DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
SPECIAL MEETING OF THE BOARD OF DIRECTORS
June 30, 2020
5:30 p.m.
Public Access Call-In Number: 202.777.1695
Pin: 71602

Minutes

I. Call to order and verification of quorum.

District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") Board Chairperson, Mr. Buwa Binitie, called the meeting to order at 5:33 p.m. and asked the Interim Secretary to the Board of Directors (the "Board"), Mr. Christopher Donald, to verify a quorum. With five members present, the Board had a quorum and the meeting continued.

The following members were present telephonically: Mr. Buwa Binitie, Mr. Stephen Green, Mr. Scottie Irving, Mr. Stanley Jackson, and Ms. Heather Howard.

II. Approval of the Minutes from the May 26, 2020 Board Meeting.

A motion was made to approve the minutes from the May 26, 2020 board meeting by Mr. Jackson. The motion was properly seconded by Ms. Howard.

Mr. Donald took a voice vote. The motion passed by a chorus of ayes.

Mr. Binitie made a statement regarding South Capitol Multifamily Supplemental and identified that his company, Dantes Partners, in 2017, was involved in the financing of the transaction. Mr. Binitie stated that Dantes Partners is not involved in this transaction to date, and has not been involved since the transaction closed in 2017.

III. Vote to close meeting to discuss 218 Vine Street NW Apartments, South Capitol Multifamily Supplemental, DC MAP COVID-19 Mortgage Assistance Program, Sole Source Selection of Answer Title for the DC MAP Covid-19 Mortgage Assistance Program, Sole Source Selection of Housing Counseling Services, Inc. for the DC MAP Covid-19 Mortgage Assistance Program, and the Multifamily Liquidity Facility.

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 **218 Vine Street NW Apartments, South Capitol Multifamily Supplemental, DC MAP COVID-19 Mortgage Assistance Program, Sole Source Selection of Answer Title for the DC MAP**

Covid-19 Mortgage Assistance Program, Sole Source Selection of Housing Counseling Services, Inc. for the DC MAP Covid-19 Mortgage Assistance Program, and the Multifamily Liquidity Facility. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

Mr. Binitie called for a motion to close the meeting. Ms. Howard made a motion to close the meeting. The motion was properly seconded by Mr. Jackson. The motion passed by a chorus of ayes.

The meeting was closed at 5:36 p.m. and re-opened at 6:38 p.m.

IV. Consideration of DCHFA Eligibility Resolution No. 2020-14 for 218 Vine Street NW Apartments.

Ms. Kristin Chalmers, Senior Multifamily Loan Underwriter, Multifamily Neighborhood Lending & Investments, presented the transaction to the Board. The Multifamily Lending and Neighborhood Investments ("MLNI") recommends an approval of an inducement resolution from the District of Columbia Housing Finance Agency's Board of Directors for the issuance of taxable and/or tax-exempt bonds in an amount not to exceed $28.4 million to finance the 218 Vine Street NW transaction (the "Project").

The project will consist of 129 affordable units dedicated to seniors 55 and older and will combine four percent and nine percent low income housing tax credits ("LIHTC"), commonly referred to as a twinning transaction.

Two separate assessment and taxation ("A&T") lots will be in place prior to closing in order to separate the interests between the four percent and nine percent tax credits. The developer, Jair Lynch Real Estate Partners, purchased the project site in August 2017, which is located in Ward 4, two blocks from the Takoma Metro Station. The four percent side of the transaction will include 49 efficiency units, 42 one bedroom units and one two bedroom unit. The units will be restricted to 30 percent, 50 percent and 60 percent of area median income ("AMI") or less. The nine percent side of the transaction will consist of 20 efficiency units, 15 one bedroom units and one two bedroom units. All units on the nine percent side of the transaction will be restricted to 50 percent of AMI or less. Twenty-four units will be reserved for Permanent Supportive Housing ("PSH") households.

The proposed scope of work includes the new construction of a five-story apartment building and below-grade parking. The building will consist of wood framing over concrete podiums.
Improvements include 25 parking spaces, a multi-purpose room, management office, office for PSH case workers, a library, a fitness facility and a landscaped courtyard. In-unit amenities will include central heating and air conditioning, dish washer, garbage disposal and Energy Star

appliances, and there will be one laundry room located on each floor. Additionally, the project will also comply with 2015 Green Communities Criteria.

On the operating side, the effective gross income is projected to be approximately $1.5 million in year one, based on an assumption of seven percent vacancy. Annual operating expenses are projected to be approximately $577,000 resulting in Net Operating Income ("NOI") of $576,865 in year one of stabilization which supports a permanent mortgage of $15.8 million with amortizing debt service of 1.15.

With regard to the transaction structure, Wells Fargo will be providing a construction loan for 30 months with a six month extension option. The construction loan will be priced at one month LIBOR plus a spread of 1.7 percent. Upon conversion, the construction loan will paid off with LIHTC equity and permanent financing of $15.8 million as a Freddie TEL. The Freddie TEL will have a 17 year term and 40 year amortization and is priced based on 10 year Treasury plus a spread of 274 basis points. The tax credit investor will be Wells Fargo who will paying an investor rate of 99 cents per one dollars of federal tax credits. Total LIHTC equity is projected to be just under $10 million on the four percent side and will be capped at $10.89 million on the nine percent side.

218 Vine Street NW Residential PJV Phase 2, LLC will be the owner and borrowing entity on the four percent transaction. 218 Vine Street NW Residential PJV LLC will be the owner and borrower on the nine percent transaction. Within each of these borrowing entities, the managing member will be comprised of LDP Holdings LLC and Housing Op. At closing, each borrowing entity will admit an affiliate of Wells Fargo as a 99.99 percent tax credit investor. LDP Holdings LLC will also serve as a guarantor for the transaction. Other members of the development team include Whiting Turner as a general contractor, WinnCompanies as the property manager and KTGY Architecture and Planning as the architect.

Ms. Chalmers concluded the presentation, and introduced members of the development team present on the board meeting conference call: Phuc Tran, Jair Lynch Real Estate Partners, Chapman Todd and Philip Heft from Housing Up.

Mr. Binitie stated for the record stating that he would like to see a stronger local firm presence on this transaction. Mr. Tran acknowledged the comment.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-14 for 218 Vine Street NW Apartments. Mr. Jackson made a motion on the resolution and Ms. Howard properly seconded the motion. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved.

V. Consideration of DCHFA Eligibility Resolution No. 2020-15 for South Capitol Multifamily Supplemental

Mr. Christopher Miller, Interim Vice President, Multifamily Neighborhood Lending & Investments, presented the transaction to the Board. The Multifamily Lending and Neighborhood Investments ("MLNI") underwriting staff requests a McKinney Act approval from the District of Columbia Housing Finance Agency's Board of Directors in an amount not to exceed $7.2 million to finance increased costs of the South Capitol Multifamily Project (the, "Project").

The Agency issued multifamily housing mortgage revenue bond series, 2017 A and B bonds, in the total amount of $30 million for the initial closing of the project in February 2017. South Capitol Multi-family is a 195-unit building in the Bellview neighborhood with units reserved for households earning between 30 and 60 percent of AMI. The project also includes retail space for a Good Foods market and an office space for the Advisory Neighborhood Commission 8D.

The project team consists of the Michaels Development Company as developer, JPMorgan Chase, N.A. as the debt provider and Bank of America, N.A. via Prestige Affordable Housing Fund XXIV as the tax credit equity provider.

CityInterests was a co-developer on the project when the initial bonds were issued, but have subsequently left the development team and Better Tomorrows, a non-profit founded by Michaels, is joining the development team. The project has encountered significant challenges that have increased the cost and delayed the delivery of the building. The most substantial cost increase and delays were due to concerns about the quality of the framing work performed by a subcontractor on the project. The original framing subcontractor was terminated for non-performance and entire areas of framing were required to be removed under supervision. A new local subcontractor was brought onboard to the project under the supervision of a more experienced framing contractor with experience for mediating prior work.

The delays in the framing work caused delays in some of the other skilled trades and a need to re-bid contracts. The project has also experienced delays and cost increase due to additional environmental contamination of the site, ground water issues and the COVID pandemic. Additional cost increases include construction period interest, costs associated with construction inspections and costs associated with the additional requested finance. The developer has funded the increased costs of the project with their own capital; however, the project no longer meets the 50 percent test and needs additional bonds prior to the redemption of the original Series B bonds on October 1, 2020. In order to meet this timeline, the supplemental bonds must be induced at this board meeting. The developer has indicated that pre-leasing on the project is underway and that the project has received over 2,000 applications for the units.

The first three floors of the project are substantially complete and move-ins are scheduled to begin in the middle of July. The two additional floors of residential units are expected to be completed by the end of July with move-ins beginning before the end of summer. The proposed loan structure for the additional bonds is the issuance of a Series C and Series D in an amount not to exceed $7.2 million that will be purchased by JPMorgan Chase in order for the project to meet the 50 percent test. The additional bonds are supported by a reduction in operating expenses due to the addition of the non-profit and increases in LIHTC rent from the original underwriting.

The tax credit equity provider, Bank of America, had indicated interest in providing additional equity to the project; however, it hasn't provided updated terms. A pro forma underwritten equity for the additional bond offering reduced the investor pay rate from 1.105 for a dollar per credit to reflect downward pricing adjustors and the additional credits generated via the increased bases. Ultimately, any gaps in the project will result in additional sponsor equity remaining in the project.

Mr. Miller concluded the presentation, opened the floor to questions, and introduced members of the development team present on the board meeting conference call: Nicholas Bracco from Michaels Development Company.

Mr. Binitie stated for the record that due to concerns from the Board regarding the transaction, the Board will require another meeting to discuss the transaction prior to approval of the Final Bond resolution.

Mr. Jackson asked Mr. Bracco if the personnel from the construction team will continue working on the Project. Mr. Bracco responded stating, "The entire construction team was removed and replaced in 2019. And the new team has been pushing the ball forward since then to get across the finish line."

Mr. Binitie inquired about the status of the development team's other DCHFA projects. Mr. Bracco responded stating, "The Ainger Place deal, 72 units have been completed on time and is in the process of leasing up currently and is within the budget parameters set at our initial closing." Mr. Bracco also acknowledged challenges with the South Capitol Multifamily transaction, and noted that that the development team is addressing and rectifying those issues.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-15 for South Capitol Multifamily Supplemental. Mr. Jackson made a motion to approve the resolution; the motion was properly seconded by Mr. Irving. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved.

VI. Consideration of DCHFA Resolution No. 2020-07(G) regarding the DC MAP COVID-19 Mortgage Assistance Program.

Mr. Monte Stanford, Agency Chief Operating Officer, presented the resolution to the Board. The District of Columbia Mortgage Assistance Program ("DC MAP") was created by the Agency last year to help District homeowners who were affected by the 2018 federal government shutdown. The Agency is utilizing the DC MAP framework to implement a program to respond to the COVID-19 pandemic. This new component is for district homeowners who have been affected by COVID-19 and helps those homeowners maintain mortgage payments.

The DC MAP COVID-19 Mortgage Assistance program will provide financial assistance, commencing with the April 1, 2020 payment for District homeowners who have been financially impacted by COVID-19 causing a loss of income. One million dollars in financial assistance will be made available to qualified homeowners in the form of a zero interest recourse loan secured by a deed of trust with a maximum monthly assistance of $5,000 per month for each homeowner for up to six months subject to monthly certification attesting to the need for ongoing assistance. A qualified homeowner means a District homeowner who is a District of Columbia resident financially impacted by COVID-19 and maintains his or her primary residence within the District. Qualified homeowners must have documentation or proof to reflect the homeowner is not eligible for forbearance through their current lender or servicer and reflect the mortgage payment was current as of March 1, 2020.

Additionally, the homeowner must also be at risk of default, potentially leading to foreclosure as in the original DC MAP program. The loan repayment will begin on the first day of the seventh month after the final assistance payment was made and will be amortized over a 36 month period.

The Agency recommends that the Board of directors approve the attached resolution implementing the DC MAP COVID-19 Mortgage Assistance Program.

Mr. Stanford concluded the presentation and opened the floor to questions.

There were no additional questions.

Mr. Binitie called for a vote to approve DCHFA Resolution No. 2020-07(G) regarding the DC MAP COVID-19 Mortgage Assistance program. Ms. Howard made a motion to approve the resolution and Mr. Jackson properly seconded the motion. Mr. Donald took a poll vote. The resolution was unanimously approved.

VII. Consideration of DCHFA Resolution No. 2020-09 (G) regarding the Sole Source Selection of Housing Counseling Services, Inc., for the DC MAP COVID-19 Mortgage Assistance Program.

Mr. Monte Stanford, Agency Chief Operating Officer, presented the resolution to the Board. DCHFA requests approval of the sole source justification for residential housing counseling services with Housing Counseling Services Inc. for the DC MAP COVID-19 Mortgage Assistance Program. The Agency has an urgent requirement for Housing Counseling Services to assist the Agency with applicant intake, eligibility determination, processing, and customer intake for the DC MAP COVID-19 Mortgage Assistance Program. The anticipated volume of applications for DC residents may far exceed the resources available at the Agency. Therefore, the Agency proposes to make a sole source award to Housing Counseling Services, Inc. in an amount not to exceed $1,000 per case that is determined to be eligible for mortgage assistance.

Pursuant to the Agency's procurement policies, sole source procurements may be used only when the justification falls within one or more of the following five criteria: (1) only one known source for acceptable supplies or service; no other supplies or services is compatible with the Agency's needs; (2) a unique experience, expertise, professional stature or key personnel which would render a competitive procedure futile; (3) a specific item is needed to be comparable or interchangeable with existing hardware as a spare or replacement hardware or equipment for the repair or modification of existing equipment and for technical evaluation testing; (4) the required items are proprietary to the contractor; and (5) unusual or compelling urgency. In this case, the rationale for this exception is unusual and compelling urgency due to the COVID-19 pandemic and the need to respond immediately to assist District homeowners.

Mr. Stanford concluded the presentation and opened the floor for questions. There were no questions.

Mr. Binitie called for a vote to approve DCHFA Resolution No. 2020-09 (G) regarding the Sole Source Selection of Housing Counseling Services, Inc., for the DC MAP COVID-19 Mortgage Assistance Program. Mr. Jackson made a motion to approve the resolution and Mr. Irving properly seconded the motion. Mr. Donald took a voice vote. The resolution was unanimously approved.

VIII. Consideration of DCHFA Resolution No. 2020-08 (G) regarding the Sole Source selection of Answer Title for the DC MAP COVID-19 Mortgage Assistance Program.

Mr. Monte Stanford, Agency Chief Operating Officer, presented the resolution to the Board. The second sole source justification is for Answer Title and Escrow for the DC MAP COVID-19 Mortgage Assistance Program. The Agency has an urgent requirement for Answer Title and

Escrow, a District of Columbia Department of Small and Local Business Development ("DSLBD") certified company to assist the Agency by providing settlement services for the DC MAP COVID-19 Mortgage Assistance Program.

The anticipated volume of applications for District residents may far exceed the resources currently available at the Agency. Therefore, DCHFA proposes to make a sole source award to Answer Title and Escrow in an amount not to exceed $850 per case. The Agency's rationale for this exception, as with the previous resolution, is an unusual and compelling urgency due to the COVID-19 pandemic and the need requiring the Agency to respond immediately to assist District homeowners.

Mr. Stanford concluded the presentation and opened the floor to questions. There were no questions.

Mr. Binitie called for a vote to approve DCHFA Resolution No. 2020-08 (G) regarding the sole source selection of Answer Title for the DC MAP COVID-19 Mortgage Assistance Program. Mr. Jackson made a motion to approve the resolution and Mr. Irving properly seconded the motion. Mr. Donald took a voice vote. The resolution was unanimously approved.

XI. Consideration of DCHFA Resolution No. 2020-10(G) regarding the Multifamily Liquidity Facility.

Mr. Steve Clinton, Chief Financial Officer presented the resolution to the Board. The Agency is seeking approval of a five million dollar COVID-19 related Multifamily Liquidity Fund (the, "Fund") as described in the memo presented in writing to the Board.

The purpose of the Fund is to help projects in the Agency's portfolio that have been hit with large rent reductions associated with high unemployment related to COVID-19. The Agency proposes funding the five million dollars from DCHFA to create a backup Fund for loans to be made to project sponsors on projects in our portfolio. The primary source of short-term financial assistance will be expected to be existing bondholders on the projects. The borrowers will first show financial information that demonstrates that rent collections have dropped and that they are related to COVID-19 impacting their operating income results. The borrowers must also demonstrate good faith efforts to obtain help from their bondholders associated with the project. In circumstances where both of those have been met and the need has been demonstrated, DCHFA will potentially step in and use our liquidity fund for loans the project sponsors.

The loan will be limited to five percent of the fund to any specific project sponsor and will be disbursed in three draws. The loan will be charged interest of LIBOR plus 200 with an upfront fee of a half a percent or $5,000, whichever is higher. The loan will be repayable as a balloon one year from the last draw and interest only will be payable monthly. The loan can be used to cover operating expenses.

All properties in our multifamily portfolio that are in permanent stage for post construction lease-up phase will be eligible. The loans will not be collateralized but will require personal and corporate guarantees from the project sponsor. DCHFA will manage and administer the loan to including but not limited to activities involving: underwriting, legal documentation, servicing and other loan management obligations.

DCHFA currently has five properties in various stages of seeking short-term financial assistance through either changes to reserves, forbearance or other solutions. In all five instances, the bondholders involved have shown willingness to work with our project sponsors.

Mr. Clinton concluded the presentation and opened the floor for questions. There were no questions.

Mr. Binitie called for a vote to approve DCHFA Resolution No. 2020-10(G) regarding the Multifamily Liquidity Facility. Mr. Jackson made a motion to approve the resolution and Ms. Howard properly seconded the motion. Mr. Donald took a poll vote. The resolution was unanimously approved.

X. Other Business.

Mr. Donald recognized the efforts of Agency employees. Mr. Donald stated that the Agency was approved today for the second year in a row as the winner for the, "Best and brightest companies to work for in the Nation program". The Agency thanks Ms. Heather Hart, DCHFA Human Resources Director for her efforts in securing the award.

Additionally, Ms. Susan Ortiz, DCHFA Public Relations Associate, created an excellent video about home ownership. Finally, Mr. Donald recognized the DCHFA team for continuing their hard work during the COVID-19 pandemic.

XI. Interim Executive Director's Report.

There was no Interim Executive Director's Report.

XII. Adjournment.

Mr. Binitie called for a motion to adjourn the meeting, following adjournment the Board will transition into Executive Session. Ms. Howard made a motion to adjourn the meeting and that motion was properly seconded by Mr. Jackson.

Mr. Binitie took a voice vote. The motion passed by a chorus of ayes.

The meeting was adjourned at 7:30 p.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on July 24, 2020.

Approved by the Board of Directors on July 28, 2020.