

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

June 4, 2014

14-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 4, 2014 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present

Roberto Piñero, Chair
Jean Banks, Chair Pro Tem
Rick Edson
Mynor Herrera
Pamela Lindstrom
Jackie Simon

Absent

Sally Roman, Vice Chair

Also Attending

Stacy Spann, Executive Director
Fred Swan
Gail Willison
Jennifer Arrington
Gina Smith
Diane Morrison
Gio Kaviladze
Christopher Donald
Susan Smith
Sheryl Hammond
Bobbie DaCosta
Patrick Mattingly
Wilson Choi
Charnita Robinson
Belle Seyoum
Bill Anderson
Paulette Dudley
Richard Hanks
Eugene Spencer
Dean Tyree

Kelly McLaughlin, Deputy Gen. Counsel
Regina Mitchell
Maria Montero
Rita Harris
Terri Fowler
Scott Ewart
Saundra Boujai
Ken Tecler
Jay Shepherd
Kayrine Brown
Lola Knight
Marsha Smith
Tonya Clark
Angela McIntosh
Lynn Hayes
Elsie Weinstein

Commission Support

Patrice Birdsong, Spec. Asst. to Com.

IT Support

Dominique Laws
Nick Monaco

Guest

Henry Warfield
Joan Nickols

The Consent Calendar was adopted upon a motion by Chair Pro Tem Banks and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Piñero, Banks, Herrera, Lindstrom, and Simon. For the record, Commissioner Edson abstained on voting of items C and D. Commissioner Roman was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of Minutes

- **Approval of Minutes of Regular Meeting of May 7, 2014** – The minutes were approved as submitted.

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

RESOLUTION: 14-33a

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, Corridor Mortgage Group and K. Hovnanian American Mortgage, LLC have applied for participation in the Mortgage Purchase Program; and

WHEREAS, Corridor Mortgage Group has satisfied the required criteria for admittance to the Mortgage Purchase Program.

WHEREAS, while K. Hovnanian American Mortgage, LLC, satisfies all the required criteria for admittance to the Mortgage Purchase Program, except for lack of a Washington, DC area office, it proposes to accept applications for all qualifying loans at any location from which its affiliate will offer MPDUs to eligible participants.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Corridor Mortgage Group are approved for participation in the Mortgage Purchase Program, effective immediately.

BE IT FURTHER RESOLVED that, K. Hovnanian American Mortgage, LLC is approved for participation in the Mortgage Purchase Program, effective immediately provided that it accepts, while participating in the Program, applications for all qualifying loans at any location from which its affiliate will offer MPDUs to eligible participants.

- C. **Ratification of Action Taken in Executive Session on May 28, 2014: Approval to Accept \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A.** – The following resolution was approved.

RESOLUTION: 14-33R

RE: Ratification of Action Taken in Executive Session on May 28, 2014 of Approval to Accept \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A.

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, is 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, at an Executive Session duly called and held on May 28, 2014, with a quorum being present, HOC duly adopted Resolution 14-33 titled “Approval to Accept \$90 Million Real Estate Line of Credit (RELOC) from PNC Bank, N.A.” (the “RELOC Resolution”); and

WHEREAS, HOC wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting the RELOC Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby ratifies Resolution 14-33.

- D. **Ratification of Action Taken in Executive Session on May 28, 2014 to Approve Essential Business Terms of the Ground Lease and Land Development Agreement with Lee Development Corporation for the Redevelopment of Elizabeth House and Authorize the Executive Director to Negotiate and Execute the Ground Lease, Land Development Agreement and Related Documents** – The following resolution was approved.

RESOLUTION: 14-34-R

RE: Ratification of Action Taken in Executive Session on May 28, 2014 to Approve Essential Business Terms of the Ground Lease and Land Development Agreement

**with Lee Development Corporation for
the Redevelopment of Elizabeth House
and Authorize the Executive Director to
Negotiate and Execute the Ground Lease,
Land Development Agreement and
Related Documents**

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, is 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, on February 18, 2014, HOC entered into a Pre-Development Agreement Project and Preliminary Plan Submittal Phase (the “Agreement”) with LDG, Inc., an affiliate of the Lee Development Group (“LDG”), as authorized by Resolution 14-13, adopted on February 18, 2014 and ratified by Resolution 14-13-R, adopted on March 5, 2014; and

WHEREAS, on April 25, 2014, HOC entered into the First Amendment to Pre-Development Agreement Project and Preliminary Plan Submittal Phase (the “Amendment”) with LDG, as authorized by Resolution 14-25 (the “Amendment Resolution”), adopted on April 24, 2014 and ratified by Resolution 14-25-R, adopted on May 7, 2014; and

WHEREAS, at an Executive Session duly called and held on May 28, 2014, with a quorum being present, HOC duly adopted Resolution 14-34 (the “LDA Resolution”); and

WHEREAS, HOC wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting the LDA Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby ratifies Resolution 14-34.

- E. Authorization for the Formation of RAD 6 Development Corporation, or Another HOC-Controlled Development Corporation** – The following resolution was approved.

**6 Development Corporation or Another HOC-
controlled Development Corporation**

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) has received a Commitment for Housing Assistance Payments (CHAP) from the Department of Housing and Urban Development (HUD) under the Rental Assistance Demonstration (RAD) for the public housing complexes known as Ken-Gar Apartments, Towne Centre Place, Parkway Woods, Washington Square, Sandy Spring Meadow and Seneca Ridge (collectively, the "RAD Stabilization Properties"); and

WHEREAS, the CHAPs allow the conversion of the public housing units at the RAD Stabilization Properties to affordable housing units with rental assistance through Section 8 of the Housing Act of 1937, as amended (the "RAD Conversion"); and

WHEREAS, in connection with the RAD Conversion, HOC intends to transfer the RAD Stabilization Properties to a wholly-owned and controlled non-stock development corporation which will rehabilitate and operate the RAD Stabilization Properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. Intending to create under the Maryland General Corporation Law a non-stock development corporation to be known as RAD 6 Development Corporation to acquire, rehabilitate and operate the RAD Stabilization Properties, the Commission determines to act as sole member thereof and authorizes and directs execution by the Executive Director and filing with the State of Maryland of articles of incorporation, and any amendment or supplement thereto, for the formation of a non-stock development corporation using the foregoing name or any name substantially similar thereto accepted by the State of Maryland Department of Assessments and Taxation.

2. The Commission authorizes, without further action on its part, the taking of any and all other actions necessary and proper to carry out the formation, governance and business of RAD 6 Development Corporation, including, without limitation, the adoption of its bylaws.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – Mr. Spann went over his written report and gave an updated on current projects.

B. Calendar and Follow-up Action – None

C. Commissioner Exchange

- None

D. Resident Advisory Board – None

E. Community Forum

- Henry Warfield – addressed the Board regarding his concern of housing assistance. Rita Harris, Special Assistant to the Director of Resident Services, was designated to assist Mr. Warfield.
- Joan Nickols – addressed the Board regarding her concern of housing assistance for residents with disabilities. Lynn Hayes, Director of Housing Resources Division, was designated to assist Ms. Nickols.

F. Status Report – Tanglewood Sligo, LP Construction Completion and Financial Status Update

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee – *Com. Lindstrom, Chair*

1. Approval to Increase Predevelopment Budget for the Redevelopment of the Ambassador Apartments

Kayrine Brown, Director of Mortgage Finance/Real Estate Development, and Jennifer Arrington, Senior Multifamily Underwriter were presenters.

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

RESOLUTION: 14-36

**RE: Approval to Increase
Predevelopment Budget for the
Redevelopment of the Ambassador
Apartments**

WHEREAS, Ambassador Apartments (the “Property”) consists of 162 apartments that are 100% income restricted within the residential component of a seven-story high rise mixed-use condominium located in Wheaton; and

WHEREAS, the Property is owned by a tax credit limited partnership whose compliance period has expired called Wheaton-University Boulevard Limited Partnership (WUBLP); and

WHEREAS, in 2005, the Housing Opportunities Commission (HOC) acquired the 1% general partnership interest in WUBLP through HOC Ambassador, Inc., a stock corporation whose stock is wholly owned by HOC; and

WHEREAS, in 2007, the owner of the commercial/retail component of the Condominium donated a portion of its interest, a single-story commercial building (4,900 square feet) on the first floor, to HOC; and

WHEREAS, in June 2010, the Commission approved a feasibility/predevelopment budget of up to \$75,000 to consider options for redevelopment; and

WHEREAS, in July 2010, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to the Commission; and

WHEREAS, on April 27, 2012, a Request for Qualifications (RFQ) followed by a Request for Proposals (RFP) was issued for a developer to provide a redevelopment plan of the Property; and

WHEREAS, on November 7, 2012, the Commission approved entering into a non-binding Memorandum of Understanding with the commercial condominium and adjacent parcel owner, Willco Companies, to jointly collaborate in the redevelopment of the Property, Willco's retail portion of the condominium and the contiguous parcel, and to redevelop the properties in a coordinated fashion; and

WHEREAS, on June 5, 2013, the Commission approved the selection of Pennrose Properties, LLC as the developer for the Property, and approved the commencement of negotiations toward a Development Agreement; and

WHEREAS, on January 9, 2014, due to extreme weather conditions, which caused pipes to freeze, the Property was exposed to water loss due to a county water main break causing fire sprinkler and central boiler systems failures; and

WHEREAS, as a consequence to the building's water being shut-off, the County temporarily condemned the building, causing residents to be relocated for a 24-hour period; and

WHEREAS, given the condition of the Property and the long-term nature of the redevelopment plan, the relocation of residents is appropriate and a Relocation Plan should be developed; and

WHEREAS, Pennrose also has residential property management expertise including knowledge of the methods for relocation of residents and closure of a building; and

WHEREAS, additional predevelopment funds are necessary to conclude feasibility activities relating to legal, land planning, and the Relocation Plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. The Property's predevelopment loan from the Opportunity Housing Reserve Fund ("OHRF") shall be increased from \$75,000 to \$170,000 and said loan shall be subject to the terms and conditions of the original loan.
2. The Executive Director is authorized to execute the appropriate documents to request funding from the OHRF.
3. Activities which do not result in third party costs (except for attorney fees related to relocation planning) or actual relocation of residents that may be necessary to potentially implement a Relocation Plan may be undertaken, such as, but not limited to, operational and budget modifications, preliminary resident meetings and destination housing identification.
4. No announcement of relocation of residents or actual relocation will be undertaken prior to approval of the full Relocation Plan including costs and implementation processes.
5. It presently intends and reasonably expects to finance predevelopment expenditures for the Property, currently contained in the OHRF, and as described and set forth in the Commission's approval to increase the predevelopment budget, as part of the redevelopment.
6. 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 Property as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees and legal/organizational fees).
7. The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds will be applied to reimburse the Commission for its expenditures in connection with the Property.
8. 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.
9. All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

2. **Approval of Feasibility and Public Purpose and Adoption of a Bond Authorizing Resolution for the Churchill Phase II Transaction** – This item was removed from agenda.

3. **Approval to Enter into a Lease Agreement with an Option to Purchase 617 Olney Sandy Spring, Adjacent to HOC's Sandy Spring Apartments**

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Jay Shepherd, Senior Financial Analyst were presenters.

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

RESOLUTION: 14-37

RE: Approval to Enter Into a Lease Agreement with an option to Purchase 617 Olney Sandy Spring, Adjacent to HOC's Sandy Spring Meadow Apartments

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, HOC, from time to time, acquires land in pursuit of new housing development; and

WHEREAS, Jaime E. Vasquez et al ("Seller") has offered for fee-simple sale the 20,908-square foot site improved with the 1,566 square foot single-family house it owns at 617 Olney Sandy Spring Road, Sandy Spring, MD (the "Property"); and

WHEREAS, HOC wishes to enter into a lease with an option to purchase contract for the acquisition of the Property ("Contract"); and

WHEREAS, the Seller and HOC have verbally agreed upon a six-month rental period for \$2,300 per month and a purchase price of \$490,000, subject to an appraisal, to be paid at closing per the terms of the Contract; and

WHEREAS, the Property is adjacent to the Sandy Spring Meadow development and control of the Property can provide opportunities for HOC to expand and enhance that development; and

WHEREAS, the monthly rent and expenses, not to exceed \$25,000, can be funded from the Opportunity Housing Reserve Fund from monies yielded by the sale of certain scattered site units and reserved for investment in multifamily development opportunities.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County:

1. Authorizes the Executive Director to execute the Contract upon being put into final form acceptable to the Executive Director and as advised by counsel, and
2. Authorizes \$25,000 to be used to cover monthly expenses related to the leasing of the 617 Olney Sandy Spring site and further defined within the Contract upon execution of the Contract by the Executive Director.

B. Budget, Finance and Audit Committee – Com. Roman, Chair

1. Approval to Extend the Banking Services Contract and Line of Credit Agreement (\$60 million) with PNC Bank, N.A.

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller were presenters.

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

RESOLUTION: 14-38

RE: Approval to Extend the Banking Services Contract and Line of Credit Agreement (\$60 million) with PNC Bank, N.A.

WHEREAS, HOC's initial four year Banking Services Contract with PNC Bank, N.A. (PNC) expires on June 5, 2014; and

WHEREAS, PNC Bank has agreed to extend the Banking Services Contract for a period of two years, through June 30, 2016, at the current pricing level; and

WHEREAS, HOC currently maintains a Line of Credit Agreement with PNC with an authorized amount of \$60 million and borrows at the taxable rate of one month, three month, six month or twelve month LIBOR plus 90 basis points; and

WHEREAS, PNC has agreed to maintain the current authorized amount of \$60 million as well as the current pricing of LIBOR plus 90 basis points for taxable borrowings for an additional two years, through June 30, 2016; and

WHEREAS, PNC has provided a new tax-exempt rate based upon a percentage of LIBOR rather than a percentage of the Prime Rate that would be 68.5% of LIBOR plus 59 basis points for an additional two years, through June 30, 2016.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to extend the Banking Services

Contract and Line of Credit Agreement with PNC Bank, N.A. at the pricing levels stated in this resolution for a period of two years, through June 30, 2016.

2. Approval to Extend the Use of the PNC Bank, N.A. Line of Credit to Finance Montgomery Homes Limited Partnership (MHLP) VII and Paddington Square Development Corporation Mortgage Loan

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller were presenters.

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

RESOLUTION: 14-39

RE: Approval to Extend the Use of the PNC N.A. Bank Line of Credit to Finance Montgomery Homes Limited Partnership (MHLP) VII and Paddington Square Development Corporation Mortgage Loans

WHEREAS, MHLP VII and Paddington Square Development Corporation mortgage loans are currently financed through the PNC Bank Line of Credit which will shortly expire; and

WHEREAS, it is proposed to extend the use of the PNC Bank Line of Credit to finance MHLP VII and Paddington Square Development Corporation mortgage loans for a period not to exceed one year at the monthly LIBOR rate plus 90 basis points; and

WHEREAS, the Commission currently intends and reasonably expects to participate in a tax-exempt borrowing to finance the acquisition/rehabilitation/placing in service of residential/dwelling units for MHLP VII and Paddington Square Development Corporation in an amount not to exceed \$60,000,000, 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, within 18 months of the date of such capital expenditures or the placing in service of dwelling units, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission desires to declare its official intent to reimburse the Commission for capital expenditures with the proceeds of future tax-exempt borrowing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. The Executive Director is authorized to execute all documents and agreements necessary to continue in effect the use of the current Line of Credit with PNC Bank in an amount not to exceed \$6,943,209 for interim financing for MHLP VII and Paddington Square Development Corporation ("the Project") for a term not to exceed one year with an annual interest rate of one month LIBOR plus 90 days basis points. (The current LIBOR interest rate is subject to change and may be higher when the loans are actually financed.) In addition, MHLP VII will be charged by the Commission an interest rate of 6.0% for use of the Line of Credit for the same period to be paid to the General Fund, and Paddington Square Development Corporation will continue to reimburse the General Fund the annual interest of one month LIBOR plus 90 basis points being charged by PNC Bank.
2. The Commission presently intends and reasonably expects to participate in a tax exempt borrowing in an amount not to exceed \$60,000,000 within 18 months of the date of the expenditure of moneys for the acquisition/rehabilitation/placing in service of residential/dwelling units or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys), and to allocate all or a portion of the proceeds thereof to reimburse the Commission for its expenditures in connection with the Projects.
3. The Commission hereby desires to declare its official intent, pursuant to 26 C.F.R. §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing.

3. Acceptance of Third Quarter FY'14 Budget to Actual Statements

Gail Willison, Chief Financial Officer, Terri Fowler, Budget Officer and Maria Montero, Assistant Budget Officer were presenters.

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

Resolution: 14-40

**Re: Acceptance of Third Quarter FY'14
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 Third Quarter FY'14 Budget to Actual Statements during its June 4, 2014 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'14 Budget to Actual Statements.

4. Approval of FY'14 Third Quarter Budget Amendment

Gail Willison, Chief Financial Officer, Terri Fowler, Budget Officer and Maria Montero, Assistant Budget Officer were presenters.

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

Resolution: 14-41

**Re: Approval of FY'14 Third
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'14 on June 5, 2013; 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'14 Budget; and

WHEREAS, the net effect of the FY'14 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'14 Operating Budget by increasing total revenues and expenses for the Agency from \$230.6 million to \$232.8 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'14 Capital Budget by increasing revenues and expenses for the Agency from \$41.04 million to \$41.05 million.

Resolution: 14-42

**Re: Approval of FY'14 Amendment to
Approve Bond Draw Downs**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'14 on June 5, 2013; and

WHEREAS, the Commission approved the following draw down of bond funds to support the administrative costs for the multifamily bond program:

\$1,394,030 from the Multifamily Bond Fund (1984 and 1982 Open Indentures); and

WHEREAS, the Commission has reviewed a proposed amendment to the source of the draw down.

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

\$1,394,030 from the 1996 Multifamily Housing Development Bonds.

5. Acceptance of CY'13 Tax Credit Audits

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller were presenters.

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

RESOLUTION: 14-43

RE: Acceptance of CY'13 Tax Credit Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'13 Tax Credit Audits for 15 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 14 of the CY'13 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the Tanglewood and Sligo LP Tax Credit Partnership Audit has not been finalized; however, staff is currently reviewing a draft copy and there are no findings and this is not expected to change.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of

Montgomery County that the Commission accepts the audits.

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

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller were presenters.

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

RESOLUTION: 14-45

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, 2013 through March 31, 2014 is \$88,004 from Public Housing, \$59,285 from Opportunity Housing, \$28,945 from Tax Credit properties, \$2,967 from 236 properties and \$2,768 from Supportive Housing, totaling \$181,969.

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 \$181,969 related to tenant accounts receivable.

7. Adoption of FY15-16 Budget

Gail Willison, Chief Financial Officer and Terri Fowler were presenters.

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

RESOLUTION: 14-46

RE: Adoption of the FY'15-16 Budgets, Bond Draw Downs and Transfers

WHEREAS, the Commission needs to adopt a budget based on the current chart of accounts in use before July 1, 2014; and

WHEREAS, the Commission needs 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'15-16 of \$246.9 million and \$247.8 million, respectively by fund as attached.

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

FY 2015

\$ 1,387,463 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,497,781 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

FY 2016

\$ 1,461,628 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,572,968 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 \$1,505,255 for FY'15 and up to \$843,377 for FY'16 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'15-16 of \$93.1 million and \$21.9 million, respectively as attached.

A copy of the FY'15 Budget is available in the Commission Support Office

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

RESOLUTION: 14-47

**RE: Adoption of FY'15 Compensation
Package for the Non-Represented Staff**

WHEREAS, the Commission wishes to determine and award a compensation package for non-represented employees that is fair, equitable, and consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED, by the Housing Opportunities Commission that it hereby authorizes the following employee compensation package for the non-represented staff for FY'15:

- 3% General Wage Adjustment effective the first full pay period after July 1, 2014.
- 2.75% Salary Increment, not to exceed top of grade, effective the first pay date in September 2014 provided that the employee's FY'14 annual performance evaluation rating is at least "Fully Successful".
- An employee who has reached the maximum of the pay grade and rated at least "Fully Successful" on their FY'14 annual performance evaluation shall receive one-half percent (0.5%) lump sum payment on the first pay date in September 2014.
- Mileage reimbursement as follows:
 - 1-1,000 IRS Standard Rate (currently \$0.56 per mile)
 - 1,001-7,500 \$0.70 per mile
 - 7,500 and above \$0.80 per mile(Note: if IRS reimbursement rate changes during the year, then the Tier 1 (1-1,000) of the above reimbursement schedule of \$0.56 per mile will be adjusted accordingly.)
- Employees who use their personal vehicles for HOC business in excess of 7,500 during the fiscal year may be reimbursed up to \$1,900 annually for regularly scheduled maintenance, including tires, as well as automobile insurance coverage. Verification must be submitted in the form of a receipt in order to obtain reimbursement.
- Meal Allowance of \$15.00 per meal.
- Tuition Assistance up to \$1,730 not to exceed the total available Agency Budget of \$22,000.
- Multi-lingual Pay
 - \$1.15 per hour for certification of basic skills
 - \$1.35 per hour for certification of advanced skills
- If an employee is killed in the line of duty, the Commission will reimburse up to Five Thousand (\$5,000) of funeral expense.

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

RESOLUTION: 14-48

**RE: Adoption of FY'15
General Salary Schedules**

WHEREAS, the Housing Opportunities Commission of Montgomery County approves an annual General Salary Schedule for non-represented and represented staff and the Executive Leadership Service.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts the attached General Salary Schedules.

A copy of the General Salary Schedules is available in the Commission Support Office

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

RESOLUTION 14-49

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 **\$81,000,000**, *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 15 Capital Budget attached, including **Alexander House, Ambassador, Arcola Towers, The Barclay, Brookside Glen, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Hermitage, Jubilee Woodedge, Jubilee Falling Creek, Magruder's Discovery, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MPDU 2007 Phase II, MPDU I, TPM (Timberlawn, Pomander Court, and MPDU II), The Oaks at Four Corners, Paddington Square, Paint Branch, 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 II, VPC One and VPC Two (669 Scattered Site Properties), MPDU III, Southbridge, State Rental Combined, Strathmore Court, Tanglewood & Sligo, Waverly House, and Westwood Tower** 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 Operating Housing 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 **\$81,000,000 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.

IV. ITEMS REQUIRING DELIBERATION AND/OR ACTION

A. Approval to Renew Allocation of \$10 Million From the Line of Credit with PNC Bank, N.A. for Use by the Single Family Mortgage Purchase Program (MPP)

Kayrine Brown, Director of Mortgage Finance/Real Estate Development gave a brief presentation.

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

RESOLUTION: 14-50

Re: Approval to Renew Allocation of \$10 Million from the Line of Credit with PNC Bank, N.A. for use by the Single Family Mortgage Purchase Program (MPP)

WHEREAS, the Housing Opportunities Commission (HOC) has operated the Mortgage Purchase Program (MPP) since 1979, issuing approximately \$1.3 billion of taxable and tax exempt mortgage revenue bonds to purchase and own more than 11,000 single family whole mortgage loans for its own portfolio; and

WHEREAS, the financial market crisis since 2008 has created significant challenges to local and state municipal issuers, but HOC desires to continue to deliver low cost mortgage products to the citizens of Montgomery County; therefore, on May 2, 2012, the Commission approved adding Mortgage Backed Securities option to the MPP and authorized the allocation of \$10 million from the line of credit with PNC Bank, N.A. for use by the MPP; and

WHEREAS, the term of the facility expires on June 29, 2014, reflecting the current term of the line of credit with PNC Bank, N.A.; and

WHEREAS, the Commission at its meeting on June 4, 2014 voted to renew the term of the line of credit for an additional two years through June 30, 2016; and

WHEREAS, the availability of the \$10 million carve out on the line of credit for use by the MPP allows the program the flexibility needed to create new mortgage for first time home buyers in Montgomery County at low interest rates that may not otherwise be available to them in the current market which makes the issuance of tax-exempt mortgage revenue bonds inefficient.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves the continued allocation of \$10 million from the PNC Bank, N.A. line of credit for use by the Single Family Mortgage Purchase MBS Program until the facility expires on June 30, 2016.

B. Approval of Management Contract for The Metropolitan and Strathmore Apartments

Regina Mitchell, Director of Property Management and Bobbie DaCosta, Program Oversight Manager gave a brief presentation.

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

RESOLUTION: 14-51

RE: Approval of Management Contract for The Metropolitan Apartments and Strathmore Court Apartments

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management of The Metropolitan Apartments and Strathmore Court Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from four responding companies, a panel of HOC staff from Property Management, Finance, Compliance and Real Estate scored the results and determined that Bozzuto Management is the most qualified to manage The Metropolitan Apartments and Strathmore Court Apartments.

WHEREAS, the Housing Opportunities Commission, as the Asset Manager for The Metropolitan Apartments and Strathmore Court Apartments, is authorized to select a property manager and execute a management contract.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director, as General Partner of the Metropolitan of Bethesda Limited Partnership and the Strathmore Court Associates Limited Partnership, and as Asset Manager of the Metropolitan Development Corporation, is hereby authorized to execute a contract for the term of three (3) years with Bozzuto Management for property management services at The Metropolitan Apartments and Strathmore Court Apartments.

V. FUTURE ACTION ITEMS

A. None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

None

VIII. Executive Session Findings

None

Meeting recessed at 6:17 p.m. for Development Corporation and Limited Partnership Annual meetings.

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 6:25 p.m.

Respectfully submitted,



Stacy L. Spann
Secretary-Treasurer

/pmb