

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

October 28, 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 Vice-Chairman, Stephen Green, called the meeting to order at 5:37 p.m. and asked the Secretary to the Board of Directors (the “Board”), Mr. Todd Lee to verify a quorum. With three members present, the Board had a quorum, and the meeting continued.

The following members were present: Buwa Binitie (telephonic), Stephen M. Green (telephonic), Bryan “Scottie” Irving (telephonic), and Stanley Jackson (telephonic).

II. Approval of the Minutes from the September 24, 2019 and October 8, 2019 Board Meetings.

A motion was made to approve the minutes from the September 24, 2019 and October 8, 2019 board meetings by Mr. Jackson. The motion was properly seconded by Mr. Green.

The motion passed by a chorus of ayes.

III. Discussion: Review of DCHFA Insurance Policy Coverages.

Keami Estep, DCHFA Senior Manager, Procurement and Corporate Resources presented the information to the Board. Ms. Estep stated that the Agency currently has seven active insurance policies, with one still being underwritten - the Agency’s cybersecurity and network security privacy policy. The Agency’s insurance policies are as follows:

- Worker’s compensation policy
 - Policy covers any claims that result from workplace accidents or damages involving the Agency’s employees at the Agency’s office building at 815 Florida Avenue, NW (the “Building”)

- Coverage amount - \$500,000 per occurrence
- Business Owner's Policy
 - Policy covers the Building's infrastructures including the garage, all of the Agency's equipment, furniture, assets, records, as well as the Agency's business income and expenses
 - Coverage amount - \$100 million per occurrence
- Commercial Automobile Policy
 - Policy covers all three of the Agency's vehicles, and covers the 15 employees who are authorized to drive Agency vehicles
 - The policy provides full coverage
- Directors, Officers, and Employment Liability Policy (all under one policy)
 - Directors and Officers Liability Coverage
 - Policy covers any negligent acts or omissions of Agency directors and/or officers that may result in a lawsuit against the Agency by any of its stakeholders
 - This policy covers the Board, the Agency's officers, and the Agency's employment practices
 - The policy contains two coverages: i) personal coverage for each individual officer and director and ii) corporate coverage for the Agency itself
 - Coverage amount is one million dollars per occurrence
 - Employment Liability Coverage
 - Policy covers the Board, the Agency's officers, and the Agency's employment practices against wrongful termination, discrimination, or sexual harassment claims brought by current or former employees
 - Coverage amount is also one million dollars per occurrence
- Fidelity and Crime Insurance Policy
 - Policy covers the Agency against losses due to employee dishonesty, credit card forgery, computer fraud and theft, and the disappearance or destruction of property
 - Coverage amount is one million dollars per occurrence
- Public Entity Employee Benefit Plan and Trustee Fiduciary Liability Policy
 - Policy covers the Agency's 457(b) Plan & Trust
 - Coverage amount is one million dollars
- Professional Liability Insurance Policy

- Policy covers professionals for negligence and errors and omissions that injure the Agency's clients
- The Agency has a couple of specialties under its professional liability policy – there is a general policy; but there is also one specific to the Agency's attorneys, and one for bankers and lenders since the Agency is considered a banking and lending institution
- Coverage amount is one million dollars per occurrence
- Cyber Network Security & Privacy Policy
 - Policy covers the Agency for defense costs and damages suffered by the Agency's clients and employees for injuries resulting from failure to protect personally identifiable information, failure of computer security, network security, and data breaches.
 - Coverage amount – TBD

Ms. Estep concluded her presentation. There were no questions or comments from the Board.

IV. Vote to close meeting to discuss 1550 First Street.

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 **1550 First Street**. An open meeting would adversely affect matters related to the Agency. (D.C. Code §2-575(b)(2)).

Mr. Irving joined the meeting via telephone.

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

The meeting was closed by unanimous consent at 5:47 p.m. and resumed at 6:03 p.m.

V. Consideration of DCHFA Eligibility Resolution No. 2019-23 for 1550 First Street.

DCHFA Underwriter, Kristin Chalmers, presented the transaction 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 \$24,688,000 for the 1550 First Street project.

The Board previously approved an eligibility resolution authorizing the issuance of taxable and/or tax exempt bonds or obligations as part of the Agency's Convertible Option Bond ("COB"), which was the District of Columbia's plan to preserve affordable housing in the event that private activity bonds were discontinued by recent federal tax reform legislation. An initial credit review was provided to the Board on July 24, 2018, as well as a subsequent credit review on September 24, 2019.

TM DBT Limited Partnership (the "Owner" or "Sponsor") is the borrowing entity for the subject transaction. The Sponsor gained site control in May 2017 after entering into a purchase and sale agreement with DBT Development Group, LLC (DBT). Pursuant to a Joint Development Agreement (the "Agreement") dated May 26, 2017 by and between DBT and REBJ, Inc. ("REBJ"), DBT and REBJ established the manner in which the business and affairs of the Sponsor shall be conducted. In accordance with the Agreement, the Sponsor shall be responsible for developing the project site into an affordable property consisting of 76 units, with commercial space on the first floor. The commercial component will be separated via a condominium regime, and will be conveyed back to DBT as a separate tax parcel upon substantial completion of the project.

The unit mix for the residential component will consist of ten efficiency units, 39 one bedroom units, 18 two bedroom units, and nine four bedroom units. All units will be restricted to 50 percent of area median income ("AMI") or less. The property will have 16 units designated for permanent supportive housing ("PSH") which will receive rental subsidy through the District's Local Rental Supplement Program ("LRSP").

The general partner for the Sponsor is TM DB General Partner LLC, which is a joint venture between UPO 1550 First LLC (51.0 percent ownership interest) and TM DBT Manager LLC (49.0 percent ownership interest). TM Associates Management, Inc., the property manager for the site, will be managing the day to day operations of the project. UPO Community Development Corporation (UPO) will be primarily responsible for providing tenant services to the 16 PSH units. UPO will provide direct case management to 16 chronically homeless families who have been referred through the coordinated entry system due to their length of homelessness.

Rents are being underwritten based on current maximum low income housing tax credit (LIHTC) rents at 50 percent of AMI or less in the District. Asking rents in the Capital Hill/Southwest submarket climbed by 2.8 percent in the second quarter of 2019 to an average of \$2,417, which

is the highest observed in the District's nine submarkets. This increase in asking rent represents the ninth consecutive quarterly increase. Given the continuous growth in asking rents and limited supply of new affordable inventory in the submarket, the project is expected to lease successfully at the underwritten rents.

With regard to the transaction structure, the project will be financed through the issuance of \$22.7 million in DCHFA tax exempt bonds (\$10.2 million in short-term bonds and \$12.5 million in long-term bonds). The short-term bonds will be collateralized with a construction loan from Bank of America, priced at 30-day LIBOR, plus 2.75 percent. The construction loan is interest only for 24 months with one six month extension option.

Upon conversion, Barings LLC will purchase the \$12.5 million in long-term bonds, which will be collateralized by a permanent loan. The permanent loan will have a 17 year term and 40 year amortization. The interest rate will be based on ten year treasury, plus a spread of 1.85 percent and forward rate lock cost of 15 basis points.

The tax credit investor will be Hudson Housing Capital, which will be paying an investor rate of 99 cents per dollar. The total LIHTC equity contribution is projected to be \$14.4 million.

The primary guarantor for the transaction is REBJ, a subsidiary of TM Associates, Inc. ("TM Associates"). Other members of the development team include PGN Architects as the architect, and Gilbane Building Company as the general contractor.

Ms. Chalmers asked if there were any questions, and introduced members of the development team: Neil Mutreja, Robert Margolis, and Ari Severe from TM Associates.

Mr. Binitie asked the development team about the scheduled closing date. Mr. Mutreja stated the transaction is scheduled to close on November 14, 2019. Mr. Binitie and Mr. Lee both asked the development team whether there are any additional hurdles or impediments to closing. Mr. Mutreja stated that there are no remaining hurdles, they are just finalizing due diligence; the Sponsor has received all the necessary approvals, including approval of permits, approval from the District of Columbia Department of Housing and Community Development, and approval from the District of Columbia Housing Authority.

There were no further questions from the Board.

Mr. Binitie called for a motion on the resolution. Mr. Irving made a motion to approve DCHFA Final Bond Resolution No. 2019-23 for 1550 First Street; that motion was properly seconded by Mr. Green.

The Board took a poll vote since the Agency is committing volume cap. Resolution No. 2019-23 was passed unanimously.

VI. Other Business.

There was no other business.

VII. Executive Director's Report

- Mr. Lee congratulated the following Board members for a successful confirmation hearing last week: Mr. Binitie, Mr. Jackson, Mr. Irving, and the newest board member, Ms. Heather Howard. Mr. Lee explained that the swearing in ceremony for the Board members is tentatively scheduled for November 18, 2019.
- Mr. Lee stated that last week the annual conference for the National Council of State Housing Agencies (“NCSHA”) took place in Boston, from October 19 – 22. Mr. Lee outlined the following highlights of the conference:
 - At the NCSHA Annual Awards for Program Excellence on Monday, October 21, 2019, DCHFA won the Management Innovation: Human Resources award for the Missing Benefit: CHOICE, the Education Finance Program. Mr. Lee congratulated DCHFA Director of Human Resources Heather Hart for her hard work in bringing this program to the Agency, which allows employees to receive student loan payments or investments into their college savings plans.
 - At the awards program, it was announced that Mr. Lee was reelected to the NCSHA Board of Directors for a second term.
- Mr. Lee stated that he thinks the Board will have meetings through November and December based on the robust pipeline.
- Finally, Mr. Lee announced that the Agency has selected a date for the Agency’s annual holiday party – it will be held on December 6, 2019.

VIII. Adjournment.

Mr. Binitie called for a motion to adjourn.

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

The motion was approved by the Board.

The meeting adjourned at 6:19 p.m.

Submitted by Todd A. Lee, Secretary to the Board of Directors on November 8, 2019.

Approved by the Board of Directors on November 12, 2019.