

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**BOARD OF DIRECTORS**  
**September 10, 2019**  
**815 Florida Avenue, NW**  
**Washington, DC 20001**  
**5:30 p.m.**

**Minutes**

**I. Call to order and verification of quorum.**

District of Columbia Housing Finance Agency (“DCHFA” or the “Agency”) Board Chairman Buwa Binitie called the meeting to order at 5:38 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With only two members present, the Board did not have a quorum. The members decided to move forward with the board meeting, with the understanding that they would establish a quorum before taking action on any matters before the Board.

The following members were present: Buwa Binitie, and Bryan “Scottie” Irving (telephonic).

**II. Discussion: Review of DCHFA Third Quarter Interim Financials.**

Angela Tibbs, DCHFA Senior Director of Financing Planning Analysis, presented the third quarter financials to the Board. Ms. Tibbs stated that during the second quarter the Agency had lowered its revenue projections by \$815,000, but recently the Agency closed on transactions that the Agency did not anticipate closing. The Agency closed The Strand, Providence Place Apartments, and 3500 East Capitol, and the Agency may close Randle Hill Apartments. With respect to interest earned on investments, Ms. Tibbs stated that the Agency is projecting \$200,000 more than budgeted, and she stated the Agency has increased the “other income” category of revenues by \$450,000. Ms. Tibbs stated that personnel costs are down by \$200,000 and the costs of professional services are down by \$250,000.

Mr. Binitie asked about the increase in revenue in the “other income” category, and Ms. Tibbs introduced Jeffery Cooper, DCHFA Director of Portfolio and Asset Management (PAM) to explain. Mr. Cooper stated that the “other income” consists of fees for post-closing transactions.

Mr. Lee explained that in accordance with the Agency's loan documents, the Agency has the right to charge a fee for any post-closing actions that require the consent of the Agency. Many of the most recent fees resulted from the acquisition of the Forest City project, which involved the transfer of various ownership interests in the project, which PAM had to underwrite and ultimately consent to. Mr. Lee further explained that the Agency is going to enumerate a fee schedule in its loan documents in the near future, which DCHFA staff will be presenting to the Board.

Mr. Lee stated that the Agency is on track with respect to revenue, and stated that the Agency is going to come in slightly over what was forecasted at the beginning of the year from a net income standpoint. Moreover, Mr. Lee explained to Mr. Binitie that the additional income that the Agency has received from the interest earned on its investments is a result of changes to the way the Agency holds its cash. Also, Mr. Lee added that the Agency was recently granted an upgrade in its credit rating from A to A+.

Mr. Lee handed out the draft 2020 DCHFA Budget to the Board members, and announced that it will be formally presented at the next and upcoming DCHFA Board meeting.

Stephen Green joined the meeting, which established a quorum.

## **II. Approval of the Minutes from the August 13, 2019 Board Meeting.**

A motion was made to approve the minutes from the August 13, 2019 board meeting by Mr. Irving. The motion was properly seconded by Mr. Green.

The motion passed by a chorus of ayes.

## **III. Vote to close meeting to discuss Randle Hill Apartments, Hanover Courts and Tivoli Gardens, the renewal of the contract with Goldblatt Martin Pozen LLP to serve as outside legal counsel to the Agency's Board of Directors, and the award of a contract to Partners for Economic Solutions to provide construction study services to the Agency.**

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors, Mr. Binitie 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 **Randle Hill Apartments, Hanover Courts and Tivoli Gardens, the renewal of the contract with Goldblatt Martin Pozen LLP to serve as outside legal counsel to the Agency's Board of Directors, and the award of a contract to Partners for Economic Solutions to provide construction study services to the Agency.** An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

A motion to close the meeting was made by Mr. Irving, seconded by Mr. Green and was followed by a chorus of ayes.

The meeting was closed by unanimous consent at 5:53 p.m. and resumed at 7:47 p.m.

#### **IV. Consideration of DCHFA Eligibility Resolution No. 2019-19 for Hanover Courts and Tivoli Gardens.**

DCHFA Underwriter, Ksenia Camacho, presented the transaction and information to the Board and recommended that the Board approve and adopt an inducement resolution for the issuance of tax exempt bonds in an amount not to exceed \$19,375,000 to finance a portion of the costs to rehabilitate 41 units at Hanover Courts and 49 units at Tivoli Gardens, in support of a 90-unit scattered site development.

The transaction will combine 9 percent and 4 percent low income housing tax credits (LIHTC), commonly known as a "twinning" transaction. The 4 percent LIHTC transaction will include 90 units, including all 49 units at Tivoli Gardens and 41 units out of the 82 total units at Hanover Courts.

The balance of the Hanover Courts units will be comprised of 41 units on the 9 percent side of the transaction. The unit mix of the project will include 49 one bedroom units, 33 two bedroom units and eight three bedroom units for a total of 90 units.

Eight units will be restricted to residents earning 30 percent or less of Area Median Income (AMI), with four of the eight units to receive Local Rent Supplement Program (LRSP) vouchers with Permanent Supportive Housing (PSH) wrap-around services.

Twenty-nine units will be restricted to residents earning 50 percent of AMI or less, and 53 units are restricted to residents earning 60 percent of AMI or less.

When the previous owner for Hanover Courts placed the property for sale, Tenant Opportunity to Purchase Act (TOPA) requirements were triggered. The Hanover Courts Tenant Association assigned their TOPA rights to Hanover Court Owner, LLC (JV), a joint venture between Manna Inc., Edmonson and Gallagher Property Services, LLC and Equity Plus Manager LLC. The JV acquired the property on May 17, 2017 from Hanover Courts Apartments LLC for \$5,450,000 with the use of a loan from the Low Income Investment Fund and a Housing Production Trust Fund (HPTF) acquisition loan. Forty-one units at Hanover will be transferred to the 4 percent LIHTC owner, PB HanTiv Owner LLC (the “Borrower”).

Hanover Courts was awarded \$1.1 million in 9 percent LIHTC in the fall 2017 District of Columbia Department of Housing and Community Development (DHCD) funding round. Hanover Courts and Tivoli Gardens were then combined into a twinning transaction after Tivoli Gardens was awarded in the DHCD summer 2018 round.

The capital stack for the 4 percent LIHTC portion of the development will consist of permanent financing in the approximate amounts of \$6.9 million as a HUD 221(d)(4) senior mortgage loan, \$15.1 million in DHCD HPTF acquisition and permanent financing funds, \$10.1 million in LIHTC, and \$997,000 in deferred developer fees.

The total development cost is \$33,187,420, which equals \$368,749 per unit, inclusive of acquisition debt repayment, hard and soft costs, developer and financing fees, reserves, and escrows.

Due to the timing of the LIHTC equity contributions, the Borrower will need a bridge loan in an amount between \$5.5 and \$7 million. The developers obtained a term sheet for the bridge loan from Cedar Rapids Bank and Trust.

As described above, PB Han Tiv Owner LLC will be the owner and borrowing entity in the transaction; the 0.01% managing member is PB Han Tiv MM, LLC, which will be owned through affiliated entities Manna, Inc., TM Associates, and Equity Plus Manager, LLC. Manna Inc., a subsidiary of TM Associates named REBJ, Inc., and Equity Plus Manager LLC will be the guarantors of the project.

At closing, the Borrower will admit a 99.9% tax credit investor member, an affiliate of R4 Capital, LLC, into the limited liability company to facilitate the LIHTC equity investment.

The remaining members of the development team consist of Whiting-Turner Contracting Co., as the general contractor, Atelier Architects, as the project architect, TM Associates Management, Inc. as property manager, and Miriam's Kitchen, as the PSH service provider.

There were no questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Eligibility Resolution No. 2019-19; that motion was properly seconded by Mr. Irving. The Board took a poll vote because the Agency is committing volume cap.

The motion was unanimously approved by Mr. Binitie, Mr. Green, and Mr. Irving and Resolution No. 2019-19 was passed.

**V. Consideration of DCHFA Final Bond Resolution No. 2019-18 for Randle Hill Apartments.**

DCHFA Underwriter, Kristin Chalmers, presented the transaction and information to the Board and recommended that the Board approve a final bond resolution, authorizing the issuance of tax exempt bonds, in an amount not to exceed \$31.25 million, for the Randle Hill Apartments project.

DCHFA's Board previously approved an inducement resolution on January 11, 2019. The sponsor, Randle Hill, LLC, purchased the property in November 2016 after tenants waived their TOPA rights.

The managing member is CPDC Randle Hill, LLC, which is comprised of Community Housing, Inc. and Arlington Housing Corporation. The proposed project is a substantial rehabilitation in an existing community situated on approximately five acres of land and housing 17 buildings containing 195 units.

With regard to the transaction structure, the project will be financed through the issuance of \$25 million in short and long term tax exempt bonds.

Bank of America will be providing a 24 month construction loan, based at one month LIBOR, plus 210 basis points, which will be paid off at the end of the construction term, using LIHTC equity.

DCHFPA will be extending a \$17.3 million 50/50 HUD Risk Share permanent loan, with a 17 year term and 40 year amortization. The loan will be limited to 85 percent of the value of the property.

The developer will be electing income averaging, which is a new minimum set aside, included in the 2019 LIHTC Qualified Allocation Plan for the District of Columbia.

Twenty units are currently projected to be restricted to residents earning 80 percent of the AMI or less, and the remaining LIHTC units will be restricted to residents earning 60 percent of the AMI or less.

The guarantor for the transaction is Community Preservation and Development Corporation, (CPDC). In January of 2018, CPDC announced that they will be merging with Enterprise Homes. The two will combine by January 2020 to form Enterprise Community Development (ECD), a subsidiary of Enterprise Community Investment.

ECD will be governed by one board of directors. However, CPDC will continue to report financials on a standalone basis. The standalone entity will continue to serve, as a guarantor, after the merger is complete in January of next year.

Ms. Chalmers introduced two members of the development team - Christopher LoPiano and Stacie Birenbach, from CPDC.

Mr. Binitie asked for a high-level overview of the scope of work being performed at the property. Ms. Birenbach explained, among other things, that the developer will be upgrading certain mechanical systems, including the individual HVAC units in the residential units and select hot water heaters. With respect to electrical systems, Ms. Birenbach explained they are upgrading and relocating the electrical panels, and performing asbestos abatement work throughout the project.

Mr. Green expressed his concern regarding the rents; he stated that in his view the rents are at the maximum levels, and he does not think there is a lot of room for any increase to the operating expenses.

As a result of Mr. Green's concerns, Mr. Binitie proposed a modification to the deal structure as a condition to the Agency's approval of the final bond resolution: the Agency is now

requiring the Borrower to achieve a debt-service coverage ratio (DSCR) of 1.20 in order to convert, and to maintain a DSCR of 1.15 during operations.

There were no additional questions related to the transaction.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Final Bond Resolution No. 2019-18 for Randle Hill Apartments; that motion was properly seconded by Mr. Irving. The Board took a poll vote because the Agency is committing volume cap.

The motion was approved by Mr. Binitie, Mr. Green, and Mr. Irving and Resolution No. 2019-18 was passed.

**VI. Consideration of DCHFA Resolution No. 2019-11(G) regarding the renewal of the contract with Goldblatt Martin Pozen LLP to serve as outside legal counsel to the Agency's Board of Directors.**

DCHFA General Counsel, Michael Hentrel, presented the information to the Board and recommended that the Board approve a resolution regarding the renewal of the contract with Goldblatt Martin Pozen LLP (Goldblatt), to serve as outside counsel to the Board of Directors.

In 2013, the Board adopted a resolution selecting Goldblatt as the outside legal counsel to the Board. Since that time, Goldblatt, through Mr. Pozen, has provided timely and efficient outside legal counsel services to the Board.

During FY 2019, the Board paid approximately \$32,000 to Goldblatt for its representation of the Board. The Board renews the contract annually and the staff is bringing this year's renewal for fiscal year 2020 to the Board.

The subject renewal contemplates a continuation of the current hourly rate of \$425 per hour. The renewal also retains the current monthly billing rate cap of \$4,500.

There were no questions related to the matter.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Resolution No. 2019-11(G) regarding the renewal of the contract with Goldblatt Martin Pozen LLP to serve as outside legal counsel to the Agency's Board; that motion was properly seconded by Mr. Irving.

The motion was approved by the Board and Resolution No. 2019-11(G) was passed.

**VII. Consideration of DCHFA Resolution No. 2019-12(G) regarding the award of a contract to Partners for Economic Solutions to provide construction study services to the Agency.**

DCHFA Senior Manager of Procurement and Corporate Resources, Keami Estep, presented the transaction and information to the Board and recommended that the Board approve a resolution regarding the award of a contract to Partners for Economic Solutions to provide construction study services to the Agency.

The Agency initiated a competitive procurement in July 2019 to obtain proposals from qualified vendors to conduct a study of development costs by building typology, affordability, and the impact of public policy on the costs of residential development in the District of Columbia.

This contract will be in collaboration with DHCD and the DC Office of Planning. The Agency is working to initiate a memorandum of understanding (MOU) with those two departments that will govern the management of the engagement going forward.

In accordance with the Agency's procurement guidelines, the Agency published the request for proposals (RFP) and posted it on the DCHFA website. The RFP was published in The Washington Post, as well as The Washington Informer.

The proposals were due to the Agency on August 15, 2019 and the Agency received two proposals.

The two proposals were evaluated based on the following criteria: qualifications of the team and experience, past performance, project understanding, project approach, project work plan, and the costs to the agencies.



Based on the independent evaluations of the three members of the evaluation committee comprised of one member from DCHFA, one member from DHCD, and one member from the DC Office of Planning, the committee selected Partners for Economic Solutions to be the awardee.

The Agency seeks approval to award a contract to Partners for Economic Solutions for the construction study services in the amount of \$64,190 for the base year, with three one-year option periods to renew. This award will be contingent on the full execution of a MOU with the other agencies.

Mr. Binitie stated that the Board would like to modify the resolution as drafted to identify a local partner to work with Partners for Economic Solutions to produce the study, and provide an in-depth analysis on the costs.

There were no additional questions or comments related to the matter.

Mr. Binitie called for a motion on the resolution. Mr. Green made a motion to approve DCHFA Resolution No. 2019-12(G) regarding the award of a contract to Partners for Economic Solutions to provide construction study services to the Agency. That motion was properly seconded by Mr. Irving.

The motion was approved by the Board and Resolution No. 2019-12(G) was passed.

## **V. Other Business.**

There was no other business.

## **VI. Executive Director's Report.**

- Mr. Lee announced that the Agency is going paperless with respect to Board communications. The Agency plans to purchase licenses from a software company called BoardBookIt. Mr. Lee stated that Karen Harris, the Agency's Executive Assistant, will be reaching out to the Board members regarding scheduling training in the next couple of weeks.
- Mr. Lee announced a new hire to the Portfolio and Asset Management team – Sidney Vass, who was previously employed with M&T Bank in Baltimore.

**VII. Adjournment.**

Mr. Binitie called for a motion to adjourn.

A motion to adjourn the meeting was made by Mr. Green and seconded by Mr. Irving.

The motion was approved by a chorus of ayes.

The meeting adjourned at 8:27 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on October 4, 2019.

Approved by the Board of Directors on October 8, 2019.