

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
MEETING OF THE BOARD OF DIRECTORS
October 27, 2020
5:30 p.m.**

Minutes

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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 5:32 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 September 22, 2020 and September 25, 2020 Board meetings.

A motion was made to approve the minutes from the September 22, 2020 and September 25, 2020 board meetings by Ms. Howard. The motion was properly seconded by Mr. Irving.

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

III. Vote to close meeting to discuss Sursum Corda.

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 **Sursum Corda**. 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 5:26 p.m. and re-opened at 6:04 p.m.

IV. Consideration of DCHFA Final Bond Resolution No. 2020-24 for Sursum Corda.

Ms. Kristin Chalmers, Interim Director, Multifamily Neighborhood Lending & Investments ("MLNI"), presented the transaction to the Board. MLNI underwriting staff requests the approval of a final bond resolution from the DCHFA Board of Directors for the issuance of tax exempt bonds in an amount not to exceed \$23 million to finance a portion of the costs to build 118 affordable units out of 561 total units for the Sursum Corda project (the "Project").

The development team purchased the property for \$19.6 million from the Sursum Corda Cooperative Association on August 25, 2017. The development site has been going through the Planned Unit Development ("PUD") zoning approval process. The first stage PUD was approved on May 6, 2016. The second stage PUD has been approved by the Zoning Commission and was published by the Office of the Attorney General on March 13, 2020. The site was previously the location of Sursum Corda, a residential community consisting of 199 units constructed in 1968. At the time of the PUD-1 application, 136 of the 199 units were occupied by residents of the Sursum Corda community. When the property was demolished, the existing residents were provided with housing vouchers and relocated offsite. The PUD stipulates that the development shall provide for reserved units for returning Sursum Corda households.

The affordable project will include 118 units, income restricted at 30 percent, 50 percent, and 80 percent of Area Median Income ("AMI"). The unit mix of the affordable units will consist of 38 one bedroom units, 47 two bedroom units, 27 three bedroom units, and six four bedroom units. The development has elected income averaging as the minimum set aside. The capital stack for the total development, including both the market and affordable condos will consist of permanent financing in the amount of \$23 million as a Freddie-Tel, \$143.7 million as a taxable Freddie permanent loan, \$15.7 million low income housing tax credit ("LIHTC") equity, \$36.75 million in sponsor equity, and \$3.7 million in deferred developer fee. The total development cost is \$225.4 million or approximately \$402,000 per unit inclusive of acquisition, hard and soft costs, developer and financing fees as well as reserves and escrows.

TBSC Owner I, LLC is the market owner and will be the borrowing entity for the transaction upon conversion. The borrower entity is wholly owned by TBSC Venture, LLC which will be co-managed by First Street GSLM, LLC and Toll Apartments, LP. First Street GSLM, LLC will

be wholly owned by GSLM II Capital Partners, LLC, an existing joint venture fund between Goldman Sachs Urban Investment Group and L&M Development. The remaining members of the development team consist of Harvey Cleary Builders as the general contractor, Ellisdale Construction as the construction manager, WDG Architecture as the architect, Toll Brothers as the property manager, and Mount Airy in Action as the resident services provider.

Ms. Chalmers concluded the presentation, opened the floor for questions and introduced members of development team present on the Board meeting call: Jonathan Cortell and Julia Telzak with L&M Development Partners, Brad Thompson and Bryan Oos with Toll Brothers, and Lonnie Durren with the tenants association.

Mr. Green asked the development team the plan if the development team is unable to fill the units with the former Sursum Corda residents or if former residents choose not to move back? Mr. Cortell responded that the development team is working with Lonnie and the co-op to address a construction and use covenant that is currently on the property. The existing covenant has stipulations for a waitlist to be available to those who lived at Sursum Corda. Once the waitlist is filled from Sursum Corda head of households then the development team will market the Project to the larger universe. Additionally, Mr. Durren responded stating that the co-op will adhere to the construction covenant regarding the time frame for leasing and residents returning to the Project.

Mr. Green also asked which entity will be monitoring the process in the event a former resident no longer has a voucher? Mr. Cortell stated that the compliance monitoring will be handled by L&M Development Partners.

Mr. Jeffery Cooper, DCHFA Vice President, Portfolio and Asset Development requested that Mr. Durren share the waitlist discussed with the Agency. Additionally, the Board stated they will require the "Tenant Selection Plan" to be finalized prior to closing on the Project.

Ms. Howard asked if the community park located on the property is permanent or temporary during development? Mr. Cortell stated the park is permanent and required by the PUD.

Mr. Green asked if the development team is confident they will receive the market rents described in the memo? Mr. Cortell responded stating, "I think this is a substantive community development enterprise, right, where they have the ability to transform it over time with the full build out of 1,200 units."

Mr. Irving asked Mr. Durren about their CBE and SBE plans. Mr. Cortell responded that their team has been working with Mr. Durren to ensure residents have an opportunity to participate. He also noted the development team will be signing CBE and First Source Agreements. Mr. Durren also noted that he is working in the community to ensure residents from the neighborhood have access to jobs.

There were no further questions.

Mr. Green called for a vote to approve DCHFA Final Bond Resolution No. 2020-24 for Sursum Corda. Mr. Irving made a motion to approve the resolution; the motion was properly seconded by Ms. Howard. Mr. Donald took a poll vote because the Agency is committing volume cap. The resolution was unanimously approved.

V. Other Business.

There was no other business.

VI. Interim Executive Director's Report.

There was no Interim Executive Director's Report.

VII. Adjournment.

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

The motion passed by a chorus of ayes.

The meeting was adjourned at 6:54 p.m.

Submitted by Christopher E. Donald, Interim Secretary to the Board of Directors on November 6, 2020.

Approved by the Board of Directors on November 10, 2020.