MEMORANDUM

DATE: JUNE 20, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: CONSIDERATION OF ADDITIONAL FUNDING FOR THE STATION AT POTOMAC YARD PROJECT

ISSUE: Consideration of additional funding for The Station at Potomac Yard.

RECOMMENDATION: That Council:

(1) Allocate up to $1.5 million for The Station at Potomac Yard residential project, utilizing additional monies from Potomac Yard Development, LLC (PYD) pledged housing contribution for Potomac Yard, and authorize a loan of $1.5 million to the Alexandria Housing Development Corporation (AHDC) to repay the $1.5 million loan from future project income; and

(2) Within the City General Fund fund balance previously designated for to-be-determined FY 2010 CIP projects, designate $1.6 million for the Potomac Yard Fire Station project, and authorize the City Manager to negotiate and execute a loan agreement with the AHDC for $0.4 million (the additional costs of the fire station improvements related to the above residential use) to repay the $0.4 million loan from future project income.

BACKGROUND: AHDC was established as a private, non-profit developer and owner of low and moderate-income housing, focused on projects located in the City of Alexandria. It was founded in 2004 with the support of the City of Alexandria to preserve and produce affordable rental and for-sale housing for low and moderate income households. AHDC's goal is to make it possible for income-eligible individuals and families to obtain safe, high-quality housing and to help build supportive communities. Its target population is low to moderate income families and individuals, with specific income levels driven by the financing tools used in each development project.

In 2007, AHDC was the non-profit entity designated by the City to develop, finance, own and operate the planned affordable and workforce housing component of The Station at Potomac Yard project. The Station at Potomac Yard is a mixed-use development that will include a four bay fire station, four stories of affordable (44 units) and workforce (20 units) rental housing, a small retail space and two levels of underground parking. The City and Alexandria Potomac...
Station Limited Partnership (APSLP), a limited partnership created by AHDC, have formed a special purpose entity, Alexandria Station, LLC to develop the project on a 1.1 acre parcel of land donated by Potomac Yard Development, LLC (PYD). Once the project is substantially complete, and establishment of a condominium regime is put into effect, the fire station component and its related parking will be owned and operated by the City, and the housing and retail facilities and their related parking will be owned and operated by APSLP/AHDC. The three condominium entities (fire station, housing, and retail elements of this project) will share undivided interests in the land.

Pursuant to a March 2007 Memorandum of Understanding (MOU) among the parties, in addition to land, PYD is providing $6 million (of an overall voluntary affordable housing contribution of approximately $10.5 million for the entire Yard) toward the development and construction of the housing component, as well as $6.6 million for the development and construction of the fire station. The initial total project budget anticipated that supplemental funding (beyond the $6.0 million in PYD developer’s contributions) for the housing facility would come from low income housing tax credit investor equity and from loans provided by VHDA; the City committed $1 million for expenses associated with design and construction of the fourth bay for the fire station and for LEED certification of the fire station.

FIRE STATION ELEMENT: Based on the Early Start Agreement with Whiting Turner, Phase I construction of The Station at Potomac Yard began in early January 2008. Excavation, site work and preliminary grading were finished ahead of schedule due to moderate winter weather and minimal soil contamination requiring remediation. Installation of the foundation has proceeded smoothly, and the general contractor expects that the bulk of structural concrete work, including a two-level underground parking garage and the ground floor slab, to be completed by mid-June (approximately four weeks ahead of the original schedule).

In late February, with architectural drawings and construction documents 100% complete, Whiting-Turner furnished a Guaranteed Maximum Price estimate of $29.6 million. Through aggressive value engineering, approximately $1.4 million in cost savings have been identified and/or achieved within the planned scope of work over the past few months; however, the overall cost to complete the project is still $1.6 million more than originally budgeted, with most of the additional cost associated with the mixed-use fire station.

Analysis of the facility design indicates that a substantial portion of the additional cost which has been absorbed in the fire station’s numbers (quantified as approximately $800,000) relates to coordinating enhanced building system requirements arising from the mixed use, mid-rise design, with the remaining $800,000 attributable to material cost increases in the garage and fire station construction (a disproportionate share of the value engineering was achieved in the housing portion due to decreased material costs related to residential construction v. fire station commercial construction). Noise attenuation is one such requirement that provides a barrier between the housing and the fire station. This was requested during our community meetings and

1 Every cost estimate and every invoice prepared by Whiting-Turner includes a very detailed breakdown of costs allocated among the planned uses (e.g., fire station, residential, retail space) so each component can separately track, pay and account for its share of the project. This method is not 100% precise due to the mixed uses, but has provided the project team with the best available information for cost sharing purposes.
has added $550,000 for items such as noise isolation systems, bi-fold doors, insulation, and added structural requirements. Additionally, the mixed-use design added $250,000 in unanticipated costs for a radiant floor heating system to thermally separate the garage from the fire station, as well as, added costs for providing vehicle exhaust up through the roof of the residential structure. The remaining $800,000 is due the cost of construction materials such as metals (steel and copper) that have significantly since the project was initiated (Engineering New Record is reporting a 6.5% increase in rebar this month alone).

**AFFORDABLE AND WORK FORCE HOUSING ELEMENT:** Not only has the cost of construction increased, but in addition, recent turbulence in the national financial markets has spilled over into the tax credit markets and resulted in a drop in tax credit pricing over the past several months. This has resulted in a net gap in tax credit funding sources of nearly $1.5 million, which APSLP/AHDC is requesting that the City close through a loan of other affordable housing funds to the project. To cover investor-driven contingencies, APSLP/AHDC will also still have to defer $1.2 million of its planned developer fee.

To meet the housing shortfall, APSLP/AHDC has requested a loan from the City (Attachment I). To provide this loan, staff proposes to access up to $1.5 million more from PYD’s voluntary affordable housing contribution. Unlike the initial PYD contribution of $6 million, which has been provided as a grant to from the City to AHDC for the project, the proposed additional amount would be a loan to be repaid to the City. It is anticipated that once The Station project is leased up, the $1.5 million loan can be repaid out of rental revenue within about fifteen years, along with payout of APSLP/AHDC’s deferred developer’s fee. It should be noted that PYD’s transfer of commercial density into Landbay H and other landbays close to the proposed Town Center area located in Landbay G (approved by Planning Commission on June 3, and by Council on June 14) has resulted in a cancellation of the four condominium units that AHDC planned to acquire to operate as affordable rental units in Landbay H. The estimated value of the developer’s contribution programmed for that project was just over $1.2 million, so the bulk of the proposed loan amount would, in essence, reallocate the PYD developer contribution previously allocated for that AHDC-designated project.

On June 5, the Affordable Housing Advisory Committee unanimously approved staff’s recommendation to fund AHDC’s request from developer contributions in the amount of a $1,500,000 loan.

In agreeing to provide the $1.5 million in affordable housing contribution, so it could be loaned to AHDC to cover the tax credit shortfall, PYD has placed a number of conditions on this contribution (Attachment III). The primary conditions are:

“The remaining $3 million contribution will be used either to buy down a portion of the 16-foot townhouse units being provided in

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2 It is noted that investors view developer fees as contingency funds that by be drawn upon to help limit the investor’s risk in the event of possible overruns or shortfalls that may occur through project completion and stabilization. An operating deficit reserves, as well as various guarantees (such as the completion guarantee approved, in principle, by City Council in December 2007) are common investor-directed requirements.
Landbays I and J or as additional funding for the Project or as a cash contribution to the city’s Affordable Housing Trust Fund.”

“Given the fact that, at the City’s request, PYD is providing financial contributions and/or units in Landbays I and J, there will not be affordable housing units in Landbays H and L absent approval of additional density by the City.”

While limiting some future flexibility, given the value of the $1.5 million being received at this time, and the fact that this is a voluntary contribution, staff feels that the PYD conditions are acceptable.

APSLP/AHDC has agreed to take on $400,000 of the extra cost burden incurred by the fire station component due to the development’s mixed-use design. Assuming this additional cost may positively impact the project’s depreciation value to tax credit investors, this solution could possibly result in a slight increase in credit pricing, while providing an opportunity for these costs to be recovered by the City from loan repayments out of the residential facility’s cash flow, over time. Therefore, staff recommends that $400,000 of the FY 2010 CIP funds recommended for allocation to the fire station be added to AHDC’s recommended $1.5 million loan, for a total loan of $1.9 million to be repaid to the City for affordable housing purposes. Because of the project’s projected strong cash flow, it is anticipated that this $0.4 million element of the City’s loan to APSLP can be repaid between fifteen years and twenty years after project completion.

230 KVA LINE: With regard to other unanticipated, and still unbudgeted, costs, the project is bordered by a major area electric feed Dominion Virginia Power 230 kva line on the west side of the property (running along Route 1) which requires adjustment to accommodate planned future development. The depth of the 230 kva line is roughly seventeen feet below where the final grade of the property will be when the project is complete. The current design of the power line prohibits significant additions of fill over the line due to the insulating effect created on the line which impedes necessary heat dissipation. While PYD, the City and Dominion Virginia Power are working to come to some coordinated resolution on the cost and methodology for remedying this situation, and efforts to find an engineering solution are underway, the costs to raise the grade, relocate the line, or otherwise construct the mitigating features required are yet to be determined. City staff will be working with PYD and Dominion Virginia Power over the summer to resolve this matter. Any City cost obligation would need to be calculated and a funding source(s) determined.

FISCAL IMPACT: There is no immediate fiscal impact to the City of utilizing $1.5 million in PYD affordable housing contributions to cover the tax credit shortfall. However, until the loan to AHDC is repaid, these funds are not available for other affordable/workforce housing purposes. The impact of designating $1.6 million of the $2.6 million fund balance designation for FY 2010 CIP projects is that the $1.6 million which would go to the Potomac Yard Fire Station would not be available for other City CIP projects in FY 2010. It should be noted that this $1.6 million would be the last source of funds drawn down for the Potomac Yard fire Station and, as such, would not likely be drawn down until FY 2010.
ATTACHMENTS:
Attachment I. Letter from AHDC requesting funding and HOF application
Attachment II. Project Sources and Uses Summary
Attachment III. PYD Letter on Affordable Housing Contribution

STAFF:
Helen McIlvaine, Deputy Director, Office of Housing
Jeremy McPike, Division Chief, General Services
Mildrilyn Davis, Director, Office of Housing
May 30, 2008

Ms. Mildrilyn S. Davis  
Director, Office of Housing  
421 King Street, Suite 200  
Alexandria, Virginia 22314

Re: HOF Loan Application from Alexandria Housing Development Corporation (AHDC) for The Station at Potomac Yard Project

Dear Mildrilyn:

As you know, construction is well under way on The Station at Potomac Yard. AHDC has worked hard to put together a multi-layered financing package for the project, including the award of $10 million in federal tax credits, $8,350,000 in below market loans from VHDA, as well as the City's grant of $6 million from Potomac Yard Development, LLC's voluntary affordable housing contribution. While these sources were sufficient to meet development costs when the project was submitted for tax credits in March 2007, due to turbulence in the credit markets and a dramatic decrease in credit pricing over the last few months, AHDC is facing a loss in the value of the credits of more than $1.3 million. Since AHDC is now also deferring a substantial portion of its developer fee to meet investor-driven requirements for increased reserves, it must seek additional dollars from the City, in the form of a loan, to close the project's funding gap.

There have been extra costs for the fire station component, of around $400,000, resulting from the structure's mid-rise, mixed use, design. Because this additional cost could work to enhance AHDC's investor depreciation, and because AHDC is jointly developing the project with the City, AHDC would be willing to assume a City loan, in an amount of up to $1,866,000, with full repayment possible from project cash flow within 15 years. Of course, the amount of the City loan to AHDC could be less, if the City opts to fund the additional fire station cost from other sources.

As construction is progressing ahead of schedule, we are eager to complete the funding package and to have Council consider this loan request before the summer recess. We expect to secure tax credit funding in the next week or two and to proceed to closing on both the equity and the VHDA debt in July.

Attached are several documents to support AHDC's loan application in accordance with the HOF guidelines. Of course, should you have additional questions, please contact me at (703) 683-1110. AHDC greatly appreciates the City's continuing interest and support of our organization and of The Station project.

Sincerely,

Daniel R. Abramson  
President, AHDC
The Alexandria Housing Development Corporation (AHDC) is a private, non-profit developer and owner of low and moderate-income housing, primarily focused on projects located in the City of Alexandria. It was founded in 2004 with the support of the City of Alexandria to preserve and produce affordable rental and for-sale housing for low and moderate income households. AHDC’s goal is to make it possible for income-eligible individuals and families to obtain safe, high-quality housing and to help build supportive communities in which to live. Its target population is low to moderate income families and individuals, with specific income levels driven by the financing tools used in each development project.

AHDC is guided by a Board of Directors with substantial experience in real estate, housing, and community affairs (see attached AHDC Board resumes and information on the Development Committee). With several potential projects in its pipeline, The Station at Potomac Yard is the first development effort for AHDC. Currently, AHDC is utilizing the expertise of its Board members and a number of highly-qualified consultants, particularly Housing Opportunities & Concepts (HO&C), a professional consulting unit of Montgomery County, for development services. AHDC has an administrative assistant providing regular operating support.

When construction of The Station at Potomac Yard is completed in the summer of 2009, it will be a four story 64-unit rental apartment facility with associated underground parking and approximately 1,500 square feet of neighborhood-serving retail space contained in a larger structure which will also include a state-of-the-art four bay fire station on the ground level. The project is located in the fast growing Potomac Yard area of North Alexandria. Of the 64 units in the residential facility, 44 will be rented to “tax credit qualified” residents with incomes up to 60% of the area median income and 20 will be rented as “workforce” housing, serving residents with incomes up to 80% of the AMI. The units will include 12 one-bedroom, 49 two-bedroom, and 3 three-bedroom units, ranging in size from 700 to 1300 square feet. Amenities include a community room, a rooftop terrace, access to an on-site fitness room, and underground parking. Construction of the project began in January, 2008 and is expected to be completed by July, 2009.

This project provides an excellent example of “Smart Growth,” with the ground level fire station to be LEED certified and the housing component designed in
conformance with Earthcraft program guidelines on energy efficiency to provide maximum long term savings for residents. The structure will be a model of sustainable design, construction, and livability, designed by two leading architectural firms, Rust Orling and Lemay Erickson. Whiting Turner, a nationally recognized general contracting firm, is building the project. Construction assurances include a fixed-price, fully bonded construction contract.

It is anticipated that the residential component will be leased up, managed and operated by Equity Management, Inc. EMI is a Washington area regional property management firm with substantial experience in the management of tax credit qualified rental housing.

AHDC was designated by the City to develop, finance, own, operate, and manage the residential portion of the project, and to maintain it as long term affordable housing. The Station at Potomac Yard, including its associated parking and retail space, will be owned by Alexandria Potomac Station Limited Partnership (APSLP), a single purpose entity sponsored by AHDC. A for-profit subsidiary of AHDC, AHDC Potomac Station, Inc., will serve as the general partner of the partnership. The fire station will be financed, owned and operated by the City of Alexandria, and, other than its location within the same physical structure, it will be independent of the residential and retail units. A condominium regime will be created to separate the ownership of the residential and retail portions from the fire station, although, under Virginia law, the regime cannot be created until completion of the construction. Alexandria Station, LLC (LLC) was created as a joint development entity by the City and APSLP.

AHDC has received a reservation of 2007 “9%” low-income housing tax credits from VHDA for the planned 44 “affordable” rental apartment units. Investor equity from the sale of the tax credits is a substantial component of the project’s development budget. The balance of the project financing will be provided through below-market mixed-use, mixed-income loans available from the VHDA under its “Reach”, “SPARC” and taxable loan programs. AHDC has loan commitments from VHDA and expects to achieve a loan closing in July. As a condition of VHDA financing, the entire $6 million of developer funding and approximately $8 million of the tax credit investor equity must be funded before advances can be made under the VHDA loan. Due to the downward shift and tightening in tax credit financing, AHDC will experience a gap in the financing.

The Station will be one of the first structures completed in Potomac Yard. Integrating high quality materials and a design evocative of Alexandria’s historic civic and fire facilities, green building elements, open space, and noise attenuation technologies to mitigate impacts from the co-location of diverse uses in a densely built environment, this project is anticipated to become an iconic image for the entire Potomac Yard development. It was extensively vetted within the community and was unanimously approved by City officials.
Alexandria Housing Development Corporation

Board Members

- Daniel Abramson, Board President, a developer with Abramson Properties in Northern Virginia, with extensive affordable housing experience
- Kerry Donley, former Mayor of Alexandria and founder of the Washington Area Housing Trust Fund
- Catherine Pharis, Vice President with Deutsche Bank
- Joseph Resende, President, Franklin Capital Group
- Mike Caison, Contract Realty Specialist with the U.S. General Services Administration
- Robert Burns, Director of Field Operations for Neighborhood Reinvestment Corporation
- Megan Glasheen, Attorney with Reno & Cavanaugh
- Lindsey Vick, Staff Consultant, North American Management Housing & Community Revitalization

Development Committee

- Daniel Abramson, Board President, a developer with Abramson Properties in Alexandria
- Mike Caison, Contract Realty Specialist with the U.S. General Services Administration
- Joseph Resende, President, Franklin Capital Group

Daniel R. Abramson

Daniel Abramson, AHDC Board President and one of the five incorporating board members, is President and Chief Executive Officer (CEO) of Abramson Properties, a real estate development firm in Alexandria. The firm was established in 1981, by Mr. Abramson and his brother Paul Abramson, continuing a family tradition in residential building in Northern Virginia. Abramson Properties offers a range of real estate services, including real estate development and construction management, custom home building, property renovation and real estate restoration. The portfolio of projects includes market rate, affordable housing, and luxury residential developments. The firm specializes in developing residential projects on urban sites and in historic neighborhoods. The primary
focus of the firm’s most recent projects has been to meld urban infill amenities – such as proximity to Metrorail transit stations, waterfront or downtown locations – with classical design that is consistent with surrounding neighborhoods. Abramson Properties recently sold the Sunset Park Apartments in Fairfax, Virginia to a nonprofit housing developer that received an allocation of tax credits awarded by VHDA. Mr. Abramson also served on the Board of Directors of AHC Inc. from 1982 to 1988. AHC, Inc. is a nonprofit affordable housing developer in Arlington, Virginia.

Mr. Abramson serves on numerous volunteer Boards and Commissions. He serves as a Trustee of the Inova Alexandria Hospital Foundation, has served two terms on the Virginia State Council of Higher Education, and was recently appointed by Governor Kaine to the University of Virginia Board of Visitors and the Virginia Foreclosure Prevention Task Force. Daniel Abramson graduated from the University of Virginia where he was a captain of the men's varsity soccer team and currently serves on the fundraising board for the team. After graduation from college he served in Vietnam as an officer in the United States Navy. Mr. Abramson is a long time City of Alexandria resident.

**Joe Resende**

*Joe Resende* is the President and a principal owner of the Franklin Capital Group, a real estate investment and development firm with a specialization in residential rental properties (both affordable and market rate). Headquartered in Alexandria, Virginia and with an office in the Boston, Massachusetts area, Franklin Capital Group offers its services nationwide. As of January 1, 2007, Franklin Capital has successfully placed over $360 million in equity from its institutional investor partners in 113 sponsored properties in 22 states with over 14,000 apartment units and a development cost of over $900 million. Franklin Capital also served as the developer or co-developer of 29 of those properties. Mr. Resende is responsible for the supervision of real estate investment and development activities and the administration of Franklin Capital Group.

Prior to forming Franklin Capital Group in 1996, Joe Resende practiced law for 20 years in the Washington, D.C. area with a practice focused on real estate and corporate transactions, investments and finance. He is active in several trade associations and civic groups, including positions as a Director of the National Multi-Housing Council, a Director of the Alexandria Housing Development Corporation, a member of the National Rehabilitation and Housing Association, a member of Urban Land Institute, and an Advisor to the Journal of Tax Credit Investing. He is a graduate (magna cum laude) of Villanova University with a Bachelor's degree in Economics and received a Juris Doctorate degree from Georgetown University. Joe Resende resides in the Old Towne Alexandria.
**Michael D. Caison**

Mike Caison is a contract Realty Specialist with the U.S. General Services Administration (GSA). In this role he is responsible for leasing activities that include negotiating acquisitions plans for leased space, lease teams, and coordinating the build-out of new space. In this role, he has leased 110,000 square feet of office space and received an Outstanding Service Award. Mr. Caison has a thirteen year career in leasing and property acquisition that has involved the evaluation and negotiation of long-term leases for corporate facilities, working closely with legal counsel on lease preparation, and supervising contractors in the construction build-outs or renovation of corporate facilities. Mr. Caison was a senior real estate analyst with Trammel Crow Corporate Services, managing the acquisition (both purchase and lease) of new service stations in four states as contractor for Mobil Oil Corporation Real Estate Office. At ManorCare, Inc. he served as a development manager on a team that evaluated and acquired properties for assisted living facilities. For Northern Virginia Electric Cooperative (NOVEC) he acquired land and developed sites for NOVEC facilities. He began his career with Prince William County Department of Public Works with responsibility for property acquisition for the county's road projects, which involved negotiating agreements with property owners for the purchase of right-of-way and easements. Mr. Caison has been an active advocate for affordable housing in Alexandria, serving as Chairman of the City’s Affordable Housing Advisory Committee, active with Rebuilding Together Alexandria, and one of the five (5) incorporating AHDC Board members. Michael Caison has a B.S. in Public Administration from James Madison University, Harrisonburg, Virginia. Mr. Caison is a long term resident of Alexandria.

### Other Officers and Board Members

- Kerry Donley, former Mayor of Alexandria and founder of the Washington Area Housing Trust Fund
- Catherine Pharis, Vice President with Deutsche Bank
- Robert Burns, Director of Field Operations for Neighborhood Reinvestment Corporation
- Megan Glasheen, Attorney with Reno & Cavanaugh
- Lindsey Vick, Staff Consultant, North American Management Housing & Community Revitalization

### Kerry Donley

Kerry Donley, Secretary of the AHDC Board, is former Mayor of Alexandria, elected in 1996 and twice re-elected in 1997 and 2000. Mr. Donley served as the City Mayor from 1996 to June 2003. Prior to being elected mayor, he was Vice Mayor and served on the Alexandria City Council from 1988 until 1994. As
Alexandria's Mayor, Mr. Donley was successful in promoting economic development in the city, attracting a number of new businesses, including the United States Patent and Trademark Office, which moved to its current location in a five-building headquarters complex in Alexandria providing office space for 7,300 employees. During this tenure, Alexandria experienced historic lows in unemployment and received the highest bond ratings from Moody's and Standard and Poor's as evidence of the City's financial stability.

Mr. Donley has been active in affordable housing, involved as a founder and chairman of the Washington Area Housing Partnership and chairman of the Washington Area Housing Trust Fund, a regional capital fund offering predevelopment and interim loans for the preservation and development of affordable housing. Kerry Donley chaired an Alexandria Housing Task Force, which examined the creation of the Alexandria Affordable Housing Development Corporation (AHDC) as a new non-profit entity devoted to the preservation and creation of workforce housing in Alexandria.

At the state level, Mr. Donley served on the Virginia Municipal League's executive committee and well as the League's legislative committee, where he was chairman in 1998 and 1999. Additionally, Kerry Donley was elected to be chairman of the Democratic Party of Virginia in November 2003. From 1998 to 2005, Kerry Donley was employed as Executive Vice President for Retail Banking at Virginia Commerce Bank, a leading community bank in Northern Virginia. In June 2005, Kerry became the Athletic Director at T. C. Williams High School marking his return to public service in Alexandria. Kerry Donley lives in Alexandria's West End.

Cathy Pharis

Cathy Pharis, AHDC Board Treasurer, is Director Head of FHA at Deutsche Bank Berkshire Mortgage where she is responsible for overseeing the origination and financing of multifamily construction and permanent loans nationwide. While primarily involved in FHA-insured lending, she has significant experience in financing loans through Fannie Mae and Freddie Mac and experience with Ginnie Mae. Ms. Pharis also has extensive experience in financing properties utilizing low income housing tax credits, tax exempt bonds, IRP decouplings, and other less traditional funding mechanisms. She has been involved in the origination and underwriting of multifamily apartment loans for over twenty-five years, during which time she has closed in excess of $2 Billion in multifamily loans. Beginning her career with the National Corporation for Housing Partnerships between 1978 and 1980, she has advanced a career involved in the origination and financing of multifamily properties. Prior to Deusche Bank, Ms. Pharis served as Vice President at PMC Financial Services, Inc. (formerly The Patrician Mortgage Company) and ABG Financial Services, Inc. and was Assistant Vice President of Reilly Mortgage Group, Inc. Cathy Pharis is a Member of the Multifamily Steering Committee of Mortgage Bankers Association.
of America, Member of the Board of Directors of the National Housing & Rehabilitation Association, and Member of the Steering Committee of the NAHB Housing Credit Group. Cathy Pharis has a B.S. degree in mathematics and economics from Heidelberg College in Tiffin, Ohio. Ms. Pharis is a resident of Alexandria and is one of the incorporating AHDC board members.

Robert Burns

Robert Burns currently works as Director of Field Operations for NeighborWorks America in its Washington, DC headquarters where he supervises eight regional offices across the country. Prior to accepting a promotion to this position, Burns served as the District Director for the North Central District of NeighborWorks America in Kansas City, Missouri. NeighborWorks America, formerly known as Neighborhood Housing Services of America, is a national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts. The organization has a long history of involvement in multifamily housing preservation since its founding in 1978. NeighborWorks America provides resources, training and technical assistance to the NeighborWorks Network, a 236 member network of local nonprofit organizations that work to build community assets and better neighborhoods.

Prior to joining NeighborWorks America, Mr. Burns served as City Manager and Assistant City Manager in Ferguson, Missouri and previously worked in local government in Kansas, South Carolina and North Carolina. Robert Burns is a 1988 Truman Scholar from North Carolina and remains active within the Truman Foundation and has participated in their leadership forums. He is a past member of the Rotary Club of Ferguson, MO, was active in the Big Brothers/Big Sisters program, and appointed to the Midtown Housing Advisory Board in Kansas City. Mr. Burns has been recently elected to the board of the National Community Land Trust network. Robert Burns received his Masters of Public Administration from the University of Kansas and his Bachelors degree in Political Science from Appalachian State University. Mr. Burns is a resident of Alexandria.

Megan Glasheen

Megan Glasheen is an attorney with Reno & Cavanaugh a women-owned law firm located in Washington, DC offering legal services to clients engaged in improving housing and communities throughout the country. Ms. Glasheen has been with the firm for fifteen years and is a Managing Member. Her practice focuses on public, assisted, and affordable housing development and operation. She represents public housing authorities and other organizations on complex mixed-finance redevelopment methods using HOPE VI, public housing capital funds, low income housing tax credits, state tax credits, tax exempt bonds, project-based Section 8, private debt and other public and private sources of
development funds. Megan Glasheen helped shape the HOPE VI Program in the early 1990's and worked with a coalition of interest groups to address inadequate total development cost limits and other structuring obstacles for mixed finance transactions, which resulted in passage of the Quality Housing and Work Responsibility Act. She served on the advisory board of experts that helped HUD create the Mixed Finance Guidebook and the Project Review Panel Protocol. She has written extensively and served on panels focused on funding the redevelopment of public housing and privatizing public housing through public/private development partnerships. Megan Glasheen has been active with the American Bar Association Forum on Affordable Housing and Community Development Law, servicing as a member of the Governing Committee Member, from 2003 to the present; Conferences Chair, 2004 – 2006; Co-Chair, 2003 Annual Conference; and Co-Chair, 2002 Regional Conference on Public Housing Redevelopment. Megan Glasheen has a B.A. in Political Science, with distinction, from the University of Rhode Island and a Juris Doctorate degree from Howard University School of Law. Ms. Glasheen is a resident of Alexandria.

**Lindsey Vick**

*Lindsey W. Vick* is the Director of North American Management's Housing and Community Revitalization Group. She is responsible for the management of all housing and community revitalization programs and services. As a seasoned and well-respected Director, she manages a multi-million dollar portfolio for multiple clients. Ms. Vick has extensive experience working with various Headquarters, Field Offices and program offices of the U.S. Department of Housing and Urban Development (HUD), and expert knowledge and understanding of HUD rules and regulations. Ms. Vick works intimately with public housing authorities and housing organizations nationwide, assuring the preservation of affordable housing and the efficient and effective management of public and assisted housing programs. Her recent client experience includes conducting housing studies, program assessments and reorganization design projects, and providing technical assistance to Federal and private sector clients including Public Housing Authorities clients in Chicago, IL; Guam; Hawaii; Clark County, NV; Brookline, MA; and Charleston County, SC. Ms. Vick is an active member of several industry related organizations including the National Association for Housing and Redevelopment Officials, the National Organization of African Americans in Housing, the Board of Trustees of the Scholarship Fund of Alexandria, and Leadership Alexandria's Class of 2006. Ms. Vick also works with Alexandria's Summer Economic Institute locating internships for T.C. Williams, St. Stephens and St. Agnes seniors. Ms. Vick earned a Bachelor of Arts in Economics from Wellesley College and studied Urban Planning at Massachusetts Institute of Technology. Ms. Vick is a long term Alexandria resident.
## Table of Sources & Uses - 6/17/08

### SOURCES:

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<td><strong>Subtotal Sources</strong></td>
<td><strong>$32,415,000</strong></td>
<td><strong>$30,915,000</strong></td>
<td><strong>($1,500,000)</strong></td>
</tr>
</tbody>
</table>

### USES:

<table>
<thead>
<tr>
<th>Use</th>
<th>Budgeted</th>
<th>Actual</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Fees</td>
<td>$1,850,000</td>
<td>$1,824,034</td>
<td>$25,966</td>
</tr>
<tr>
<td>Residential Construction</td>
<td>$13,400,000</td>
<td>$13,054,216</td>
<td>$345,784</td>
</tr>
<tr>
<td>Fire Station/ First floor</td>
<td>$5,500,000</td>
<td>$7,144,634</td>
<td>($1,644,634)</td>
</tr>
<tr>
<td>Garage/ Site work / Park</td>
<td>$7,263,000</td>
<td>$7,944,826</td>
<td>($681,826)</td>
</tr>
<tr>
<td>Utilities/ Permits/ Prof. Services</td>
<td>$1,500,000</td>
<td>$1,419,470</td>
<td>$80,530</td>
</tr>
<tr>
<td>APSLP (Housing ) soft costs</td>
<td>$2,902,000</td>
<td>$2,610,174</td>
<td>$291,826</td>
</tr>
<tr>
<td><strong>Subtotal Uses</strong></td>
<td><strong>$32,415,000</strong></td>
<td><strong>$33,997,354</strong></td>
<td><strong>($1,582,354)</strong></td>
</tr>
</tbody>
</table>

**Total Balance**

($3,082,354)
June 18, 2008

Helen McIlvaine
Deputy Director
City of Alexandria, Housing Office
421 King Street, Ste 200
Alexandria, VA 22314

Re: Affordable Housing at Potomac Yard

Dear Helen:

I am writing in response to your request that Potomac Yard Development, LLC ("PYD") provide an additional $1.5 million contribution to the affordable housing project associated with the firestation in Potomac Yard (the "Project"). As I understand it, this $1.5 million contribution would be in addition to the $6 million contribution already being provided by PYD for the Project and would be provided in lieu of the four units previously approved for Landbay H. In addition, you have explained that PYD will need to provide the contribution in July and August of 2008 in order to assist with the financing of the project.

I have discussed your request with my client and they are willing to provide the $1.5 million payment in July and August of 2008, subject to the following:

- The Memorandum of Understanding for the firestation shall be revised to incorporate the additional funding with a provision that payments will be made as invoices are received for completed work.

- With this contribution, the City acknowledges that the remaining voluntary contribution for Landbays G, H, I, J, & L in the Yard is $3 million ($10.5 million minus $6 million already provided minus $1.5 million being provided through this agreement).

- The remaining $3 million contribution will be used either to buy down a portion of the 16-foot townhouse units being provided in Landbays I and J or as additional funding for the Project or as a cash contribution to the City’s Affordable Housing Trust Fund.

- Given the fact that, at the City’s request, PYD is providing financial contributions and/or units in Landbays I and J, there will not be affordable housing units in Landbays H and L absent approval of additional density by the City.
June 18, 2008  
Page 2  

It is our understanding that this information will be included in a memorandum for review and discussion by City Council at its June 24, 2008 meeting. Please let me know if you require any additional information or have any questions.

Sincerely,

WALSH, COLUCCI, LUBELEY, EMRICH & WALSH, P.C.

M. Catharine Puskar  
MCP/ger  

cc: Mildrilyn Davis  
Mark Jinks  
Stanley Settle, Jr.  
Jon Lindgren  
Stephen Fritz  
Stephen Collins  
Duncan Blair, Esq.
**THE STATION AT POTOMAC YARD**

**FUNDING GAP AND RECOMMENDATION**

### Funding Gap

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOUSING</td>
<td>Reduction in tax credit pricing</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>FIRE STATION (due in part to mixed-use facility)</td>
<td>Noise attenuation in excess of preliminary cost estimate</td>
<td>$0.8 million</td>
</tr>
<tr>
<td></td>
<td>Increased costs of materials (i.e., steel and copper)</td>
<td>$0.8 million</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td><strong>$3.1 million</strong></td>
</tr>
</tbody>
</table>

### Recommended Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>Repayable¹</th>
<th>Non-Repayable</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Contribution from PYD</td>
<td>$1.5 million</td>
<td>$0</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>FY 2010 CIP</td>
<td>$0.4 million</td>
<td>$1.2 million</td>
<td>$1.6 million</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>$1.9 million</strong></td>
<td><strong>$1.2 million</strong></td>
<td><strong>$3.1 million</strong></td>
</tr>
</tbody>
</table>

¹ Loan to be repaid to City by AHDC/APS LP within 15 – 20 years from cash flow of housing component.