

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

July 28, 2020

5:30 p.m.

Minutes

Public Access Via ZOOM

<https://dchfa.zoom.us/j/89286072797?pwd=Kys0RlpuUE5KamFSZHpJYmVyRmZFdz09>

Meeting ID: 892 8607 2797

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I. Call to order and verification of quorum.

District of Columbia Housing Finance Agency (“DCHFA” or the “Agency”) Board Vice Chairperson, Mr. Stephen Green, called the meeting to order at 5:31 p.m. and asked the Interim Secretary to the Board of Directors (the “Board”), Mr. Christopher Donald, to verify a quorum. With three members present, the Board had a quorum and the meeting continued.

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

II. Approval of the Minutes from the June 30, 2020 Special Board Meeting.

A motion was made to approve the minutes from the June 30, 2020 special board meeting by Mr. Irving. The motion was properly seconded by Ms. Howard.

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

III. Vote to close meeting to discuss 2442 MLK Avenue SE, and a Credit Line with Industrial Bank in an Amount not to Exceed \$5 Million for the Agency's HPAP Program.

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 **2442 MLK Avenue SE, and a Credit Line with Industrial Bank in an Amount not to Exceed \$5 Million for the Agency's HPAP Program**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

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

The meeting was closed at 5:34 p.m. and re-opened at 5:57 p.m.

IV. Consideration of DCHFA Eligibility Resolution No. 2020-17 for 2442 MLK SE.

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 \$30.4 million to finance the 2442 MLK Ave. SE transaction (the "Project").

The Project is located in Anacostia's MLK Corridor, approximately 500 feet from the entrance to the Anacostia Metrorail Station in Ward 8. The Sponsor team, which is comprised of MidAtlantic Realty Partners and Taylor Adams Associates, entered into a development agreement on October 7, 2017 with Bethlehem Baptist Church to develop the Project site. As noted in the development agreement, the Sponsor will compensate Bethlehem Baptist Church

as the landowner by depositing in escrow the sum of the land value less any advancement payments the developer has made to support church improvements. Once the escrow amount has been funded, it will be immediately available for the landowner to draw upon in order to perform the church improvements. The site currently consists of three separate tax lots which will be consolidated into a single tax lot of record prior to closing. An A&T lot structure will be in place to separate the Church from the Project allowing the church to maintain its tax exemption status. The unit mix for the Development will consist of 24 one-bedroom units, 57 two-bedroom units, and 31 three-bedroom units all of which will be affordable at 50% or 30% of the Area Median Income (“AMI”). Six units will be Permanent Supportive Housing (“PSH”) units and will be supported by a project based Local Rent Subsidy Program (“LRSP”) contract. Community Connections of DC will be providing supportive services for the PSH units.

Property amenities will include a business center, community room, on-site management, intercom system, and video surveillance. Amenities inside of the units will include central air conditioning, coat closet, washer/dryer, dishwasher, microwaves, oven, and refrigerator. There will also be a secure at-grade parking garage with 49 free parking spaces.

The capital stack for the Development will consist of permanent financing of \$12.9 million, a \$21.1 million Department of Community Development (“DHCD”) Housing Production Trust Fund (“HPTF”) loan, \$16.2 million in low income housing tax credit (“LIHTC”) equity, and a \$1.7 million deferred developer fee. Total development cost for the Project is approximately \$52 million or \$464,110 per unit.

The developer has not committed to a lender at this point but is contemplating a private placement with JP Morgan Chase or a Freddie TEL execution with KeyBank. Raymond James will be the LIHTC investor for the transaction and will be paying an investor rate of \$0.9625 per \$1.00 of federal tax credit.

The effective gross income is projected to be approximately \$1,734,736 in year one based on an assumption of 5% vacancy. Annual operating expenses are projected to be \$923,727 resulting in Net Operating Income (“NOI”) of approximately \$811,000 in year one which supports a permanent mortgage of \$12.9 million with amortizing debt service of 1.15 in year one.

The owner and borrowing entity for the transaction will be 2442 MLK LLC. The 0.01% managing member is 2442 MLK Operator LLC and consists of MRP Partners LLC and Taylor Adams Associates. At closing, 2442 MLK LLC will admit a 99.99% tax credit investor member

into the partnership to facilitate the LIHTC equity investment. MRP will be the guarantor of the Project.

Ms. Chalmers concluded the presentation and introduced members of the development team present on the board meeting conference call: Jordan Bishop with Audubon Enterprises David Jannarone with Taylor Adams Associates, and Matthew Robinson and Vincent Tung with MRP.

Mr. Irving asked about the community benefits package with the church. Mr. Jannarone responded that it is a ground lease where the church will be paid in full for the land and then the church is going to use that funding to renovate and expand the existing church. It would not necessarily be considered a community benefits package.

Mr. Irving also inquired about community services. Mr. Jannarone agreed to have a clearer picture of community services upon return to the Board for final bond approval.

There were no additional questions.

Mr. Green called for a vote to approve DCHFA Eligibility Resolution No. 2020-17 for 2442 MLK SE. Mr. Irving 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 Resolution No. 2020-11(G) for a Credit Line with Industrial Bank in an Amount not to Exceed \$5 Million for the Agency's HPAP Program.

Mr. Steven Clinton, Agency Chief Financial Officer, presented the resolution to the Board. The Agency is seeking approval to increase a line of credit with Industrial Bank from \$3 million to \$5 million in order to primarily support the Agency's administration of the DC Department of Housing and Community Development's ("DHCD") Home Purchase Assistance Program ("HPAP") for down payment assistance.

The HPAP funding process requires the Agency to fund the down payment assistance loans up front and bear the administrative costs of the loans. The Agency then seeks reimbursement for

the loans and the administrative costs which creates a lag. The Agency utilizes the Industrial Bank line of credit to assist with financing the HPAP program. In general, the \$3 million line of credit has been sufficient. However, there have been situations where, due to an increase in loan volume and slow reimbursement, the Agency has exceeded the \$3 million line of credit. As a result, the Agency has tapped a second line of credit with PNC Bank as a backup to support HPAP. However, the PNC line of credit has been closed due to PNC reviewing its business model because of COVID-19. Therefore, the Agency is seeking a modest increase in the Industrial Bank line of credit to ensure that there are funds available to cover the HPAP program.

The Agency recommends that the Board of directors approve the credit line with Industrial Bank in an amount not to exceed \$5 million to support the Agency's HPAP Program.

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

There were no additional questions.

Mr. Green called for a vote to approve DCHFA Resolution No. 2020-11(G) regarding a credit line with Industrial Bank in an amount not to exceed \$5 million for the Agency's HPAP Program. Mr. Irving 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.

VI. Other Business.

There was no other business.

VII. Interim Executive Director's Report.

There was no Interim Executive Director's Report.

VIII. Adjournment.

Mr. Green called for a motion to adjourn the meeting. Mr. Irving made a motion and that motion was properly seconded by Ms. Howard.

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

The meeting was adjourned at 6:10 p.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on August 7, 2020.

Approved by the Board of Directors on August 11, 2020.