

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

July 22, 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, Derek Ford, called the meeting to order at 5:33 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq. to verify a quorum. With five members present, the Board of Directors (Board) had a quorum and the meeting continued. Mr. Charles Lowery, Jr. and Mr. M. Craig Pascal participated via telephone.

The Chairperson asked the Board Members present to review the agenda. Ms. Leila Batties, Vice Chairperson, asked to add the Real Estate Services RFP to the agenda. The Chairperson asked for a motion to approve the amended agenda. The motion was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Lowery, Jr. By voice vote, the agenda was unanimously approved.

II. Approval of minutes from the July 9, 2014 board meeting.

The Chairperson asked the Board Members present to review the draft minutes of the July 9, 2014 meeting. Hearing no amendments to the minutes, the Chairperson asked for a motion to approve the minutes as presented. The motion was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Lowery, Jr. By voice vote, the minutes were unanimously approved.

III. Vote to close meeting to discuss the approval of the Capitol Gateway project and bond transaction, a McKinney Act Loan associated with the Capitol Gateway project and bond transaction, and the ratification of the protective services contract for Parkway Overlook.

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 Capitol Gateway project and bond transaction, a McKinney Act Loan associated with the Capitol Gateway project and bond transaction, and the ratification of the protective services contract for Parkway Overlook. 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 was made by Ms. Batties, Vice Chair, and seconded by Mr. Lowery, Jr. The Chairperson moved the meeting into a closed session at which time the DCHFA staff presented

the matters to the Board of Directors, and the Board of Directors asked questions regarding the matters presented.

IV. Re-open meeting.

The Chairperson reopened the meeting at 6:24 PM.

V. Consideration of DCHFA Eligibility Resolution No. 2014-08 for the approval of Capitol Gateway Marketplace.

Prior to the consideration of DCHFA Eligibility Resolution No. 2014-08 for the approval of Capitol Gateway Marketplace, Board Members disclosed conflicts of interest and ask for the Board to consider the appropriate action.

- Ms. Batties, Vice Chairperson, recused herself from participating in the discussion and from voting on the matter because her law firm, Holland and Knight, continues to serve as land use counsel for the developer for this property/project.
- Mr. Ford, Chairman, stated that he previously had a contract to represent Walmart and that contract ended three years ago. Mr. Ford, Chairman asked that the potential conflict be waived and that he be allowed to participate in the discussion and vote on the project. Mr. Stanley Jackson made a motion that the potential conflict be waived, and the motion was seconded by Mr. Pascal. By voice vote, the motion carried, and Chairman Ford was permitted to participate in the discussion and vote on the matter.
- Mr. Jackson stated that he has a business relationship with A&R, the developer, on an unrelated matter. Mr. Jackson asked that the potential conflict be waived and that he be allowed to participate in the discussion and vote on the project. Mr. Pascal made a motion that the potential conflict be waived, and that motion was seconded by Mr. Lowery, Jr. By voice vote, the motion carried, and Mr. Jackson was permitted to participate in the discussion and vote on the matter.
- Mr. Pascal stated that his employer, BB&T, has a client relationship with Transitional Housing Corporation (“THC”). THC is providing some permanent supportive housing services related to the transaction. Mr. Pascal stated that he is not the account officer and asked that the potential conflict be waived and that he be allowed to participate in the discussion and vote on the project. Mr. Jackson made a motion that the potential conflict be waived, and that motion was seconded by Mr. Lowery, Jr. By voice vote, the motion carried, and Mr. Pascal was permitted to participate in the discussion and vote on the matter.

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. Representatives from the development team that were present at the meeting included Laura Manville, A&R Companies, Feras Qumeseya, A&R Companies, Steve Green, DC Housing Authority and Blaise Rastello, THC.

Mr. Waddell stated that the project is called Capitol Gateway Marketplace, and it is located in northeast Washington near the Maryland line across the street from the Capitol Heights metro station. The project has a total development cost of \$79.6 million. There will be 312 units of

housing and 18,500 square feet of neighborhood-serving retail. The unit mix consists of 20 efficiencies, 230 one-bedroom units and 62 two-bedroom units. And, there will be 32 (Annual Contributions Contract) ACC units.

Capitol Gateway Marketplace is part of the continuation of the Capitol Gateway Hope VI redevelopment in the Capitol View neighborhood. The developers are A&R Companies, The Henson Companies and the DC Housing Authority.

Questions asked by the Board of Directors included the following:

- Please explain the rationale for not planning 3 bedroom units in the project. The development team responded that in the entire HOPE VI project, 70 three and four bedroom units were delivered so no additional 3 bedroom units were planned in this phase of the project.
- Was there originally a residential component to this phase of the overall development? The development team responded that previously, a grocer was planned for this phase but the negotiations were not successful. So the development team made some adjustments and designed this phase as it was presented to the Board of Directors.
- Please explain the market rationale for the unit mix on the site. The development team responded that based upon some demand indicators associated with DC Housing Authority waiting list, the team found that the wait time for an efficiency or one-bedroom unit is far longer than for a three bedroom or more unit. Also, approximately 84% of the waiting list demand is for efficiencies, one bedroom units and two bedroom units.
- Please provide the status of the PUD challenge. The development team responded that they are confident that the challenge will be dismissed within the next 30 days or so.
- Please explain why THC was chosen to provide the services at the property. The development team responded that they selected THC based upon their experience. THC has a long history of providing permanent supportive housing in addition to assisting families in finding housing. There will be an onsite case manager who is dedicated to the families and 24 hour on-call service. Services can range from substance abuse counseling, to employment services, to mental health counseling, to life skills, to youth enrichment.

A motion was made by Mr. Jackson and seconded by Mr. Lowery, Jr. The Interim Secretary called the roll, and the motion carried with 4 votes in the affirmative.

VI. Consideration of DCHFA General Resolution No. 2014-04(G) for the approval of a McKinney Act Loan associated with Capitol Gateway Marketplace.

The conflicts associated with Agenda Item V are also related to Agenda Item VI.

Ms. Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for their consideration. Ms. Day-Marshall then introduced Mr. Waddell to present the matter to the Board. Mr. Waddell stated that Ms. Patience Dean served as the development officer for the matter before the Board of Directors.

Questions asked by the Board of Directors included the following:

- Is this the first McKinney Act Loan approval under the new guidelines approved by the Board of Directors? Ms. Dean answered yes.
- What is the rationale for recommending a \$1 million loan? Ms. Dean stated that the funds will be used to pay for architectural costs, third party reports, legal costs and finance fees. The DCHFA team performed an in depth analysis of the borrower's financials and ability to provide guarantees. The borrower has the requisite liquidity and ability to guarantee the loan, as provided in the guidelines. Ms. Dean also noted that the amount is half of the predevelopment funds that will be needed to get to closing.
- How much is the total predevelopment budget? Ms. Dean answered \$2 million, and the borrowers have already expended \$645,000 for predevelopment activities.

A motion was made by Mr. Jackson and seconded by Mr. Pascal. The Interim Secretary called the roll, and the motion carried with 4 votes in the affirmative.

VII. Consideration of DCHFA General Resolution No. 2014-05(G) for the ratification of the protective services contract for Parkway Overlook.

Ms. Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for their consideration.

The Board of Directors requested that additional recitals be added to the contract to reflect the date the contract expired and the time in which the contract was an implied contract. In addition, the Board of Directors requested that time sheets be submitted with the invoices.

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

Ms. Batties, Vice Chairperson made a motion to direct staff to issue a Request for Proposals for security services at Parkway Overlook. The RFP should be issued on July 25, 2014, include a site visit and have a 30 day timeframe to submit proposals. Mr. Ford seconded the motion. The Interim Secretary called the roll, and the motion carried with 5 votes in the affirmative.

VIII. Consideration of DCHFA General Resolution No. 2014-06(G) for the approval of the renewal of the Agency's contract with CohnReznick LLP (formerly known as the Reznick Group, P.C.), as the firm to provide various audit services, including but not limited to, conducting the Agency's Fiscal Year 2014 audit.

Ms. Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for their consideration. Ms. Day-Marshall requested that Sergei Kuzmenchuk, Chief Financial Officer, provide a presentation to the Board of Directors and answer any questions.

Mr. Kuzmenchuk stated that there are several obligations that the Agency will have to meet in terms of its reporting requirements. The number one obligation is submission of our financial statements to the City for inclusion into the Comprehensive Annual Financial Report (CAFR). In addition there are SEC reporting requirements for many of the DCHFA transactions. Also, the DCHFA has disclosures both supported and agreed upon procedures that we send to the regulatory authorities, one of them being the United States Department of Treasury for the federally-run program that we have, HomeSaver. Finally, DCHFA has several obligations that need to be met for HUD (i.e., triennial report on the McKinney Act program).

A motion 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.

- **HomeSaver Program** – The Agency recently closed its final loan under the Unemployed and Underemployed HomeSaver Program. The Agency served 699 households through that program. The Agency is going to use the balance of the funds, about \$2.9 million, to implement a new program, the Tax Extinguishment Program, which has been approved by Treasury. The team is now in the process of working with the Office of Tax and Revenue to implement that program and to help many more residents in the city.
- **Fraud Hotline** – The staff has researched different vendors that provide a fraud hotline and are considering using The Network. Additional information will be shared at future meetings.

X. Other Business.

- **Discussion – Public Finance Scoring Criteria** – Ms. Day-Marshall opened the presentation and stated that the team wanted to present to Board of Directors the proposed scoring criteria that the Agency staff has developed. The process started over a year ago and on June 18th, 2013, the members of a committee established by the Agency completed their review of the current scoring criteria and went through a research process and recommended some changes to the scoring criteria. The proposed scoring criteria were presented to the Credit Committee last Friday. There were some changes made during that meeting and tonight, staff wanted to present the revised criteria to the Board of Directors for consideration and discussion.

Ms. Day-Marshall introduced Allison Ladd, Associate Executive Director, as the chairperson for the Working Group and asked Ms. Ladd to provide additional information regarding the process the Working Group used to develop the draft scoring criteria. Ms. Ladd stated that the process was collaborative and introduced the team members, Ed Pauls, Daniel Nunez, Matt Aliberti, Deborah Bonner and Nkosi Bradley. Ms. Ladd stated that the Working Group met five times over the course of a month and a half. The team used a strategic process to develop the draft scoring criteria inclusive of

best practice research, reviewing the current scoring criteria and process and thinking outside of the box. Ms. Ladd then walked through the proposed scoring criteria and answered questions from the Board Members.

The Board Members recommended the following next steps.

- Perform an analysis of previously approved projects and their scores (with and without bonus points).
- Reach out to the development community and others to receive feedback, including the DC Building Industry Association (DCBIA).

XI. Real Estate Advisory Services RFP

Ms. Batties provided copies of the draft Real Estate Advisory Services RFP to the members and asked them to review the RFP for discussion at the next meeting.

XII. Adjournment.

The meeting adjourned at 7:42 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary
August 8, 2014

Approved, as amended by the Board of Directors on August 12, 2014