

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

October 28, 2014
815 Florida Avenue, NW
Washington, DC 20001
5:30 pm

Approved Minutes

I. Call to order and verification of quorum.

The Chairperson, Mr. Derek Ford, called the meeting to order at 5:44 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq., to verify a quorum. Ms. Leila Batties, Vice Chairperson, participated via telephone. With four 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. A motion was made by M. Craig Pascal to approve the agenda as presented and seconded by Ms. Batties, Vice Chairperson. The agenda was unanimously approved.

II. Approval of minutes from the October 14, 2014 Board Meeting.

The Chairperson asked the Board Members present to review the draft minutes of the October 14, 2014 meeting. Two amendments and a spelling correction were presented for approval.

- Page 4 – Modify the last paragraph to include revised language to read, “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.”
- Page 5 – Interim Executive Directors Report – RFP for Real Estate Advisory Services – In the second sentence add the language, “...at the November 13, 2014 meeting.” to the end of the sentence.
- Spelling Correction – Page 1 – Presentation – CohnReznick Upcoming Audit of the Agency - Add an “e” to Dan Kenney’s name

A motion was made by Mr. Charles Lowery, Jr. to approve the minutes, as amended, and seconded by Ms. Leila Batties, Vice Chairperson. The amended minutes were unanimously approved.

III. Vote to close the meeting to discuss the approval of the Edgewood Terrace I Apartments project and bond transaction and the SOME Benning Road 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 Edgewood Terrace I Apartments project and bond transaction and the SOME Benning Road 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 re-open the meeting was made by Mr. Lowery, Jr., and seconded by Mr. Pascal. The motion was approved by voice vote.

IV. Re-open meeting.

The Chairperson reopened the meeting at 6:15 PM.

V. Consideration of DCHFA Final Bond Resolution No. 2014-17 for the Edgewood Terrace I 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. Edward Pauls, the Senior Development Officer on the transaction, present the matter to the Board. The development team present included Suzanne Welch, Community Preservation and Development Corporation (CPDC), Stacie Birenbach, CPDC, and Pamela Lyons, CPDC.

Mr. Pauls stated that the project consists of the rehabilitation of seven buildings located in the Edgewood Neighborhood of Northeast Washington, D.C. The principal developer of the project is Edgewood Terrace I, LLC which is controlled by the Community Preservation and Development Corporation (CPDC).

The bedroom mix is as follows: 20 studio apartments, 81 one-bedroom units, 76 two-bedroom units, 59 three-bedroom units, and 56 four-bedroom units, for a total 292 units in the project.

The total development cost of approximately \$45 million will be financed using the proceeds of tax-exempt short-term bonds, loan composing of 4% Low Income Housing Tax Credit (LIHTC) syndication proceeds, additional Federal Housing Administration (FHA) loan proceeds, acquired reserves, interim income and deferred developer fee.

On the operating side, 114 units are subsidized by a Housing Assistance Payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD). Seventy percent of the units will be affordable to those earning 60 percent or less of the Area Median Income (AMI). The remaining 30 percent of the units will be affordable to those earning less than 80 percent of the Area Median Income.

The transaction is targeted to close in November with the construction schedule lasting for approximately two years. The construction will be completed by the end of 2016.

Questions asked by the Board of Directors included the following:

- Since CPDC has been involved with the project, what percentage of people still reside at the property? The development team responded that they did not know the exact percentage; however, they believed that the percentage was high. The development team shared that there are generations of families that live at Edgewood Terrace, and some of the children have graduated from college and decided to return to the community.
- Please discuss the phasing of the project. The development team responded that there are four additional phases and that CPDC is modernizing all of the existing units.

A motion to approve the transaction was made by Ms. Batties, Vice Chairperson, and seconded by Mr. Pascal. The Interim Secretary called the roll, and the motion carried with 4 votes in the affirmative.

VI. Consideration of DCHFA Eligibility Resolution No. 2014-18 for SOME Benning Road.

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. Waddell then asked that Mr. Danté Thomas, the Development Officer on the transaction, present the matter to the Board. The development team present included Troy Swanda, So Others Might Eat (SOME), Adam Coile, SOME, and Ken Ellison, SOME.

Before the presentation began, Mr. Pascal disclosed that he serves as a member of the Corporate Advisory Board for SOME in a non-fiduciary capacity. Mr. Pascal also stated that SOME is a client of BB&T, his employer; however, BB&T is not a party to the SOME Benning Road transaction. Ms. Day-Marshall asked Mr. Pascal if he personally benefited from the relationship with SOME and Mr. Pascal stated that he does not. Consequently, Mr. Pascal asked that the Board of Directors vote to waive the potential conflict. Ms. Batties, Vice Chairperson, made a motion to allow Mr. Pascal to vote on the matter and Mr. Lowery, Jr. seconded the motion. By voice vote, the motion to waive the potential conflict was approved.

Mr. Thomas stated that the principal developer and sponsor of this project will be So Others Might Eat (SOME). The project will be located at 4414 and 4430 Benning Road, N.E. in Ward 7 in the Capitol View Neighborhood. This project represents the acquisition and construction of a mixed-use apartment community that will include 182 affordable units that will serve the collateral of this bond proposal. 100 percent of the units will be reserved for residents who earn no more than 60 percent of area median income.

The bedroom mix includes 72 single-room occupancy units, 76 efficiencies, 10 two-bedroom units, 15 three-bedroom units and five four-bedroom units. In addition, four units have been assigned to management staff. The total project will include 182 units. Other key features of this mixed-use development project include 20 transitional units, approximately 12,000 square feet of office space that will be used by SOME to relocate some of their core operations, 36,000 square feet of a medical clinic that will be operated by Unity Health Care, 17,000 square feet for an employment training center that will be also be operated by SOME, 2,000 square feet of retail space and three levels of underground parking.

In terms of subsidies, the sponsor is currently in discussions with the District to secure subsidized funding through the Local Rent Supplement Program (LRSP). In addition, 65 units have been requested to be subsidized through the District's Annual Contributions Contract (ACC) with HUD. A total of 162 units will have an operating subsidy. All of the subsidized units will be restricted to tenants earning 30 percent or less of Area Median Income.

In terms of the financing, the total development costs are \$51.6 million, which will be financed by a combination of short and long-term tax exempt bonds, 4% Low Income Housing Tax Credit equity, subordinate financing from DHCD's Housing Production Trust funds, sponsor equity and deferred development.

Questions asked by the Board of Directors included the following:

- Please discuss your community outreach and the community's response. The development team responded that Councilmember Yvette Alexander provided a letter of support and a number of community meetings with various civic associations have been held. Also, a letter of support from ANC 7C was provided with only one dissenting vote. The development team stated that overall the community has been very supportive of the project.
- Will there be a restaurant in the retail space? That is not the current plan.
- Who will provide the wrap around services? The development team responded that Unity Health Care and other service providers will provide the wrap around services.
- Would SOME support the creation of a Business Improvement District (BID)? The development team responded that they would be good partners and keep the area around this project clean.
- Please discuss the condominium regime for the project. The development team responded that there will be potentially four condominium units within the project. For example, there could be one for the commercial space, one for the residential, one for the employment services space, and one for the New Market Tax Credit-financed portion of the project. The final details are still under discussion.
- Please discuss the parking on the site. The development team responded that there will be 188 spaces - 74 spaces will be dedicated for residents and 115 spaces will be for the commercial uses.
- Please discuss the security on site. The development team responded that there will be four live-in staff people, and a security system will be installed.
- Please discuss the other financing that will complement the DCHFA investment. The development team responded that they are planning for a simultaneous closing on all of the sources of funds.

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 4 votes in the affirmative.

VII. Interim Executive Director's Report.

- **Board Agendas** – A new procedure from the Office of Documents is in place. Now the draft Board agendas need to be submitted to the Office of Documents about a week and a half prior to the release of the DC Register.
- **Transition 2015** – The DCHFA will submit a Transition 2015 report to the City Administrator's Office.
- **NCSHA Conference** – Ms. Day-Marshall, Interim Executive Director, congratulated the Chairman on his election as First Vice President of the NCSHB Board. The DCHFA will also research the new financing that is being offered by the U.S. Treasury Federal Financing Bank and HUD for risk-sharing transactions. Also, the DCHFA team will follow up with the Federal Home Loan Bank of Atlanta (FHLBA) team to determine if the DCHFA can become a member of the FHLBA. Ms. Day-Marshall, Interim Executive Director attended a meeting with FHLBA team while attending the NCSHA conference. Finally, Matthew Aliberti, Acting Director, Single Family Programs, gave a presentation about the 1st Annual DC Open Doors House Crawl at the conference, and it was a good presentation.
- **National Association of Local Housing Finance Agencies (NALHFA)** – on October 25, 2014, Ms. Day-Marshall, Interim Executive Director, attended the Board meeting of NALHFA in NYC. The Fannie Mae team that was at the meeting complimented the DCHFA on their success with DC Open Doors.
- **Freddie Mac Affordable Housing Advisory Meeting** - Ms. Day-Marshall, Interim Executive Director, will present at the upcoming meeting.
- **Small Multifamily Residential Housing Buildings Proposal** - Ms. Day-Marshall, Interim Executive Director, asked Mr. Waddell to share some of the details of the Small Multifamily Residential Housing Building Proposal.
- **PNC Line of Credit** – The DCHFA team would like to use the PNC Line of Credit to purchase loans under the single family program. A formal request will be presented to the Board for review and approval.
- **Next Board Meeting** – Thursday, November 13, 2014 at 5:30 pm

VIII. Other Business.

- **Holiday Party** – The holiday party will be held on Friday, December 12, 2014.

IX. Adjournment.

The meeting adjourned at 7:34 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary to the Board of Directors
November 7, 2014

Approved by the Board of Directors November 13, 2014