

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

August 11, 2020

5:30 p.m.

Minutes

Public Access Via ZOOM

<https://dchfa.zoom.us/j/89528903622?pwd=R3QxMitPSDlvd0h1NW9TL21KK2E5QT09>

Meeting ID: 895 2890 3622

Passcode: 030567

One tap mobile

+13017158592,,89528903622# US (Germantown)

+13126266799,,89528903622# US (Chicago)

Dial by your location

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

Meeting ID: 895 2890 3622

Find your local number: <https://dchfa.zoom.us/j/89528903622?pwd=R3QxMitPSDlvd0h1NW9TL21KK2E5QT09>

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 5:34 p.m. and asked the Interim Secretary to the Board of Directors (the “Board”), Mr. Christopher Donald, to verify a quorum. With four 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, and Ms. Heather Howard.

Mr. Green indicated that his company NHPF is involved in the 17 Mississippi Apartments transaction. Mr. Green stated that while he does not benefit personally from the transaction, out an abundance of caution, he recused himself from any discussion or voting related to the transaction and exited the telephonic meeting.

II. Approval of the Minutes from the July 28, 2020 Board Meeting.

A motion was made to approve the minutes from the July 28, 2020 board meeting 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 17 Mississippi Apartments.

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 **17 Mississippi Apartments**. 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. 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 5:38 p.m. and re-opened at 5:49 p.m.

IV. Consideration of DCHFA Eligibility Resolution No. 2020-18 for 17 Mississippi 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 \$11.6 million to finance the 17 Mississippi Apartments transaction (the "Project").

The Project is located in the Congress Heights neighborhood of Ward 8. Property amenities will include a rooftop community area, on-site management, an exercise facility, interior community

room, and bicycle storage. In-unit amenities will include washers and dryers, walk-in closets, and coat closets. There will be comprehensive security amenities including in-unit alarms, secured entry controlled by an intercom system, and video surveillance. The Project will also offer 12 off-street surface parking spaces.

The unit mix will consist of 16 efficiency units, 12 one-bedroom units, and 13 three-bedroom units. Nine of the proposed units will be Permanent Supportive Housing (“PSH”) units and will receive supportive services provided by Community Connections of DC. All units will be restricted to residents earning no more than 50% of the Area Median Income (“AMI”). The nine PSH units will be reserved for residents earning no more than 30% AMI and will be supported by a project based Local Rent Subsidy Program (“LRSP”) contract.

Total development costs for the Project are \$19.9 million or approximately \$487,000 per unit. The Agency is requesting approval of an Eligibility Resolution at this time because the developer has approximately \$1.4 million in expenditures towards predevelopment costs to date; the majority of which will count towards eligible basis by inducing now.

The effective gross income is projected to be approximately \$575,000 in year one based on an assumption of 5 percent vacancy. Annual operating expenses are projected to be \$295,851 resulting in Net Operating Income (“NOI”) of \$279,500 in year one which supports a permanent mortgage of \$4.6 million with amortizing debt service of 1.15 in year one.

The projected per unit operating expense of \$6,871/year for the subject property are on the lower end of what is observed for comparable properties. As part of the initial underwriting, MLNI staff has requested 20 hours of physical security per week adding \$20,800 in security cost per year and \$8,000 in annual bad debt expense. MLNI staff will revisit operating expenses prior to Final Bond once financial parties are fully engaged and third-party reports are recommissioned. Closing for the project is currently projected for the first quarter of 2021.

The Development will be financed through the issuance of \$9.2 million in DCHFA tax exempt bonds. The Sponsor has not selected a lender but is considering a private placement with Citibank. Based on the preliminary term sheet, Citi will be providing a 24-month construction loan with one (6-month) extension option. At the end of the construction term, the Sponsor will use tax credit equity to repay the short-term bonds.

The Sponsor has also not committed to an investor but has received an initial Letter of Interest (“LOI”) from Enterprise Community Partners who will be paying an investor rate of \$0.90 per \$1.00 of federal tax credit. Total LIHTC equity contribution is projected to be approximately \$6.1 million.

17 Mississippi Owner, LLC will be the owner and borrowing entity for the transaction. The 0.01% managing member is 17 Mississippi Managing Member, LLC which consists of 17 Mississippi Legacy Member, LLC and NHPF Mississippi Manager, LLC. At closing, 17 Mississippi Owner, LLC will admit a 99.99% tax credit investor member into the partnership to facilitate the LIHTC equity investment. NHP will serve the primary guarantor for the Project.

Remaining members of the development team consist of Hamel Builders as General Contractor, Soto Architecture as the Architect, and TM Associates as the Property Manager.

Ms. Chalmers concluded the presentation and introduced members of the development team present on the board meeting conference call: Tim Pryor and Donahue Peebles. Ms. Chalmers opened the floor for questions.

Ms. Howard asked how the Peebles Corporation is involved in the transaction. Mr. Peebles indicated that he is only involved as an individual. Mr. Pryor added that Donahue is a controlling member of the minority partner in the joint venture partnership.

There were no additional questions.

Mr. Binitie called for a vote to approve DCHFA Eligibility Resolution No. 2020-18 for 17 Mississippi Apartments. 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. Discussion: DCHFA 3rd Quarter Financial Update.

Mr. Steven Clinton, Agency Chief Financial Officer, presented the Agency’s 3rd Quarter Financial Update.

The Agency’s General Fund Revenues YTD FY20 are running at to above plan. The Multifamily division’s volume is on target with a production of \$234 million YTD. The Single Family

division is above target with a production of \$65 million YTD. The Agency's interest income has decreased (15-20%) due to a reduction in interest rates. The General Fund is down 15-20% due to reduced business travel and marketing as a result of COVID-19. Additionally, the Agency has not been operating with a full staff for most of the year. The General Fund's net income should meet or exceed projections.

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

Mr. Binitie asked about the status of Single Family. Mr. Clinton replied that Single Family is projecting favorably and that it has been a great year. Mr. Binitie inquired about the status of certain deals and their projected timing of closing. Agency staff addressed the underwriting status of Northwest One, Spring Flats Family, and South Capitol. Mr. Binitie commented and praised the staff on continuing to produce extraordinary results during unprecedented times.

There were no additional questions.

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

Mr. Binitie. 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 September 3, 2020.

Approved by the Board of Directors on September 8, 2020.