

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

April 8, 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 5:45 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq. to verify a quorum. With 3 members present, the Board of Directors (Board) had a quorum and the meeting continued. Mr. Stanley Jackson participated via telephone. Ms. Leila Batties, Vice Chairperson joined at 5:48 pm.

The Chairperson asked the Board Members present to review the agenda. Ms. Leila Batties, Vice Chairperson asked to add an item under Other Business – Proposal for Real Estate Advisory Services. The Chairperson asked to add an item under Other Business – Board Counsel Scope of Work. At this time, the Chairperson asked for a motion to approve the amended agenda. The motion was made by Mr. M. Craig Pascal and seconded by Mr. Jackson. By voice vote, the amended agenda was approved.

II. Approval of minutes from the March 25, 2014 board meeting.

The members reviewed the minutes. The minutes, as presented, were moved by Mr. Pascal and seconded by Mr. Jackson. The minutes were then approved by voice vote.

III. Vote to close meeting to discuss the approval of the Issuance of FHA-Insured Multifamily Housing Revenue Refunding Bonds Series 2014 to Refund and Redeem Certain Prior Issued FHA-Insured Multifamily Housing Revenue Bonds.

The Chairperson called for a vote to close the meeting to discuss the approval of the Issuance of FHA-Insured Multifamily Housing Revenue Refunding Bonds Series 2014 to Refund and Redeem Certain Prior Issued FHA-Insured Multifamily Housing Revenue Bonds.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call for 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 Issuance of FHA-Insured Multifamily Housing Revenue Refunding Bonds Series 2014 to Refund and Redeem Certain Prior Issued FHA-Insured Multifamily Housing Revenue Bonds. 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 Mr. Pascal and seconded by Ms. Batties, Vice Chairperson. The Chairperson moved the meeting into a closed session at which time the DCHFA staff presented the transaction to the Board of Directors and the Board of Directors asked questions regarding the transaction.

IV. Re-open meeting.

The Chairperson reopened the meeting at 6:05 PM.

V. Consideration of DCHFA Resolution No. 2014-03 for the Approval of the Issuance of FHA-Insured Multifamily Housing Revenue Refunding Bonds Series 2014 to Refund and Redeem Certain Prior Issued FHA-Insured Multifamily Housing Revenue Bonds.

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

Mr. Sergei Kuzmenchuk, Chief Financial Officer, along with the financial advisor Caine Mitter and bond counsel Kutak Rock LLP, presented the transaction. Representatives from Caine Mitter included Tom Caine and Yamini Kalidindi and representatives from Kutak Rock included Alicia Terry.

Questions asked by the Board of Directors include the following:

- Please explain the general details of the transaction. Mr. Kuzmenchuk stated that the current bonds that finance the loans/transactions were originally issued as tax-exempt. The owners/borrowers for the projects are for profit and not for profit. The transaction before the Board for their consideration was to refinance the underlying tax exempt bonds with taxable debt, due to the more favorable environment for taxable debt. Once the refunding occurs, the DCHFA will realize a savings of approximately \$500,000 annually.
- When will the savings be realized? Mr. Kuzmenchuk stated that the annual savings will be realized subsequent to the closing on the refunding, which is expected to occur on or around June 1, 2014. For year one, the DCHFA will realize about one-third of the projected annual savings of \$500,000.
- How many projects are included in this transaction? Mr. Kuzmenchuk stated that the DCHFA is considering nine projects, ten loans.
- Discuss the procurement process/guidelines used on this transaction. Ms. Day-Marshall stated that the procurement guidelines provide for a procurement method that allows the DCHFA to accept unsolicited proposals in order to obtain innovative or unique methods or approaches to accomplishing the Agency's mission or goal. That provision in the guidelines allows the Agency to conduct an evaluation of the need for the proposal and determine if the services offered are unique and innovative enough to award a contract on this basis as well as on the basis of cost without full and open competition. The DCHFA team reviewed those unsolicited proposals and came to the conclusion that the proposal was unique and innovative enough to award a contract on that basis. This type

of deal has only been done twice in the multifamily sector and only Barclay's out of the three proposals that the staff reviewed has served as the lead underwriter on this type of transaction. So, the staff believes that they were the best choice to perform the underwriting for this transaction.

Tom Caine of Caine Mitter, financial advisor to the DCHFA on the transaction stated that Caine Mitter performed extensive analysis of each project and developed the financial cost savings analysis with Mr. Kuzmenchuk. In addition, three investment banking firms expressed interest in underwriting the bond transaction and Caine Mitter assisted with the solicitation drafting and the review of the submissions.

A motion 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. Interim Executive Director's Report.

- Discussion: First Quarter of Fiscal Year 2014 Budget Progress Report – Mr. Kuzmenchuk updated the Board on the first quarter financials and the Board of Directors asked questions.
- Government Affairs Update – Mr. Nkosi Bradley, Director of Government Affairs, updated the Board of Directors on local and federal government activities. A presentation was distributed at the previous meeting and Mr. Bradley entertained questions. The presentation primarily discussed local and federal legislative initiatives and the DHCD Super NOFA (Notice of Funding Availability). The Board of Directors asked Mr. Bradley to provide an update on the DC low income housing tax credit
- Additional items included in the Interim Executive Director's Report included the following:
 - i. Novogradac Affordable Housing Tax Credit Conference will be held on May 15 and 16th in New Orleans.
 - ii. NCSHA Tax Credit Conference will be held in Chicago in June 24-27th.

VII. Other Business.

- The Chairman stated that the ICSC conference was going to be held on May 18-20th. The Chairman would like the DCHFA to attend.
- Proposal for Real Estate Advisory Services – Ms. Batties, Vice Chairperson, shared the proposal for real estate advisory services with the Board of Directors and DCHFA leadership. In addition to the Board of Directors further reviewing the proposal, the staff will review the proposal and provide feedback to the Board of Directors. The matter will be revisited at the first meeting in May.
- Board Counsel Scope of Work - The Board of Directors agreed to extend the contract for the Board's attorney through the remainder of the fiscal year, September 30, 2014. The monthly not to exceed amount was increased to \$4,500 a month. In addition, the scope of work was modified.

VIII. Adjournment.

The meeting adjourned at 6:49 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary
April 18, 2014

Approved, as amended by the Board of Directors on April 22, 2014