

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

February 11, 2014
815 Florida Avenue, NW
Washington, DC 20001
5:30 pm

APPROVED MINUTES, AS AMENDED

I. Call to order and verification of quorum.

The Chairperson, Derek Ford, called the meeting to order at 5:51 PM and asked the Interim Secretary of the Board, Maria K. Day-Marshall, Esq. to verify a quorum. With 4 members present, the Board of Directors (Board) had a quorum and the meeting continued.

The Chairperson asked the Board Members present to review the agenda. The Interim Secretary asked that a closed session be added after Other Business for a closed discussion with the auditors. At this time, the Chairperson asked for a motion to approve the agenda, as amended. The motion was made by Mr. M. Craig Pascal and seconded by Charles R. Lowery, Jr. By voice vote, the agenda was approved.

II. Approval of minutes from the December 17, 2013 board meeting.

The members reviewed the minutes and made the following modifications.

- Page 4 – change the vote to 4-0-1 instead of 4-1-0
- Page 5 – add “to” prior to the word seniors, in the 6th bullet
- Page 5 – change you to “your” in the 8th bullet
- Page 6 – add an “s” to organization in the 2nd bullet (middle of the page)

The amended minutes were then moved by Ms. Leila Batties, Vice Chairperson and seconded by Mr. Pascal. The amended minutes were then approved by voice vote.

III. Approval of minutes from the January 14, 2014 board meeting.

The members reviewed the minutes and the minutes were then moved by Mr. Pascal and seconded by Mr. Lowery, Jr. The minutes were then approved by voice vote.

IV. Approval of minutes from the January 25, 2014 board meeting.

The members reviewed the minutes and the minutes were then moved by Ms. Batties and seconded by Mr. Pascal. The minutes were then approved by voice vote.

(Mr. Stanley Jackson arrived at 5:58 pm)

V. Presentation: Auditor presentation by CohnReznick LLP.

The Interim Secretary introduced CohnReznick, the independent auditors for the Agency. Mr. Dan Kenney, Mr. Bryan Benson and Mr. Ron Walker of Walker and Associates were present. The auditors distributed the District of Columbia Housing Finance Agency's Financial Statements with Independent Auditor's Report for Years Ended September 30, 2013 and 2012 to the Board Members along with three additional letters. The auditors proceeded to walk the Board Members through the financial statements and answered questions.

Highlights of the discussion included the following:

- The Agency's financial statements received an Unmodified Opinion (clean opinion).
- The financial statements for FY12 were restated due to changes in GASB and not due to any errors.
- The auditors performed testing on processes and financials.
- Recommend that a formal credit card policy is created and adopted.
- Consider creating a Fraud Hotline.
- Create system evaluation process.

VI. Vote to close meeting to discuss the approval of the North Capitol Commons project and bond transaction.

The Chairperson called a vote to close the meeting to discuss the approval of the North Capital Commons project and bond transaction.

Pursuant to the District of Columbia Administrative Procedure Act, the Chairperson of the Board of Directors will call for 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 the price and other material terms of the North Capitol Commons project and bond transaction. An open meeting would adversely affect the bargaining position or negotiation strategy of the public body. (D.C. Code §2-575(b)(2)).

A motion was made by Ms. Batties and seconded by Mr. Stanley Jackson. The Chairperson moved the meeting into a closed session at which time the DCHFA staff presented the projects to the Board of Directors and the Board of Directors asked questions regarding each project.

VII. Re-open meeting.

The Chairperson reopened the meeting at 7:04 PM.

VIII. Consideration of DCHFA Eligibility Resolution No. 2014-01 for the approval of the North Capitol Commons project and bond transaction.

The Interim Secretary read the resolution into the record and the Chairperson asked for a presentation by staff.

Prior to the presentation, Ms. Batties disclosed that Holland and Knight served as the land-use counsel for the underlying approval of the project. Ms. Batties stated that she did not work on the project/case and that she will not financially benefit or otherwise benefit from the approval of the project.

The Chairperson asked Thorn Pozen, Outside Legal Counsel to the Board to ask two questions of Ms. Batties. First, is there any financial benefit that would or could possibly come to you by virtue of voting for or against this resolution before you? Ms. Batties replied no. Secondly, Mr. Pozen asked Ms. Batties, is there any non financial benefit that could come to you for the purposes of voting for or against this resolution? Ms. Batties responded no.

Once the questions were asked by Mr. Pozen and answered, the Chairperson asked for a motion to allow Ms. Batties to participate and vote on the North Capital Commons project and bond transaction. The motion was moved by Mr. Jackson and seconded by Mr. Lowery, Jr. and the motion carried.

Ed Pauls, Senior Development Officer, presented the project along with the development team. The development team representatives included Chapman Todd, Community Solutions, Mary Powers, McCormack Baron Salazar, Becky Foster, McCormack Baron Salazar, Suman Sorg and Matt Davitt from Sorg Architects.

North Capitol Commons consists of the construction of a 14 story building at the corner of North Capitol Street and K Street NE. There will be approximately 124 residential units and approximately 3,000 square feet of retail space on the ground floor. The estimated amount of tax exempt bonds to be issued is \$15 million and the 4% Low Income Housing Tax Credit equity is estimated at \$9.9 million. On the operating side there will be HUD VASH project-based vouchers supporting the rent on 60 of the units for formerly homeless veterans.

Questions asked by the Board of Directors include the following:

- When would you like the project to be operational? The development team responded that they would like to be up and operational by the end of 2015. There is a 16 month construction period and they would like to close on the financing at the end of the summer so they can meet the end of 2015 timeframe.
- Please discuss the partners and who the local partners are. The development team responded that while Community Solutions is located in New York and McCormack Baron Salazar is from the mid-west, Community Solutions has a person dedicated to the project who is based in DC. In addition, the social services that will be provided by local providers.
- Discuss the property manager and the fact that they are not locally based. The development team responded that the borrower, McCormack Baron Salazar uses their property management arm, McCormack Baron Fagan Management Services for properties they own. McCormack Baron Fagan Management Services manage many properties that are supportive housing and affordable housing in other parts of the country.

- Will the services be for other residents or only for the tenants that live in the building? The development team responded that the services will only be for the tenants that reside in the building.
- Is the ground floor retail oriented toward services for the tenants? The development team stated that this is still to be determined.
- What is the closest residential building to this property? The development team showed a map and pointed to a property near the NPR building that is residential and that building is closest to the property under discussion.
- Is there any parking? The development team answered no parking will be on site. There is a bus stop right in front of the property's entrance and various paid parking lots near the site.
- Are the units integrated? The development team responded, yes. The integration is a key element and part of the model.

The architects showed boards illustrating what the interior of the units will look like and what the common areas will look like.

The resolution was then moved by Mr. Pascal and seconded by Ms. Batties. After a roll call vote, the resolution passed 5-0.

IX. Interim Executive Director's Report.

The Interim Executive Director provided the following updates.

- DC Open Doors - FHA 203K Streamline Product – The Agency will roll out a new product, FHA 203K Streamline. The product will allow homebuyers to borrow money to acquire the property and to also rehab their property, up to \$35,000. The product will be available on February 18, 2014.
- Parkway Overlook Status – The HFA settled the Final Claim with HUD and HUD returned the Debenture marked Redeemed. In addition, the HFA is proceeding with the legal process to obtain title to the property. Further, the Secretary went on a site visit to Parkway Overlook. Finally, a meeting between DMPED, DCHA and DCHFA will be held this week to discuss the project.
- Performance Oversight Hearing – The HFA Performance Oversight Hearing is scheduled for February 19, 2014 at 10 am. The HFA submitted its responses to the Committee on Economic Development on February 10, 2014.
- DC Building Finance Corporation – A meeting was held of the DC Building Finance Corporation where the revised By-laws were voted on and approved. Also, we filed the 2 year report to remedy the compliance matter. A Board Member was added to the DC Building Finance Corporation. If any additional changes need to be made, the members can hold another meeting to modify the By-laws.
- NCSHA Legislative Conference is scheduled for March 3-5, 2014.

X. Other Business.

The Chairman complimented the staff regarding the recent upgrade from Moody's Investors Service.

The Chairman also acknowledged that the Secretary was selected to speak at an upcoming conference in Florida.

The next scheduled meeting will be on February 25, 2014.

The Chairperson requested quarterly updates on government affairs, human resources and financial statements.

Discussion of Outside Counsel to the Board was briefly discussed in open session. The Chairperson then asked to move the discussion to closed session.

XI. Vote to close meeting to discuss a contract and discuss confidential matters with the auditors.

The Chairperson called a vote to close the meeting.

Pursuant to the District of Columbia Administrative Procedures Act, the Chairperson of the Board of Directors called a vote to close the meeting in order to consult with an attorney to obtain legal advice and to preserve the attorney-client privilege between an attorney and a public body, or to approve settlement agreements; provided that, upon request, the public body may decide to waive the privilege. (D.C. Code 2-575(b)(4)(A)).

A motion was made by Ms. Batties and seconded by Mr. Jackson. The Chairperson moved the meeting into a closed session.

XII. Re-open meeting.

The Chairperson reopened the meeting at 8.59 PM.

XIII. Discussion of Outside Counsel Contract

The Chairperson asked for a motion to accept the GMP, LLP invoice for \$20,144 for services rendered in the personnel matter before the HFA. The motion was moved by Ms. Batties, Vice Chair and seconded by Mr. Pascal. After a roll call vote, the resolution passed 5-0.

The Board of Directors then instructed the staff to develop the necessary paperwork to extend the contract with GMP, LLC. At this time, the Chairperson asked for a motion to extend the GMP, LLC contract for three months at the same rate. The motion was moved by Ms. Batties, Vice Chair and seconded by Mr. Lowery, Jr. After a roll call vote, the resolution passed 5-0.

XIV. Adjournment.

The meeting adjourned at 9:03 PM.

Submitted by Maria K. Day Marshall, Esq., Interim Secretary
February 24, 2014

Approved, as amended, by the Board of Directors on February 25, 2014