

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes

March 1, 2017
17-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 1, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:10 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Christopher Hatcher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Margaret McFarland
Linda Croom
Pamela Byrd

Absent

Sally Roman

Also Attending

Stacy Spann, Executive Director
Kayrine Brown
Rebecca Grayson
Ellen Goff
Jim Atwell
Ethan Cohen
Tiffany Jackson
Arthur Tirsky
Lynn Hayes
Darcel Cox
Clarence Landers
Fred Swan
John Vass
Saundra Boujai
Sherraine Rawlins
Lorie Seals

Nowelle Ghahhari, Acting General Counsel
Gail Willison
Shauna Sorrells
Jennifer Arrington
Zachary Marks
Bobbie DaCosta
Eugenia Pascual
Gail Gunod-Green
Angela McIntosh-Davis
Ugonna Ibebuchi
Bonnie Hodge
Teri Fowler
Rita Harris
Robin Feller
Elliot Rule

Guest

Denise Kowalczyk, Resident
Susan Heney, Interpreter

IT Support

Irma Rodriguez

Guest Cont'd

Sue Gudenkauf, Interpreter
Robin Olivo, Resident

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

The meeting began with the approval of the Consent Calendar. Chair Simon noted a change to be made to Item C title change to read ***Ratification of Authorization to Form New Owner to Acquire Real Property in Silver Spring; Approval of the Execution by New Owner of a Purchase and Sales Agreement for the Acquisition of the Property; Approval of Execution by New Owner of an Agreement with the Developer to Purchase the New Owner's Interest in the Property and enter into a joint venture with the New Owner for the redevelopment of the Property; and Approval of a Loan of \$215,000 from the Opportunity Housing Reserve Fund ("OHRF") for Feasibility Fund and Earnest Money Deposit.***

I. CONSENT ITEMS

- A. Approval of Minutes of February 1, 2017** – A motion was made by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. The minutes were approved as submitted.
- B. Approval of Executive Session Minutes of February 1, 2017** – A motion was made by Commissioner Croom and seconded by Commissioner Byrd. The minutes were approved as submitted.
- C. Ratification of Authorization to Form New Owner to Acquire Real Property in Silver Spring; Approval of the Execution by New Owner of a Purchase and Sales Agreement for the Acquisition of the Property; Approval of Execution by New Owner of an Agreement with the Developer to Purchase the New Owner's Interest in the Property and enter into a joint venture with the New Owner for the redevelopment of the Property; and Approval of a Loan of \$215,000 from the Opportunity Housing Reserve Fund ("OHRF") for Feasibility Fund and Earnest Money Deposit** – A motion, with recommended changes, was made by Commissioner Byrd and seconded by Vice Chair Hatcher. Commissioner McFarland abstained. Affirmative votes by Commissioners Simon, Hatcher, Nelson, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17-10R

RE: Ratification of Authorization to Form New Owner to Acquire Real Property in Silver Spring; Approval of the Execution by New Owner of a Purchase and Sales Agreement for the Acquisition of the Property; Approval of Execution by New Owner of an Agreement with the Developer to Purchase

the New Owner's Interest in the Property and enter into a joint venture with the New Owner for the redevelopment of the Property; and Approval of a Loan of \$215,000 from the Opportunity Housing Reserve Fund ("OHRF") for Feasibility Fund and Earnest Money Deposit

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and effectuate the purpose of providing affordable housing including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, at an Executive Session duly called and held on February 1, 2017, with a quorum present, the Commission duly adopted Resolution 17-10R, which authorized the creation of a New Owner in order to enter into a Purchase and Sales Agreement to acquire certain Real Property in Silver Spring, Maryland, authorized the New Owner to acquire the Real Property in Silver Spring, Maryland, authorized the New Owner to enter into a Joint Venture Agreement with the Developer to purchase the New Owner's interests in the Real Property and redevelop it, and approved a Loan of \$215,000 from the Opportunity Housing Reserve Fund ("OHRF") for Feasibility Fund and Earnest Money Deposit; and

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 17-10R and any action taken since February 1, 2017 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 17-10R and any subsequent actions taken as of March 1, 2017, in relation thereto, are hereby ratified and affirmed.

- D. Approval for VPC One and VPC Two Corporations to Accept a Loan from EagleBank to Satisfy Requirement of the Corporations' Bylaws** – A motion was made by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom, and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17- 11

Re: Approval for VPC One and VPC Two

**Corporations to Accept a Loan from
EagleBank to Satisfy Requirement of the
Corporations' Bylaws**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, in November 2015, HOC completed its disposition of 669 scattered site Public Housing properties ("669 Sites") under Section 18 of the US Housing Act of 1937, as amended ("Section 18") and transferred the Scattered Sites to VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations"), both of which are wholly controlled corporate instrumentalities of HOC; and

WHEREAS, VPC One owns 390 of the 669 Sites plus an additional nine (9) units that were acquired between December 2014 and December 2015 (collectively, the "VPC One Units") and VPC Two owns 279 of the 669 Sites plus one (1) additional unit that was acquired in April 2016 (collectively, the "VPC Two Units" and together with the VPC One Units, the "Scattered Sites"); and

WHEREAS, on May 4, 2016, the Commission approved a loan to the Corporations in the amount of \$50,000 from its Real Estate Working Capital Fund to fund an application deposit with EagleBank (the "Lender"), which was applied towards due diligence costs in advance of a loan commitment and shall be reimbursed at closing; and

WHEREAS, on December 7, 2016, the Corporations approved an increase to the VPC construction budget for \$1.5 million, approved the Final Financing Plan, and authorized acceptance of a loan from the Lender in an amount not to exceed \$35.4 million for VPC One and \$24.6 million for VPC Two for a combined amount of no more than \$60 million; and

WHEREAS, the Final Financing Plan for the Corporations will complete the renovations, repay all renovation funds drawn on the PNC LOC, repay acquisition draws from the Opportunity Housing Development Fund (OHDF), provide excess proceeds to the Commission, and provide a permanent financing facility (for up to 10 years) for the Corporations by way of a working capital non-revolving Line of Credit with the Lender with the option to issue Sub-Notes ("EagleBank Loan Facility"); and

WHEREAS, the EagleBank Loan Facility requires the Commission to provide a limited guarantee ensuring lien-free completion of the proposed renovation program for the VPCs, agreeing to reimburse EagleBank for any costs incurred by EagleBank that normally would be

paid by title insurance, and payment of any debt service shortfalls, should the VPCs' Net Operating Income decrease to a level that is less than the debt service payments due by the VPCs; and

WHEREAS, the Corporations' Bylaws require the Commission's approval prior to entering into a loan, mortgage, bond, promissory note, or contract with said approval not being more than 60 days in advance of the issue of any bonds, notes or obligations of the Corporation.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves VPC One Corporation and VPC Two Corporation entering into a loan with EagleBank for no more than \$35.4 million and \$24.6 million, respectively for a combined total loan with EagleBank not to exceed \$60 million.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the terms of the financing, including its guaranteeing lien free completion of the renovation, agreeing to reimburse EagleBank for any costs incurred by EagleBank that normally would be paid by title insurance, and payment of debt service if the Corporations experience operating shortfalls.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, without further action on its part, hereby authorizes and directs the Executive Director to act as its authorized representative to execute all documents on its behalf, and to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

- E. Approval of the Appointment of Sally Roman to the Board of Directors of Housing Opportunities Community Partners, Inc.** – A motion was made by Commissioner Byrd and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom, and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17-12

RE: Approval of the Nomination of Sally Roman to the Board of Directors of Housing Opportunities Community Partners, Inc.

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") approved the creation of the non-profit, Housing Opportunities Community Partners, Inc. ("Community Partners"), in 1999 to support the residents and programs of the Commission; and

WHEREAS, the Board of Community Partners unanimously has nominated Sally Roman to fill an *At-large* vacancy on the Community Partners Board; and

WHEREAS, the Commission is required, by the Community Partners' bylaws, to approve nominees to the Board of Directors of Community Partners.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Sally Roman is hereby approved and appointed to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that its Executive Director is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and action contemplated herein, including the execution of any documents related thereto.

II. INFORMATION EXCHANGE

A. Community Forum

- Denise Kowalczyk - Addressed the Board regarding complaint with two Property Managers at Seneca Ridge Apartments during her move-out process. Bobbie DaCosta, Director of Property Management, was directed by Executive Director Spann to assist Ms. Kowalczyk with her concerns.
- Robin Olivo – Addressed the Board with a question regarding difference between Market Value and Moderate Priced Dwelling Units (MPDU) and if these are two different programs. Bonnie Hodge, Assistant Director of Housing Resources, gave an explanation of the requirements of the two programs and how they operate. Executive Director Spann asked staff to research the structure differences in the Tax Credit units and the MPDU units at The Grand.

B. Report of the Executive Director – In addition to the written report, Executive Director Spann reported on the HOC Connects kick-off event with T-Mobile. There were 246 pre-registered to receive devices.

C. Commissioner Exchange

- Commissioner McFarland extended an invitation to the University of Maryland Innovation and Entrepreneurship Award Gala to be held on March 7, 2017.
- Chair Simon reported on the joint meeting held on February 23, 2017 with Housing for People with Disabilities Group. Commissioner Croom attended the meeting and added that it was a very good meeting.

D. Resident Advisory Board - Yvonne Caughman, Vice President of the Resident Advisory Board, was absent. Commissioner Croom gave an update on behalf of the Resident Advisory Board.

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – Com. Nelson, Chair

1. Acceptance of Second Quarter FY'17 Budget to Actual Statements

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17-13

**RE: Acceptance of Second Quarter FY'17
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'17 Budget to Actual Statements during its March 1, 2017 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'17 Budget to Actual Statements.

2. Approval of FY'17 Second Quarter Budget Amendment

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17-14

**RE: Approval of FY'17 Second Quarter Budget
Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'17 on June 17, 2016; 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'17 Budget; and

WHEREAS, the effect of the FY'17 Second Quarter Budget Amendment is an increase of \$867,161 to both revenue and rental assistance expenses.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'17 Operating Budget by increasing total revenues and expenses for the Agency from \$243.1 million to \$244.0 million.

3. Approval of the Calendar Year 17 (CY'17) Budget for Alexander House Apartments Limited Partnership

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION NO: 17-15

RE: Approval of the Calendar Year'17 (CY'17) Budget for Alexander House Apartments Limited Partnership

WHEREAS, Alexander House Development Corporation sold 122 units to Alexander House Apartments Limited Partnership on January 31, 2017; and

WHEREAS, the Agency's budget policy requires a budget be prepared and adopted for the Limited Partnership; and

WHEREAS, the Calendar Year 2017 budget forecasts net cash flow of \$127,054.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, hereby approves the Calendar Year 2017 Budget for Alexander House Apartments Limited Partnership.

4. Approval of the FY'18 County Operating Budget MARC Reduction

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION NO: 17-16

**RE: Approval of the FY'18 County
County Operating Budget
MARC Reduction**

WHEREAS, the Housing Opportunities Commission of Montgomery County has to submit a County Operating Budget MARC Reduction for FY'18; and

WHEREAS, the County has requested HOC submit a proposed MARC Reduction of two percent or \$130,261 (FY'17 approved MARC of \$6,513,040 x 2% = \$130,261) for FY'18.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the submission of the FY'18 County Operating Budget MARC Reduction totaling \$130,261 with details provided to the County at a later date.

5. Approval of Property Management Contract for Tanglewood and Sligo Apartments, 527 Dale Drive, Southbridge Apartments and Manchester Manor

Bobbie DaCosta, Director of Property Management, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION NO: 17-17

**RE: Approval of Property Management
Contract for Tanglewood and Sligo
Apartments, 527 Dale Drive,
Southbridge Apartments and
Manchester Manor**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for property management of Tanglewood and Sligo Apartments, 527 Dale Drive, Southbridge Apartments and Manchester Manor ("Properties"); and

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC or the "Commission") is the general partner of Tanglewood and Sligo Limited Partnership which owns one hundred and thirty-two (132) low-income housing tax credit (LIHTC) units in a development known as Tanglewood and Sligo Apartments; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC or the “Commission”) is the general partner of Manchester Manor Limited Partnership which owns fifty three (53) low-income housing tax credit (LIHTC) units in a development known as Manchester Manor; and

WHEREAS, the Commission, in its capacity as the Owner or as the general partner for the Partnership, acting for and on behalf of the Partnership, is authorized to engage a third party to manage the Properties; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of staff from Property Management, Finance and Compliance scored the results and determined that Residential One is the most qualified to manage the Properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to execute a contract for the term of two (2) years, with three (3) one (1) year renewal options, with Residential One for property management services at the Properties.

B. Development and Finance Committee – Com. Simon, Chair

1. **Approval of a 12-Month Predevelopment Budget in the Amount of \$1,341,500 for the Redevelopment of Holly Hall; Approval to Loan Hillandale Gateway, LLC \$1,341,500 in Predevelopment Funding; and Approval for Hillandale Gateway, LLC to Accept the Predevelopment Loan**

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Assistant Director of New Development, were presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 17-18

RE: Approval of a 12-Month Predevelopment Budget in the Amount of \$1,341,500 for the Redevelopment of Holly Hall; Approval to Loan Hillandale Gateway, LLC \$1,341,500 in Predevelopment Funding; and Approval for Hillandale Gateway, LLC to Accept the Predevelopment Loan

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 96-unit rental property in Hillandale known as Holly Hall

Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

WHEREAS, HOC is the sole member of HOC at Hillandale Gateway, LLC (“HOC’s JV Member”), which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

WHEREAS, HOC has contributed a 43,671-square foot parcel of land at the southwest corner of Powder Mill Road and New Hampshire Avenue, which HOC purchased from Capital One Bank, N.A. on July 11, 2014 (“CONA Site”), and was wholly owned by HOC, to Hillandale Gateway, LLC through HOC’s JV Member; and

WHEREAS, the location of Holly Hall and the CONA Site (together, the “Redevelopment Properties”) is at the corner of New Hampshire Avenue and Interstate 495 providing high visibility and access; and

WHEREAS, the Redevelopment Properties were approved for an increase in development density via a Sectional Map Amendment, which presents a unique opportunity for HOC to expand its housing presence in the East County, which has seen decades of disinvestment in housing; and

WHEREAS, the Duffie Companies and HOC formed a venture to redevelop Holly Hall and the CONA Site where HOC contributes the Redevelopment Properties and the Duffie Companies contributes cash, purchasing an ownership interest in Hillandale Gateway, LLC; and

WHEREAS, on July 8, 2015, the Commission authorized the Executive Director to execute all documents associated with the creation of a venture between the Duffie Companies and HOC, provided the terms in a letter agreement between the parties would be substantially the same as those originally presented to the Commission on October 22, 2014, and as revised and presented to the Commission on July 8, 2015; and

WHEREAS, on October 7, 2015, the Commission approved a budget of \$1,195,000 for predevelopment activities through December 2016 related to the redevelopment of the Redevelopment Properties; and

WHEREAS, on October 7, 2015, the Commission authorized a loan to Hillandale Gateway, LLC from HOC’s Opportunity Housing Reserve Fund (“OHRF”) in the amount of \$546,000 to fund predevelopment activities related to the redevelopment of the Redevelopment Properties; and

WHEREAS, on October 7, 2015, the Commission, acting on behalf of HOC at Hillandale Gateway, LLC, accepted the loan in the amount of \$546,000 bearing interest at the Applicable

Federal Rate and to be repaid from the proceeds of Hillandale Gateway, LLC's redevelopment construction-period financing; and

WHEREAS, using the loan proceeds, a concept plan for the redevelopment of the Redevelopment Properties has been produced acceptable to the Commission and Duffie; and

WHEREAS, the Commission wishes to approve additional funding and a new budget; which rescinds the unfunded portion of the budget approved on October 7, 2015; for predevelopment activities through February 2018 related to the redevelopment of the Redevelopment Properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC at Hillandale Gateway, LLC acting for itself and for and on behalf of Hillandale Gateway, LLC that it approves a predevelopment budget for the redevelopment of the Redevelopment Properties for up to \$1,341,500 through February 2018.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC at Hillandale Gateway, LLC acting for itself and for and on behalf of Hillandale Gateway, LLC that it authorizes a loan to Hillandale Gateway, LLC from HOC's OHRF in the amount of \$1,341,500 and an acceptance by Hillandale Gateway, LLC of such loan, bearing interest at the Applicable Federal Rate and to be repaid from the proceeds of Hillandale Gateway, LLC's redevelopment construction-period financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC at Hillandale Gateway, LLC acting for itself and for and on behalf of Hillandale Gateway, LLC that the Executive Director of the Commission is hereby authorized, without any further action on their respective parts, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

2. Approval of Six Months Extension of the Development Consultant Contract with The Concourse Group for the Development of 900 Thayer (8240 Fenton St.)

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Assistant Director of New Development, were presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 17-19

RE: Approval of Six Months Extension of the

**Development Consultant Contract with
The Concourse Group for the Development
of 900 Thayer (8240 Fenton Street)**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

WHEREAS, on August 5, 2015, as ratified on September 2, 2015, the Commission authorized the execution of a Purchase and Sale Agreement with 900 Thayer Avenue LLC (the “Seller”) to purchase 28,526 square feet of land at the southwest corner of Thayer Avenue and Fenton Street (the “Property”) including design documents, design consulting contracts, and all other related due diligence; and

WHEREAS, pursuant to the Purchase and Sale contract, which was executed on August 7, 2015, the Commission acquired the fully entitled Property on March 16, 2016; and

WHEREAS, on April 6, 2016, the Commission approved the development plan for 900 Thayer including approvals for a 124-unit new construction family transaction containing 73 one-bedroom units and 51 two-bedroom units in a combination of 96 Rental Assistance Demonstration (RAD) Project Based Rental Assistance (PBRA) units (28 market rate units), a predevelopment loan of \$2,182,500, the selection of The Concourse Group (TCG) as development consultant, and the acceptance of an existing contract for the KTG architecture firm; and

WHEREAS, on September 7, 2016, the Commission approved the selection of CBG Building Company (CBG) as general contractor for the construction of the Property and authorized the Executive Director to enter into contract negotiations; and

WHEREAS, on October 5, 2016, the Commission approved the selection of Edgewood Management for pre-construction consulting and property management service; and

WHEREAS, on January 11, 2017, the building permit application was submitted to the Montgomery County Department of Permitting Services but staff needs additional time to complete is predevelopment work in preparation for the closing of the construction financing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves an extension to the Development Consultant Contract with The Concourse Group for an additional six months, including additional costs of \$145,560 to be funded from the previously approved predevelopment loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes revision to the unit configuration at the Property to deliver 84 RAD PBRA units at 900 Thayer and 12 RAD PBRA units at Victory Crossing and that such revision will be reflected in the project's RAD Financing Plan to be submitted to the US Department of Housing and Urban Development.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

3. Approval to Advance Funds from the Single Family Indentures to Reimburse Bogman Inc. for Pre-Claim Expenses for Single Family's Whole Loan Portfolio

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director of Bond Management, were presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, McFarland, Croom and Byrd. Commissioner Roman was necessarily absent and did not participate in the vote.

RESOLUTION: 17-20

Re: Approval to Advance Funds from the Single Family Indentures to Reimburse Bogman Inc. for Pre-Claim Expenses for the Single Family's Whole Loan Portfolio

WHEREAS, Bogman Inc. (Bogman) is the largest single family whole loan mortgage subservicer for the Housing Opportunities Commission of Montgomery County ("Commission") and is currently servicing 574 whole loans for the Commission that were funded from various series of Single Family Mortgage Revenue Bonds ("MRB") under the 1979 Indenture and Single Family Housing Revenue Bonds ("HRB") under the 2009 Indenture;

WHEREAS, Bogman submitted to the Commission on July 18, 2016, a cancellation notice due to its desire to exit the mortgage servicing business; and

WHEREAS, Bogman has advised staff that it is below the FHA liquidity requirement by \$162,000 and that it has 30 days to notify FHA of its Corrective Action Plan outlining how it intends to lessen the deficiency; and

WHEREAS, Bogman's mortgage servicing contract includes a provision that should mortgage escrows become deficient, it shall advance pre-claim costs on behalf of the Commission for loans that are in various stages of delinquency until the claims are settled; and

WHEREAS, as of January 31, 2017, the outstanding amount due to Bogman by the Commission for 11 pre-claim advances is \$258,381, \$159,634 of which will be recouped within 60-90 days of filing claims.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves an advance to Bogman, Inc. for no more than \$162,000 for pre-claim expenses made on behalf of the Commission's Single Family whole loan portfolio.

BE IT FURTHER RESOLVED that the advance of funds shall originate from the Single Family 1979 Indenture in the amount of \$140,916.67 and from the Single Family 2009 Indenture in the amount of \$21,083.33. Said funds will be returned to the appropriate indenture once claim funds are received.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, without further action on its part, hereby authorizes and directs the Executive Director to act as its authorized representative to execute all documents on its behalf, and to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. *FUTURE ACTION ITEMS

None

VI. NEW BUSINESS

None

VII. EXECUTIVE SESSION FINDINGS

None

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 5:20 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: April 5, 2017