

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

January 27, 2015  
815 Florida Avenue, NW  
Washington, DC 20001  
5:30 pm

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

Presiding Member, Mr. Derek Ford, called the meeting to order at 5:41 pm and asked the Interim Secretary of the Board, Ms. Maria K. Day-Marshall, Esq., to verify a quorum. With three members present, the Board of Directors (“the Board”) had a quorum, and the meeting continued. The members present included Mr. Derek Ford, Mr. Charles Lowery, Jr., and Mr. Stanley Jackson. Ms. Leila Batties was absent. Ms. Polly Donaldson, Acting Director of the Department of Housing and Community Development (DHCD), was also present as an observer.

Mr. Ford asked the Board Members to review the agenda. A motion was made by Mr. Jackson to approve the agenda as presented and seconded by Mr. Lowery, Jr. The agenda was approved by voice vote.

**II. Approval of the minutes from the January 13, 2015 Board Meeting**

The Mr. Ford asked the Board Members present to review the draft minutes of the January 13, 2015 meeting.

- Mr. Ford asked that the word “prepared” be changed to “performed” (with respect to the audit work that had been done by CohnReznick) on page 1 of the minutes.

A motion was made by Mr. Lowery, Jr. to approve the minutes, as amended, and seconded by Mr. Jackson. The minutes, as amended, were approved by voice vote.

**III. Vote to close the meeting to discuss The Brightwood Portfolio and Channing Phillips projects.**

Pursuant to the District of Columbia Administrative Procedure Act, Mr. Ford 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 the price and other material terms of The Brightwood Portfolio and Channing Phillips projects. 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 to close the meeting was made by Mr. Jackson and seconded by Mr. Lowery, Jr. The motion was approved by voice vote.

**IV. Re-open the meeting.**

A motion to re-open the meeting was made by Mr. Lowery, Jr. and seconded by Mr. Jackson. The motion was approved by voice vote.

**V. Consideration of DCHFA Resolution No. 2015-01 for Brightwood Portfolio.**

Ms. Maria Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for consideration. Ms. Day-Marshall then introduced Mr. Anthony Waddell, Director of Public Finance, to present the matter to the Board. Mr. Waddell introduced Ms. Patience Dean, Development Analyst, as the development analyst working on the project.

Mr. Ford asked Ms. Dean for a presentation.

Ms. Dean responded that the project consists of the acquisition and rehabilitation of a scattered site of four three-story buildings (The Vizcaya, The Valencia and The Concord, which is comprised of two buildings) located in the Brightwood neighborhood of Washington, DC. The principal development company for the project is Hampstead Brightwood Partners, LP, which is controlled by The Hampstead Group and Nix Development Company, LLC.

After construction is complete, the project will consist of 140 units. 90% of the units will be made affordable at 60% of area median income (AMI). There will be no increase in rents for any existing residents due to the developer funding a reserve which will compensate for the difference in current rents and the post-rehabilitation rents. The total development cost is \$28.2 million. R4 will be the tax credit investor, and Citibank will be the bond purchaser. Members of the development team who were present included the following: Greg Gossard, Principal of The Hampstead Group; Ray Nix of Nix Development Company, LLC; Mr. Leon Wells, President of the Concord tenants association; representatives from both the Valencia and Vizcaya tenants associations, who also spoke in support of the project; and representatives from the Latino Economic Development Corporation and the Latin American Youth Center, who spoke in detail about the services that will be provided at the Project. Trevor Tullius of Squire Patton Boggs US and Karen Kendrick-Brown of Lewis & Munday represented Co-Bond Counsel.

Mr. Ford asked Ms. Dean to clarify the back-to-back loan structure. Ms. Dean responded that due to Citibank's desire to earn CRA credit, the structure is modified slightly by providing a loan to the Agency, that then loans those proceeds to the developer to finance the acquisition and rehabilitation of the project. Mr. Ford asked if there was an opinion from Bond Counsel about the issuance of bonds as opposed to a governmental loan. Mr. Winter replied that multiple firms have provided such an opinion that the notes are similar to the bonds in that the proceeds from the governmental obligations are used for public purposes permitted by the IRS Code.

Mr. Lowery asked if Citibank were the only bank that has the same treatment with respect to CRA credit. Mr. Winter responded that to date Citibank is the only bank with which the Agency has worked that uses this structure but other banks are considering moving to the back-to-back loan structure, perhaps including Wells Fargo.

Questions asked by the Board of Directors included the following:

- Mr. Ford asked about the operating subsidy for 17 years. Ms. Dean gave further explanation.
- Mr. Lowery asked for an explanation of the rents for the units that will not be restricted to 60% of AMI. Ms. Dean responded that some tenants have income above 60% of AMI but to allow them to stay in the property, rents will not be set higher than they currently are until those units are vacated. Incoming tenants might pay market rate at the time of their move-in.
- Mr. Jackson asked about the high concentration of one- and two- bedroom units and the high volume of one-bedroom units. Is there any consideration to changing the unit mix? The development team replied that the unit mix was reflective of the current rent rolls at the properties, which have a very high rate of occupancy, and demand as reflected in the market study that was conducted.

Mr. Jackson moved approval of the Resolution which was seconded by Mr. Lowery. With a vote of 3 – 0 the motion carried, and the Resolution was approved.

#### **VI. Consideration of DCHFA Resolution No. 2015-02 Channing Phillips project.**

Ms. Maria Day-Marshall, Interim Secretary to the Board, introduced the resolution to the Board for consideration. Ms. Day-Marshall then introduced Mr. Anthony Waddell to present the matter to the Board. Mr. Waddell introduced Mr. Edward Pauls, Senior Development Officer, as the development officer for the project.

This is the second phase of Lincoln Westmoreland. The first phase closed in November. The project consists of 56 units and approximately 3,300 square feet of retail space in an eight story building next to the existing Lincoln Westmoreland building near the Shaw/Green/Yellow Metro Station. The total development costs of \$23.4 million will be partially financed by approximately \$11.5 million of tax-exempt bond proceeds and \$10 million of equity/loan proceeds from the developer. The unit mix is 28 one-bedroom units, 21 two-bedroom units and 7 three-bedroom units. All units will be affordable to families at or below 60% of AMI. With an anticipated 13-14 month construction period, construction is expected to be complete in the Spring of 2016. AGM will be the HUD/FHA Lender. The bonds will be sold through a public offering by Jeffries LLC and RBC Capital Markets. Hudson Housing Capital will be the LIHTC syndicator. Members of the development team in attendance at the meeting included the following: Mr. Dahn Warner and Robert Agus, who represented the developer, and Lisa Stirgenbacher, who represented Kutak Rock LLP, Bond Counsel.

The development team represented that a sit down restaurant is being considered for the retail space, but only healthy options will be considered.

Mr. Ford asked if the term of the bonds is 2 years. Mr. Pauls responded yes.

Mr. Ford asked if the Agency's fees are capped. Mr. Pauls responded yes and that the calculation of fees will be finalized about a week before closing.

Mr. Ford asked if the term had been recommended by staff. Mr. Pauls responded no, the developer came with the structure already in place.

Mr. Ford asked how much latitude DCHFA has with recommending a structure. Ms. Day-Marshall responded that DCHFA does not push structure, because DCHFA tries to provide the lowest cost of capital for the project.

Mr. Ford asked if the Agency projects budget revenue based upon financing structure. Ms. Day-Marshall responded that we try to take anticipated structure of the transactions into account when making budget projections.

Mr. Lowery noted that the cost of construction seemed to rise. Mr. Pauls responded that is due to the location of the project and its proximity to the Metro.

Mr. Ford asked who the guarantor is. Mr. Pauls responded Lincoln Westmoreland Housing, Inc. Mr. Ford asked if we were satisfied with the net worth. Mr. Pauls responded yes.

Mr. Jackson commented that acquisition prices are challenging in more desirable areas of the District. He noted that it was a creative idea to leverage the assets that the developer owned to produce new construction of several two- and three-bedrooms, capturing family population at a transit oriented development, which should be encouraged.

A motion to approve the Resolution was made by Mr. Charles Lowery, Jr. and seconded by Mr. Stanley Jackson. With a vote of 3- 0, the motion carried, and the Resolution was approved.

## **VII. Interim Executive Director's Report.**

- The Parkway Overlook Supplemental Claim has been submitted to HUD. DCHFA is expected to receive approximately \$600,000. DHCD has approved the DCHA predevelopment loan.
- The Pilot Phase II of the HomeSaver program has been extended to February 28, 2015. Phase I stopped intake last October. Phase II is the Tax Lien Extinguishment Program. The fact sheet was circulated to the Board.
- NALHFA Board meeting was held at the DC NALHFA office last Friday. The representative from Freddie Mac described a single family program that will compete with the Fannie product. DCHFA will evaluate whether it will be advantageous to offer the Freddie Mac product.
- A MANNA event was held at the Agency for George Rothman's retirement and to celebrate Milton Bailey's joining the organization.

- Staff is interested in using proceeds from the existing PNC line of credit to pay off certificates of participation that were used to purchase the Agency's headquarters building. Redemption will realize a cost savings of approximately \$53,000. The Agency is targeting redemption on April 1<sup>st</sup>.
- Staff changes – Matthew Aliberti, Director of Single Family Programs, is leaving to go to United Way. Agency is recruiting for a new director and possibly a deputy director. Allison Ladd, Associate Executive Director, is leaving to become the Chief Operating Officer at DHCD.

## **VIII. Other Business.**

- Mr. Nkosi Bradley provided a government affairs update. On February 20th, Councilmember Bonds will hold a meeting to give an opportunity for Directors to share their vision, interests and issues they may foresee in the upcoming fiscal year. Mr. Bradley will reach out to Councilmember Brianne Nadeau to discuss HFA matters.
- The number of committees has been reduced from 10 to 8. The Economic Development Committee had been rolled into the Committee of the Whole. Councilmember Mendleson will chair that committee.
- The Agency launched Open Doors in May 2013. In less than two years, the volume is over \$90 million. The Agency will celebrate when \$100 million in volume is reached.
- Financial Management Software Update – Mr. Thurston Ramey provided a status update. The review team has held meetings to discuss evaluation of the proposals that have been received. The team has been contacting references for each bidder and hopes to have calls completed by the second week of February. The demonstration phase will be the third week of February.
  - Mr. Ford asked when the contract will be signed. Mr. Ramey responded it depends on what occurs in the next couple of weeks.
  - Mr. Jackson said proposals were not exactly the same and the responsiveness must be evaluated. Mr. Ramey responded the demonstration is a large piece of the puzzle. Ms. Fran Makle said that the team expects to bring a recommendation to the Board at the first meeting in March.
- Next Meeting – The Board will meet on Tuesday, February 10, 2015.
- The Real Estate Advisory Services consultants would like to present to the Board at the next meeting. Staff was instructed to execute a 90-day extension of the Real Estate Services contract.

## **IX. Adjournment**

A motion to adjourn was made by Mr. Lowery and seconded by Mr. Jackson. The meeting adjourned at 7:23 pm.

Submitted by Maria K. Day-Marshall, Esq., Interim Secretary to the Board of Directors, on February 24, 2015.

Approved by the Board of Directors on \_\_\_\_\_