standard so the auditor's report is going to look differently than last year and some different terminology will be used. More details are provided in the handout that was given to the Board of Directors.

Mr. Kenney asked for an overview of the financial review of the former Executive Director. The Chairman stated that the Board would provide that information and that the Board's attorney, Thorn Pozen, would meet with the auditors.

As a note, the statutory deadline for completion of the audit is December 31, 2013.

The auditors will return to the Board of Directors to present their findings in late February 2014.

(Ms. Leila Batties, Vice Chairperson, arrived at 5:04 pm)

V. Vote to close meeting to discuss the approval of the Lofts at Capital Quarter project and bond transaction, the North LIHTC Residential project and bond transaction, and the Yards Parcel N project and bond transaction.

The Chairperson called a vote to close the meeting to discuss the approval of the Lofts at Capital quarter project and bond transaction, the North LIHTC Residential project and bond transaction, and the Yards Parcel N 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 Lofts at Capital Quarter project and bond transaction, the North LIHTC Residential project and bond transaction, and the Yards Parcel N 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 Mr. Jackson and seconded by Mr. Lowery, Jr. The Chairperson moved the meeting into a closed session at which time the DCHFA staff presented the projects to the Board of Directors and the Board of Directors asked questions regarding each project.

VI. Re-open meeting.

The Chairperson reopened the meeting at 6:24 PM.

VII. Consideration of DCHFA Final Bond Resolution No. 2013-14 for the approval of the Lofts at Capital Quarter project and bond transaction.

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

Prior to the presentation, Ms. Batties disclosed that Holland and Knight served as the land-use counsel for the underlying approval of the project and it is her understanding that her firm is issuing the zoning opinion related to the property. Ms. Batties stated that she would recuse herself from the discussion and from voting on the matter in order to avoid the appearance of a conflict.

The Secretary asked Mr. Tony Waddell, Director of Public Finance to present the project to the Board of Directors. Mr. Waddell subsequently asked Mr. Edward Pauls, Senior Development Officer, to present the project because Mr. Pauls served as the development officer for the project.

Mr. Pauls and the development team presented the project to the Board of Directors. The Development Team included Steve Green, DC Housing Authority and Dan McCabe, Urban Atlantic. The following was discussed:

- Project overview and stated that the project under consideration is the 5th component in the Capper/Carrollsborg development.
- The project is located just south of L Street SE between 7th Street SE and a soon to be 6th Street SE.
- The Lofts at Capital Quarter includes 195 apartment units of which 39 are public housing units. There will be 172 parking spaces. Additional amenities include a rooftop terrace, a small pool, a ground level terrace, a community room and fitness center.
- The project will be 80% market rate and 20% affordable at 50% area median income.

- The residents can take advantage of all of the resident services offered by the DC Housing Authority.
- The estimated total development cost is \$54.8 million. The DCHFA will issue \$42 million in long term tax-exempt bonds and \$4.16 million in 4% LIHTC equity will be provided. The DC Housing Authority (DCHA) will provide a rental subsidy for the 39 affordable units through DCHA's Moving To Work (MTW) program.

The Board of Directors asked several questions including:

- Did the DCHA provide the land to the project as your capital contribution? Yes.
- Is this your (DCHA's) first 80/20 transaction? Yes.
- Given that this is the fifth component, how many affordable units will be in the entire development? 707 units.

The resolution was then moved by Mr. Pascal and seconded by Mr. Jackson. After a roll call vote, the resolution passed 4-0-1, with Ms. Batties abstaining.

VII. Consideration of DCHFA Resolution No. 2013-08 (G), regarding the appointment of an Interim Executive Director and Interim Secretary to the Board.

The Chairperson asked for a motion to approve the resolution. Mr. Jackson moved the resolution and Ms. Batties seconded the motion. After a roll call vote, the resolution passed 5-0.

VII. Consideration of DCHFA Eligibility Resolution No. 2013-15 for the approval of the North LIHTC Residential project and bond transaction.

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

The Secretary asked Mr. Anthony Waddell, Director of Public Finance to present the project to the Board of Directors. Mr. Waddell subsequently asked Ms. Denise Nelson, Development Officer, to present the project because Ms. Nelson served as the development officer for the project.

Ms. Nelson and the Development Team presented the project to the Board of Directors. The Development Team representatives included Mr. Buwa Binitie, Dantes Partners and Mr. Kegan Williamson, Dantes Partners. The following was discussed:

- The project is the Hine Junior High School site. It is located at the corner of 7th Street SE, Pennsylvania Avenue SE and 8th Street SE. It is a block long development that was awarded to the development team in 2009 by the Office of the Deputy Mayor for Planning and Economic Development.
- The master plan for the project is approximately 600,000 square feet of development including 300,000 square feet of parking space (345 spaces), 60,000 square feet of retail, 250,000 square feet of market-rate residential across 158 units, 150,000 square feet of trophy office space and 32,000 square feet of affordable housing.

- The building under consideration will be 34 units of which five are going to be at 30% area median income and the balance at 60% area median income.

The Board of Directors asked questions including:

- Please explain the \$400,000 per unit cost. The development team responded that the extraordinary expenses are primarily going towards the exterior face of the building, the demolition and the infrastructure needs.
- The development fee seems high. Please explain. The development team responded the fee percentage is within the allowable 15 percent of total development cost.
- Is Mr. Anthony Lanier the guarantor? The development team answered yes.
- There was a question regarding Mr. Lanier's financials; however, the development team representatives were not privy to Mr. Lanier's financials.
- How many affordable units will be on the site? The development team responded that there will be 42 affordable units, out of 150 units.
- The project is going to be marketed to seniors even though the project is not encapsulated as senior? The development team responded yes.
- Will any other phases of the project come back to the DCHFA for financing? The development team responded, no.
- What are your plans for tenant services? The development team responded that the services have not been finalized but they will be prior to requesting the final bond approval.

Ms. Batties disclosed that Holland and Knight represents Eastbanc and Dantes Partners on other matters. Ms. Batties asked the Board of Directors to vote to allow her to vote on the matter. The Chairman asked for a motion. Mr. Pascal moved the motion and Mr. Jackson seconded the motion. The motion was then approved by voice vote.

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

VIII. Consideration of DCHFA Resolution No. 2013-13 for the approval of the Yards Parcel N project and bond transaction.

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

The Secretary asked Mr. Tony Waddell, Director of Public Finance to present the project to the Board of Directors. Mr. Waddell serves as the development officer for the Yards Parcel N project.

Mr. Waddell and the Development Team presented the project to the Board of Directors. Development Team members included Deborah Ratner Salzberg, Forest City Washington and Jason Birnet, Forest City Washington. The following was discussed:

- The entire Yards site was formerly an abandoned Federal site, part of the Southeast Federal Center. Pursuant to an agreement with the District, in 2007, Forest City offered

to include 20% affordable housing units at 50% area median income, if the DCHFA would finance the affordable housing developments.

- Parcel N is located at Tingey Street and is adjacent to Foundry Lofts, the first project that the DCHFA financed.
- Parcel N is a 327-unit mixed use building that will include ground floor retail and underground parking.
- Parcel N will include 66 units at 50% AMI to meet the 20% test for bond financing. The remainder of the project will be market rate housing.

The Board of Directors asked questions including:

- Please explain the CBE participation at 35%. The development team responded that 35% of the project overall will be 35% CBE thresholds and there will be a special consideration for CBEs located in Ward 8, 7 and 5. In addition, we follow first source new hire requirement of 51%.
- Please explain the mentor/protégé program. The development team responded that the program is one designed by Forest City. The goal of the program is to work closely with the existing community and faith based organizations to properly train, place and retain D.C. residents.
- Are there additional projects that you plan to bring to the DCHFA for financing? The development team answered yes, possibly 5 more projects.
- How do you market your affordable units? The development team responded that they abide by the affirmative fair marketing plans submitted. They outreach to 8 specific community nonprofits and advertise in the newspapers and with the DC Housing Authority. The Board requested that the development team advertise in the Washington Informer, the Afro American and other periodicals distributed in Wards 5, 7, 8.
- Please discuss the micro units. The development team responded that there will be 7 micro units but the micro units will not be affordable dwelling units.

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

VI. Discussion of the Financial Software update

The Secretary introduced Fran D. Makle, Deputy Executive Director who subsequently introduced Thurston Ramey to provide the update. Ms. Makle mentioned that Mr. Ramey was hired in June as the Business Process Manager. Mr. Ramey's role is to analyze the financial management staff's business processes and document the process. Once the documentation process is completed, the DCHFA will then purchase a software system. Mr. Ramey then updated the Board of Directors. The DCHFA plans to issue an RFP in February 2014.

The Chairman asked to continue to be updated, as the plans to issue an RFP progress.

VII. Discussion: Parkway Overlook Update

The Secretary introduced Allison Ladd who subsequently provided an update on Parkway Overlook. A presentation was distributed to the Board Members. Ms. Ladd serves as the project manager for Parkway Overlook. La Fonte Nesbitt, Holland and Knight serves as the legal counsel for the project and was present for the meeting. In addition, the former tenants were present during the presentation.

Ms. Ladd discussed the following:

- Project Overview
- Organizational Structure (2001, 2007, 2013)
- Timeline Summary (of events)
- Immediate Next Steps
 - Continue to maintain a relationship with the former tenants
 - Receive Final Claim Settlement from HUD
 - Work with DC WASA regarding the request for an easement
 - Execute FY14 MOU with DC Housing Authority for maintenance of property
 - Resolve outstanding property tax liability
 - Gain title to the property
 - Dispose of the property

Sergei Kuzmenchuk, CFO, discussed the Financial Impact to the Board.

The former tenants Rufaro Jenkins and Cynthia Eaglin were asked to speak. Ms. Jenkins spoke on behalf of the former tenants. Ms. Jenkins mentioned that her “fight” for affordable housing and diversity within her community in Ward 8. In reference to the property under discussion, they would like homeownership and rental housing options to be available. In addition, they would prefer a negotiated sale rather than another bid process because the bid process takes a longer time. Ms. Jenkins also mentioned that she was pleased that the Mayor committed funds to the project.

Mr. Pascal applauded the leadership of the tenant association for getting the Mayor’s commitment to maintain affordability there because of the high cost of construction. Mr. Pascal also thanked Ms. Ladd and Mr. Kuzmenchuk for their detailed presentation.

The Chairman requested that an electronic copy of the presentation be emailed to all Board Members.

XII. Vote to close the meeting to discuss Parkway Overlook.

Pursuant to the District of Columbia Administrative Procedures Act, the Chairperson of the Board of Directors called 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 a 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 the attorney-client privilege of the Agency related to Parkway Overlook. (D.C. Code 2-575(b)(4)(A)).

XIII. Re-open the meeting.

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

VIII. Interim Executive Director's Report.

The Interim Executive Director updated the Board Members regarding the following:

- Rating Agencies – Both rating agencies have contacted the DCHFA. Moody's would like to meet with the DCHFA in January. Moody's would also like to talk with the Board of Directors regarding the leadership change. Standard and Poor's will be speaking with the Interim Executive Director and CFO in the near term and Ms. Day-Marshall will keep the Board Members updated.
- HomeSaver Program - The HomeSaver Program has reached full-program funding commitment. As of November 22, the DCHFA has suspended new application intake. Ms. Carisa Stanley, Director, Single Family Programs provided a more detailed update.
 - Received funding from U.S. Treasury in 2010.
 - \$21.1 million
 - Estimate that the program will assist about 750 families. 602 families have been assisted to date.
 - Homeownership Retention - 95% of all borrowers have sustained homeownership in the past 24 months
 - Assistance was provided in every ward of the city.

Ms. Day-Marshall commended the single family team and Ms. Makle for their work on HomeSaver. Ms. Day-Marshall stated that the team is a "leader among our peers".

IX. Other Business.

The Chairman discussed an upcoming tax credit conference. The Chairman requested that the Executive Director and Director of Public Finance attend.

The Chairman also commended the staff on arranging a nice holiday event.

The Chairman stated that the next meeting will be in January. It will be on the annual meeting on January 14, 2014.

X. Adjournment.

The meeting adjourned at 8:36 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary
January 24, 2014

Approved, as amended, by the Board of Directors on February 11, 2014