

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

June 6, 2018

18-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 6, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:11 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Jr., Vice Chair
Edgar Rodriguez, Chair Pro Tem
Margaret McFarland
Linda Croom
Pamela Byrd
Roy Priest

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Fred Swan
Victoria Dixon
Ethan Cohen
Melody Stanford
Rita Harris
Zachary Marks
Jim Atwell
Terri Fowler
Eugene Spencer
Cornelia Kent
Lauren Jackson
Christina Autin
Ian Hawkins
Charnita Jackson
Heather Grendze
Susan Smith

Nowelle Ghahhari, General Counsel
Joan McGuire
Eugenia Pascual
Shauna Sorrells
Kayrine Brown
Claudia Wilson
Lynn Hayes
Bonnie Hodge
Vivian Benjamin
Garrett Jackson
Jay Shephard
Gio Kaviladze
Leidi Reyes
Erik Smith
Eugene Spencer
Kevin Seawright
Nilou Razeghi
Ali Khademian

Charlotte Mbouma
Ian Williams
Toni Johnson

Clarence Landers
Sherraine Rawlins

IT Support

Irma Rodriguez
Rony Joseph

Commission Support

Patrice Birdsong

Resident Advisory Board

Yvonne Caughman

Guest

James McGhee
Lynn Pekkanen
Rev. Segan Adebayo
Rev. Derek Solberg
Ann Barbagallo
Marsha Coleman-Adebayo
Lorna Phillips Forde
Shruti Bhatnagar

The meeting began with Community Forum. Various clergy addressed the Board expressing support of the preservation of the Moses African Cemetery.

I. Community Forum

- Various Montgomery County political candidates along with community members addressed the Board expressing support of the preservation of the Moses African Cemetery.

Consent Calendar was adopted upon a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

II. CONSENT ITEMS

- A. Approval of Minutes of May 2, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of May 2, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of May 18, 2018 Special Session** – The minutes were approved as submitted.
- D. Approval of Minutes of May 18, 2018 Administrative Session** – The minutes were approved as submitted.

III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

The following resolutions were adopted upon a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

A. Ratification of Action Taken in Administrative Session on May 2, 2018: Approval to Execute the Investment Commitment Letter Fund Acquisition of Land for Proposed Senior Community

RESOLUTION: 18-33R

Re: Approval to Execute the Investment Commitment Letter to Fund Acquisition of Land for Proposed Senior Community

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission” or “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, 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, at an Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-33AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of an investment commitment letter allowing a grant for the acquisition of the land for a proposed senior community in Damascus, Maryland.

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 18-33R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-33R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

B. Ratification of Action Taken in Special Administrative Session on May 2, 2018: Approval to Executive Purchase and Sale Agreement for Real Property and Approval to Fund Acquisition

RESOLUTION: 18-34R

RE: Approval to Execute Purchase and Sale Agreement for Real Property and Approval to Fund Acquisition

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 Administrative Session duly called and held on May 2, 2018, with a quorum present, the Commission duly adopted Resolution 18-34AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest voting in approval, which approved the execution of a purchase and sale agreement for the acquisition of real property, and the funding of the acquisition.

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 18-34R and any action taken since May 2, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-34R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**C. Ratification of Action Taken in Special Administrative Session on May 18, 2018:
Approval to Amend the Investment Commitment Letter to Fund Acquisition of
Land for Proposed Senior Community**

RESOLUTION: 18-35R

**Re: Approval to Amend the Investment
Commitment Letter to Fund Acquisition
of Land for Proposed Senior Community**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission" or "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, 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, at an Administrative Session duly called and held on May 18, 2018, with a quorum present, the Commission duly adopted Resolution 18-35AS, Commissioners Simon, Nelson, McFarland, Byrd, and Priest voting in approval, which approved the execution of an amendment to an investment commitment letter allowing a grant that can be drawn upon at will for the acquisition of the land for a proposed senior community in Damascus, Maryland.

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 18-35R and any action taken since May 18, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-35R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. Acceptance of Third Quarter FY'18 Budget to Actual Statement

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-39

Re: Acceptance of Third Quarter FY'18 Budget to Actual Statement

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 Third Quarter FY'18 Budget to Actual Statements during its June 6, 2018 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'18 Budget to Actual Statements.

2. Approval of FY'18 Third Quarter Budget Amendment

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-40

Re: Approval of FY'18 Third Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission amended a budget for FY'18 on June 7, 2017; 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'18 Budget; and

WHEREAS, the net effect of the FY'18 Third Quarter Budget Amendment maintains a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'18 Operating Budget by increasing total revenues and expenses for the Agency from \$242.1 million to \$246.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'18 Capital Budget by increasing revenues and expenses for the Agency from \$206.7 million to \$206.9 million.

3. Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits

Cornelia Kent, Chief Financial Officer, and Claudia Wilson, Accounting Manager, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-41

Re: Acceptance of Calendar Year (CY) 2017 Tax Credit Partnership Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'17 Tax Credit Audits for 14 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 14 of the CY'17 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audit for Montgomery Homes LP IX has not been finalized; however, staff is currently reviewing a draft of this audit and there are no findings and no changes are anticipated.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the CY 2017 tax credit partnership property audits.

4. Approval of Loans and Advances to Non-HOC Owned Entities

Cornelia Kent, Chief Financial Officer, and Claudia Wilson, Accounting Manager, were the presenters.

The following resolution was presented and acknowledged as information. No action required. Resolution 18-42 has been deleted per the request of the Board.

5. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivable

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-43

**RE: Authorization to Write off Bad
Debt Related to Tenant Accounts
Receivable**

WHEREAS, HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

WHEREAS, HOC periodically proposes the write-off of uncollected former resident balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period April 1, 2017 through March 31, 2018 is \$245,149 from Opportunity Housing, \$121,263 from RAD 6, \$18,836 from Public Housing, \$13,533 from Tax Credit properties, \$8,899 from Supportive Housing and \$3,805 from 236 properties, totaling \$411,485.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write off bad debt totaling \$411,485 related to tenant accounts receivable.

6. Adoption of the FY'19 Agency Budget

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18- 44

**RE: Adoption of the FY'19 Budget,
Bond Draw Downs and Transfers**

WHEREAS, the Commission is required to adopt a budget based on the current chart of accounts in use before July 1, 2018; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'19 of \$264.7 million by fund as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

\$1,623,898 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$1,549,858 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

Up to \$2,314,136 for FY'19 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'19 of \$256.8 million as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of the Timberlawn Pomander Properties LLC, as its Sole Member, hereby adopts a total Operating Budget for FY'19 of \$442,839 and a Capital Budget for FY'19 of \$12,842 for Pomander Court, and a total Operating Budget for FY'19 of \$2,199,778 and a Capital Budget for FY'19 of \$64,805 Timberlawn Crescent.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-44a

RE: Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "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, 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 the multifamily rental housing properties which provide a public purpose; and

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$256,827,612, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 19 Capital Budget attached, including **900 Thayer Avenue, Alexander House, Arcola Towers, Avondale Apartments, The Barclay, Bauer Park, Brooke Park, Brookside Glen, CDBG-NSP-NCI, Chelsea Towers, Cider Mill, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square, Elizabeth House III, Fairfax Court, Georgian Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, The Lindley (formerly Chevy Chase Lakes) Magruder's Discovery, Manchester Manor, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove, Southbridge, State Rental Combined, Strathmore Court, Stewartown, Timberlawn, Town Center Apartments, Upton, VPC One and VPC Two (formerly 669 Scattered Site Properties), Waverly House, Westwood Tower, and The Willows** and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$256,827,612 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. ***Confirmation of Prior Acts.*** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. ***Effective Date of Resolution.*** This Resolution shall take effect immediately upon its passage.

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

1. Adoption of an Inducement Resolution for the Proposed Financing of Knights Bridge 1 Apartments

Vivian Benjamin, Assistant Director of Mortgage Finance, and Erik Smith, Junior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-45

**Re: Adoption of an Inducement
Resolution for Financing of the Knights
Bridge I Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is 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, one of the public purposes of 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 and notes to fund 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 acquisition and renovation of Knights Bridge I Apartments (a 256-unit development, located at 3310 Tea Garden Circle, Silver Spring, Montgomery County, Maryland 20904), which is intended for occupancy, in substantial part, by eligible persons and families (the “Development”); and

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

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of \$42,933,000 to provide financing for the Development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the foregoing represents an official intent for purposes of Section 1.150-2 of the United States Income Tax Regulations and is not a commitment by the Commission to issue said bonds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that issuance of said bonds shall be:

1. At the discretion of the Commission;
2. 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 as required under the Internal Revenue Code of 1986, as amended; and
3. Subject to final acceptance of the same by the owner of the 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.

2. Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County's General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

Kayrine Brown, Chief Investment and Real Estate Officer, and Vivian Benjamin, Assistant Director of Mortgage Finance, were the presenters.

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

**Application to the County Executive and
the County Council for the Use of the
County's General Obligation Pledge for the
Issuance of Bonds for the Construction
Financing of Elizabeth House III**

WHEREAS, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the "Law") provides for the use of the County's General Obligation ("GO") as credit enhancement for bonds issued by HOC to finance affordable housing developments;

WHEREAS, the entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III ("EH III" or the "Development") issued by June 30, 2018, and a reservation of 4% Low Income Housing Tax Credits ("LIHTC") by the Maryland Department of Housing and Community Development ("DHCD") is expected by June 8, 2018; and

WHEREAS, EH III will be owned in a condominium regime consisting of Elizabeth House III LP ("EH III LP"), which will own the LIHTC units; and Elizabeth House III LLC ("EH III LLC"), which will own the market rate units with proceeds; for the construction expected to be available by October 31, 2018, so that the construction of the Development may commence; and

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") will finance the affordable housing units at EH III via the issuance of approximately \$9.5 million of privately placed tax-exempt private activity bonds but wishes to issue up to \$43 million of governmental bonds to finance the construction of the market rate units at EH III and avail itself of the use of the County's GO, which would convey a Triple A rating by Moody's Investors Service, resulting in the lowest cost of funds; and

WHEREAS, HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use; and

WHEREAS, the most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro). The use of the County's GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million); and

WHEREAS, the use of the County GO must be approved by the County Executive and the County Council and staff wishes to submit an application in the July of 2018; and

WHEREAS, staff is requesting the Commission’s approval to submit a bond financing application to the County Executive and the County Council.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the staff is authorized to submit a bond financing application to the County Council and County Executive for the issuance of up to \$43 million of HOC-issued governmental bonds to finance the construction of the Elizabeth House III market rate condominium.

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.

V. ITEMS REQUIRING DELIBERATION and/or ACTION

1. Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County’s General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

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

The following resolution was adopted upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Byrd, and Priest.

RESOLUTION: 18-46

RE: Approval to Submit a Bond Financing Application to the County Executive and the County Council for the Use of the County’s General Obligation Pledge for the Issuance of Bonds for the Construction Financing of Elizabeth House III

WHEREAS, Division II of the Housing and Community Development Article of the Annotated Code of Maryland, along with Article VI of Chapter 20 of the Montgomery County Code (together, the “Law”) provides for the use of the County’s General Obligation (“GO”) as credit enhancement for bonds issued by HOC to finance affordable housing developments;

WHEREAS, the entitlement of the Elizabeth Square development is expected to be complete and building permits for Elizabeth House III (“EH III” or the “Development”) issued by June 30, 2018, and a reservation of 4% Low Income Housing Tax Credits (“LIHTC”) by the

Maryland Department of Housing and Community Development (“DHCD”) is expected by June 8, 2018; and

WHEREAS, EH III will be owned in a condominium regime consisting of Elizabeth House III LP (“EH III LP”), which will own the LIHTC units; and Elizabeth House III LLC (“EH III LLC”), which will own the market rate units with proceeds; for the construction expected to be available by October 31, 2018, so that the construction of the Development may commence; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) will finance the affordable housing units at EH III via the issuance of approximately \$9.5 million of privately placed tax-exempt private activity bonds but wishes to issue up to \$43 million of governmental bonds to finance the construction of the market rate units at EH III and avail itself of the use of the County’s GO, which would convey a Triple A rating by Moody’s Investors Service, resulting in the lowest cost of funds; and

WHEREAS, HOC has issued and retired several series of County GO-backed bonds throughout its history and currently has only two outstanding transactions (Pooks Hill Mid-rise owned by HOC and Amherst Square owned by Montgomery Housing Partnership) on this facility totaling \$5.8 million, leaving \$44.2 million available for use; and

WHEREAS, the most recent use of this facility was in 2006 for the financing of MetroPointe (formerly known as Wheaton Metro). The use of the County’s GO pledge reduced the costs associated with constructing the project because it avoids the use of prevailing Davis Bacon wage rates during the construction period. A similar strategy is proposed for the construction of the Elizabeth House III residential development that is estimated to save about 5%-10% in construction costs (approximately \$3.5 million to \$6.8 million); and

WHEREAS, the use of the County GO must be approved by the County Executive and the County Council and staff wishes to submit an application in the July of 2018; and

WHEREAS, staff is requesting the Commission’s approval to submit a bond financing application to the County Executive and the County Council.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the staff is authorized to submit a bond financing application to the County Council and County Executive for the issuance of up to \$43 million of HOC-issued governmental bonds to finance the construction of the Elizabeth House III market rate condominium.

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.

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

The open session adjourned at 7:20 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Revised: July 11, 2018

Approved: September 5, 2018