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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 773-9025

Minutes

March 13, 2013
13-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 13, 2013 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:13 p.m. Those in attendance were:

Present

Roberto Piñero, Chair
Sally Roman, Vice Chair
Michael Kator, Chair Pro Tem
Jean Banks
Rick Edson
Michael Wiencek

Not Present

Pamela Lindstrom

Also Attending

Stacy Spann, Executive Director
Ken Tecler, Staff Counsel
Kayrine Brown
Lillian Durham
Scott Ewart
Joy Flood
Patrick Mattingly
Jim Miller
Gail Willison
Bill Anderson
Jennifer Arrington
Jim Atwell
Vivian Benjamin
Saundra Boujai
Scott Cataline
Louis Chaney
Tom DeBrine
Scott Ellinwood
Terri Fowler
Ken Goldstraw

Rita Harris
Monica Jarvis
Zachary Marks
Diane Morrison
Charnita Robinson
Lorie Seals
Belle Seyoum
Marsha Smith
Eugene Spencer
Tara Whicker

Commission Support

Patrice Birdsong
Special Assistant to the Commission

IT Support

Irma Rodriguez
Karlos Taylor

Guests

Carlos Mellott, UFCW Local 1994

Chair Piñero convened the monthly meeting of the Housing Opportunities Commission at 4:13 p.m.

The Consent Calendar was then approved upon a motion by Vice Chair Roman and seconded by Commissioner Banks. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, and Wienczek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of New Participating Lenders for the Single Family Mortgage Purchase Program – The following resolution was approved:

RESOLUTION: 13-10

RE: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County approves lenders to participate in the Mortgage Purchase Program; and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, Caliber Funding LLC and Homestead Funding Corp. have applied for participation in the Mortgage Purchase Program; and

WHEREAS, Caliber Funding LLC and Homestead Funding Corp. have satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Caliber Funding LLC and Homestead Funding Corp. are approved for participation in the Mortgage Purchase Program, effective immediately.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – Stacy Spann, Executive Director thanked the Commissioners for their support related to the snow storm Wednesday, March 6.

B. Commissioner Exchange

- Vice Chair Roman has been attending the County Council PHED Committee meetings on the Housing Policy. The policy is almost complete for full Council review. The Policy emphasizes affordable housing but the Committee will be deleting items pertaining to the zoning ordinance.
- Commissioner Wiencek reported on an article he read in the Affordable Housing Conference brochure on the “micro-units” concept. He requested HOC investigate this type of housing concept for discussion at a Development and Finance Committee meeting.
- Chair Pinero and Vice Chair Roman attended the Arcola Towers “Reveal Event” on February 12. He thanked Riderwood for stepping up and giving us a hand on the upgrades to the lobby area. He acknowledged and thanked the Executive Director as well as staff, Andrew Oxendine, Susan Yancy, and Tonya Clark for a great presentation program. He, along with Commissioner Banks and Commissioner Wiencek, attended the Montgomery County Coalition for the Homeless Gala on Thursday, March 7 along with other HOC staff. He suggested that HOC host an event like this one for the benefit of one of its charitable programs like the summer youth program.

C. Resident Advisory Board

- No one from the RAB was present

D. Community Forum

- No outside guests were present

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – Chair Pro Tem Kator

1. Acceptance of Second Quarter FY’13 Budget to Actual Statements

Chair Pro Tem Kator introduced Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer as presenters.

Ms. Fowler reported that the second quarter budget ending December 2012 was performing well. There were savings in the general fund and some properties were doing better than budget. There will be a few challenges during the second half of the year due to

reduced federal funds. There was a discussion on whether there were any easy solutions but, due to issues of the sequestration, there are none.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

Resolution: 13-11

**Re: Acceptance of Second Quarter FY'13
Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Second Quarter FY'13 Budget to Actual Statements during its March 6, 2013 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'13 Budget to Actual Statements.

2. Approval of FY'13 Second Quarter Budget Amendment

Ms. Fowler began the presentation by informing of the addition of the two (2) Glenmont Crossing Apartments to the budget and authority to roll forward unspent funds to the IT-Facilities Department. This has increased the operating budget from \$224.1 million to \$226.3 and the capital budget from \$35.2 million to \$35.4 million.

Chair Piñero wanted to know the final contributions from Montgomery County's Department of Housing and Community Affairs (DHCA) for the Glenmonts and whether the line of credit used. It was stated the amount of contribution was \$6.5 million and confirmed that the line of credit was used.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

Resolution: 13-12

**Re: Approval of FY'13 Second
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'13 on June 6, 2012; and

WHEREAS, the Commission's Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'13 Budget; and

WHEREAS, the net effect of the FY'13 Second Quarter Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'13 Operating Budget by increasing total revenues and expenses for the Agency from \$224.1 million to \$226.3 million.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'13 Capital Budget by increasing revenues and expenses for the Agency from \$35.2 million to \$35.4 million.

3. Authorization to Increase PNC Bank Line of Credit Agreement to \$60 Million

Ms. Willison informed the Board that the Finance Division had been working with PNC on increasing the line of credit to \$60 million for bridge financing for building acquisitions and rehabilitations. The line of credit facility currently provides a \$45 million revolving line of credit for interim financing of housing stock and a \$5 million working capital line of credit for general operations. To date, HOC has not drawn on the line for working capital needs.

Chair Pro Tem Kator commented on the expansion of the use of line of credit with PNC.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

RESOLUTION: 13-13

**RE: Authorization to Increase
PNC Bank Line of Credit
Agreement to \$60 Million**

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) entered into a Line of Credit Agreement with PNC Bank in June 2010 which expires on June 29, 2014; and

WHEREAS, HOC anticipates that the need for bridge financing will continue based on the number and size of anticipated projects and, at times, the bridge financing needed may exceed the current available amount on the line of credit; and

WHEREAS, HOC requested and PNC has agreed to provide an additional \$10 million to the existing line of credit facility for use in bridge financing for building acquisitions and rehabilitations; and

WHEREAS, the line of credit facility will provide \$55 million revolving line of credit facility to purchase, renovate and construct properties for the benefit of HOC as well as \$5 million for other working capital needs, totaling \$60 million; and

WHEREAS, upon execution of an addendum to the line of credit contract with PNC Bank, all current outstanding debt will remain on the PNC Bank Line of Credit.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes an increase to the PNC Bank Line of Credit to \$60 million which expires on June 29, 2014.

BE IT FURTHER RESOLVED that the Executive Director is authorized to finalize the necessary documentation including execution and delivery of the required contract, subject to appropriate legal review.

B. Development and Finance Committee

1. Authorization to Select General Contractor and Approval of Final Development Plan for Greenhills Apartments

Kayrine Brown, Director of Mortgage Finance, and Jennifer Arrington, Senior Multi-Family Underwriter, gave an overview on the final development plan and selection of Hamel Builders as the General Contractor for Greenhills Apartment.

Ms. Arrington reported that the plan includes a refinancing and renovation strategy, which will modernize and improve energy efficiencies for the property and its residents. The underwriting terms will meet a Fannie Mae Green Refinance Plus execution, however, staff will also investigate an FHA Risk Sharing execution.

The following resolution was adopted upon a motion by Commissioner Wiencek and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

RESOLUTION: 13-14

RE: Authorization to Select General Contractor and Approval of Final Development Plan for Greenhills Apartments

WHEREAS, Greenhills Apartments (the "Property"), built in 1984, consists of 52 townhomes and 26 apartments and is located on an eight acre parcel in Damascus; and

WHEREAS, the Property is wholly owned by the Housing Opportunities Commission (HOC); and

WHEREAS, there has been no major renovation to the buildings since initial construction; and

WHEREAS, the Commission approved predevelopment funds to study redevelopment, financing and disposition strategies of the Property to maximize the life, public purpose and financial contribution to HOC; and

WHEREAS, on March 7, 2012, the Commission approved a Preliminary Development Plan to refinance and renovate the Property along with a \$36,000 loan from the OHRF to fund predevelopment costs; and

WHEREAS, pursuant to the approved Preliminary Development Plan, the Commission issued a Request for Proposals for general contractors for rehabilitation of the Property; and

WHEREAS, the Commission has analyzed the 11 proposals submitted by the general contractors for the rehabilitation of the Property; and

WHEREAS, Hamel Builders was determined to be the most qualified and financially stable firm with the necessary experience to complete the proposed in-place renovation of Greenhills Apartments; and

WHEREAS, the Commission has explored various options for refinancing the Property upon completion of the rehabilitation and has prepared a Final Development Plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Final Development Plan for Greenhills Apartments to refinance and renovate the Property.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the selection of Hamel Builders as the General Contractor for the renovation scope of work for the Property and authorizes the Executive Director to enter into a contract

with Hamel Builders for this purpose with the final price of the contract to be negotiated but not to exceed \$3.8 million.

2. Adoption of an Inducement Resolution for The Crossing at Olde Towne Apartments Transaction

Kayrine Brown, Director of Mortgage Finance, and Vivian Benjamin, Assistant Director of Mortgage Finance made a brief presentation on the Inducement Transaction for The Crossing at Olde Town. Ms. Benjamin stated that this is a request for acceptance of the recommendation of the Development and Finance Committee. This item was reviewed at the February 21, 2013 Committee meeting.

A request from RST Development, LLC was received to construct a 199-unit, 100% tax-credit development with financing through issuance of tax-exempt bonds of up to \$33 million. RST has developed two (2) properties in HOC's portfolio – The Gramax and The Galaxy.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

RESOLUTION: 13-15

**Re: Adoption of an Inducement
Resolution for the Crossing at Olde
Towne Apartments Transaction**

WHEREAS, one of the public purposes of the Housing Opportunities Commission of Montgomery County (the "Commission") is to promote the construction of and acquisition of multifamily rental housing developments in Montgomery County to be occupied by eligible persons and families; and

WHEREAS, the Commission is authorized to issue tax-exempt bonds to provide the acquisition, construction and permanent financing for such developments; and

WHEREAS, the Commission has been asked to consider the issuance of tax-exempt bonds to finance the construction loan for a multifamily rental housing development, The Crossing at Olde Towne Apartments (a 199-unit development located at 208 Olde Towne Avenue, Gaithersburg, Montgomery County, Maryland 20877), which is intended for occupancy by eligible persons and families (the "Project"); and

WHEREAS, the Commission sees this financing arrangement as an opportunity to further its goals in meeting said public purposes.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the staff to proceed with the review and processing of the necessary financing application.

BE IT FURTHER RESOLVED that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$33,000,000 to provide financing for the acquisition and construction financing of the development project. The foregoing represents an expression of intent in order to satisfy the provision of Section 1.150-2 of the United States Income Tax Regulations, and is not a commitment by the Commission to issue said bonds. Issuance of said bonds shall: 1) be at the discretion of the Commission, 2) shall be subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission and 3) shall be subject to final acceptance of same by the owner of the project.

3. Authorization to Execute a Contract for Site Drainage and Landscape Improvements at Pooks Hill Tower

Jim Miller, Assistant Director Asset Management, and Scott Cataline, Construction Manager made a brief presentation to request authorization to execute a contract for site drainage and landscape improvements at Pooks Hill Tower.

Chair Pro Tem Kator remarked that this has been an ongoing issue.

Mr. Miller reported that Pooks Hill has experienced ongoing damage from water infiltration as a result of inability to properly redirect storm water. IFB #1858 was released for site drainage and landscape improvements and Procurement recorded a total of six (6) bids.

Mr. Miller also explained that the problem has taken so long due to removal of wet tanks, relocating power transformers, water drainage from the highrise that had never been addressed as well as getting approval from Park and Planning.

Chair Piñero asked why this had not been taken into consideration during the time of renovation of the highrise.

Commissioner Wiencek asked if HOC staff had followed up on the work the architects were proposing.

Mr. Spann explained that this was the reason why a property assessment tool was developed. Steps are being taken at Finance Committee for research and reporting on any problems or issues at the properties and how we can streamline all of the efforts for improvement.

Ms. Brown stated that the funding for this project would not affect the reserve funds. Bonds were issued in 2008 specifically for the renovation at Pooks Hill.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Wiencek. Commissioner Lindstrom was necessarily absent and did not participate in the vote.

RESOLUTION NO: 13-16

RE: Authorization to Execute a Contract for Site Drainage and Landscape Improvements at Pooks Hill Tower

WHEREAS, the Housing Opportunities Commission issued an Invitation for Bid (IFB) for site drainage and landscape improvements at Pooks Hill Tower; and

WHEREAS, based on the criteria included in the IFB and pricing from each of the six companies, staff from Asset Management and Construction Management has determined that Ecological Restoration & Management (ER&M) is the lowest responsive and responsible bidder and its price is fair and reasonable to perform the scope of work for site drainage and landscape improvements at Pooks Hill Tower.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to execute a contract with Ecological Restoration & Management in the amount of \$227,533 for site drainage and landscape improvements at Pooks Hill Tower.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. None

V. *FUTURE ACTION ITEMS

Mr. Spann informed the Commission of the following future action items:

- Presentation of the Executive Director's FY'14 Recommended Budget
- Authorization to Submit 2014 Public Housing Agency Plan to HUD

VI. INFORMATION EXCHANGE (CONTINUED)

None

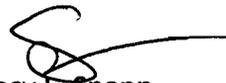
VII. EXECUTIVE SESSION FINDINGS

The Chair reported that the item before the Commission for consideration in Executive Session involves Personnel Matters. According to Section 10-508 (a)(3) of the State Government Articles of the Annotated Code of the State of Maryland, such items can be discussed in closed session.

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 5:40 p.m.

Respectfully submitted,



Stacy L. Spann
Executive Director

/pmb