

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

May 1, 2013
13-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 1, 2013 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:15 p.m. Those in attendance were:

Present

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

Not Present

Michael Wiencek

Also Attending

Stacy Spann, Executive Director
Ken Tecler, Staff Counsel
Gail Willison
Scott Ellinwood
Belle Seyoum
Lillian Durham
Gail Gunod-Green
Tom DeBrine
Kayrine Brown
Jennifer Arrington
Rita Harris
Rose Matthews
Tara Whicker
Lorie Seal
Sybil Walston
Andrew Oxendine
Bill Rubin
Susan Yancy
Sue Swierdsiol
Carrie Smith

Kathy Kramer
Zachary Marks
Susan Smith
Jim Atwell
Tonya Clark
Gina Smith
Joy Flood
Scott Ewart
Denise Flowers-Brooks - RAB
Diane Morrison
Christopher Donald
Patricia Oliver
Vivian Benjamin
Ellen Goff
Bill Anderson
Ken Goldstraw

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

IT Support

Arthur Owens
Dominique Laws
Irma Rodriguez

Guests

Sequoia El-Amin, Interpreters/TCS Assoc.
Jerrod Sharp, Interpreters/TCS Assoc.
Vladimir Kotenev

Vladimir Pavlyukovets
Gennodiy Pavlyukovets

The Consent Calendar was approved upon a motion by Vice Chair Roman and seconded by Commissioner Edson. There was a question from Vice Chair Roman regarding the title of Limited Liability Corporation (LLC). Ken Tecler, Staff Counsel, advised that it was considered to be called "Tax Credit Holding LLC". Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson and Lindstrom. Commissioner Wiencek was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of Minutes

- **Approval of Minutes of Regular Meeting of April 3, 2013** – The minutes were approved as submitted.

B. Authorization to Create a Limited Liability Corporation (LLC) to Accept Transfer and Ownership of Donated Limited Partnership Interests of Seven Limited Partners in MHLP VIII – The following resolution was approved.

RESOLUTION NO.: 13-23

Re: Authorization to Create a Limited Liability Corporation (LLC) to Accept Transfer and Ownership of Donated Limited Partnership Interests of Seven Limited Partners in MHLP VIII

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "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, and the Agreement by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the "County"), effective July 1, 2012, as amended (together, the "Act"); and

WHEREAS, in 1994, Montgomery Homes Limited Partnership VIII ("Partnership") was formed, with the Commission as General Partner and seven Limited Partners, to acquire and

develop 49 affordable scattered sites (the "Property"), moderately priced dwelling units located in Montgomery County under the low income housing tax credit program (the "LIHTC"); and

WHEREAS, since the LIHTC compliance period ended on December 31, 2011, the seven Limited Partners have expressed a desire to exit the Partnership by donating their limited partnership interests to the Commission; and

WHEREAS, in February 2012, formal request to the Limited Partners requesting donation of their limited partner interests was submitted; and

WHEREAS, on December 5, 2012, the Commission approved the donation of limited partner interests from the seven Limited Partners of the Partnership; and

WHEREAS, in March 2013, the Limited Partners formally agreed to the donation of their limited partner interests to HOC or an affiliate; and

WHEREAS, maintaining the Partnership in existence minimizes costs and complexity of execution and preserves capitalization and financing flexibility while developing a longer term plan; and

WHEREAS, to maintain the existence of the Partnership, it is necessary to create an entity to take ownership of the interests to be transferred by the existing Limited Partners; and

WHEREAS, the same execution and substitution of Limited Partner to hold the transferred limited partnership interests in the Partnership can potentially be utilized for other partnerships when their compliance periods expire.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the authorization to create a Limited Liability Company to serve as Limited Partner in the Partnership and accept the transfer and ownership of donated limited partnership interests from the seven Limited Partners in the Partnership.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – Mr. Spann presented to the Commissioners the Government Finance Officers Association Distinguished Budget Presentation Award that HOC received. This is the seventh award the Agency has received thanks to the hard work of Gail Willison, Chief Financial Officer and the Budget Team.
- B. Calendar and Follow-up Action** – Announcement of upcoming events: The NAACP Banquet – May 5th and the Affordable Housing Conference Summit – May 10th.
- C. Commissioner Exchange** – Vice Chair Roman encouraged everyone to attend the Affordable Housing Conference Summit. She informed that an additional panel had

been added that Executive Director Spann and representatives from DC Housing Authority, Fairfax and Prince George's County would be participating on – "The Effects of Sequestration".

- There was a brief discussion on the reporting of Mid-month Status Reports. Executive Director Spann proposed providing a robust quarterly report of the Real Estate Division activities versus a monthly report. Commissioner Edson suggested having a monthly chart of updates and status of activities. Chair Piñero suggested reports with bullets of those activities that are critical. Discussion concluded suggesting that staff devise/create a simplified mid-month status report format.
- Chair Piñero attended the Housing Fair. He stated this was the 13th year of the Fair and it was a great turn out; he acknowledged Susan Yancy-Krimer, Tom DeBrine and staff.
- Chair Pro Tem Kator made a request for reporting of tracking of arrearage of utilities rates. He suggested using HOC buying power to contract down rates for residents and voucher holders.

D. Status Reports

- Gina Smith, Special Assistant to the Executive Director, provided a slide presentation on the status of the new HUB systems. HOC has established ten (10) HUBs with the purpose of better servicing our residents more timely. Currently, none of the HUBs are active but the Resident Accounting staff has been relocated to designated HUBs. The plan is to go live in July 2013.

E. Community Form

- Mr. Vladimir Pavlyukovets and Mr. Vladimir Kotenev addressed the Commission on their concern of the lack of affordable housing for disabled residents of Montgomery County through the Housing Choice Voucher Program. Staff suggested that when they apply for housing to ask if there is a listing of affordable housing units as well as a list of other organizations in the surrounding areas that could assist them in their search for affordable housing.

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee

1. Approval of Structure and Cost of Issuance Budget for 2013 Series A, B, C, D Single Family Mortgage Revenue Bonds for the Purpose of Refunding Various Single Family Mortgage Revenue Bonds and the Issuance of New Debt

Kayrine Brown, Director of Mortgage Finance/Real Estate, and Tom DeBrine, Manager, Single Family Homeownership Program, provided a brief presentation on the refunding of

various single family mortgage revenue bonds and the issuance of new debt. At the request of Chair Pro Tem Kator, an explanation was given regarding Pre-Ullman bonds, bonds issued prior to the Ullman Act of 1982, by Mr. DeBrine.

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

RESOLUTION NO.: 13-24

RE: Approval of Structure and Cost of Issuance Budget for 2013 Series A, B, C, D Single Family Mortgage Revenue Bonds for the Purpose of Refunding Various Single Family Mortgage Revenue Bonds and the Issuance of New Debt

WHEREAS, the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979 (the "Bond Resolution"), and which bonds are outstanding; and

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Program"), and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program; and

WHEREAS, financial market conditions are favorable for refinancing outstanding bond debt for the Single Family Program; and

WHEREAS, Commission Resolution 12-27 approves the implementation of a Mortgage Backed Securities program; and

WHEREAS, the Commission has determined to carry out the Program by issuing in 2013 additional Single Family Mortgage Revenue Bonds in one or more series beginning with 2013 Series A, with each subsequent series to follow in alphabetical order (collectively, the "2013 Bonds") in a total aggregate principal amount of approximately \$68,075,000; and

WHEREAS, the Commission has reviewed a cost of issuance budget.

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

1. The 2013 Bonds are authorized to be released and exchanged or issued as applicable in a principal amount not to exceed \$69,000,000 (i) to make, purchase or finance Qualified Mortgage Loans or Mortgage Backed Securities, (ii) to provide sufficient monies to refund and redeem or pay at maturity various prior bonds and thereby make funds available to carry out the Program by purchasing Qualified Mortgage Loans or Mortgage Backed Securities, (iii) to fund certain required reserves.
2. The 2013 Bonds are to be released and exchanged or issued, as applicable, pursuant to the terms of the Bond Resolution and one or more series resolutions, which series resolutions shall be formally approved by the Commission before the issuance of such 2013 Bonds.
3. The Chairman or Vice Chairman or Chairman Pro Tem and the Executive Director of the Commission are authorized to prepare or cause to prepare all documents to undertake any other actions necessary for the release and exchange or the issuance and sale of the 2013 Bonds, as applicable, for the refunding and redemption or repayment of prior bonds and for the financing of Qualified Mortgage Loans or Mortgage Backed Securities under the Program for the performance of any and all actions required or contemplated under the Bond Resolution, Series Resolutions and other financing documents relating to the 2013 Bonds following the date of release or issuance of such 2013 Bonds and at all times during which such 2013 Bonds are outstanding.
4. The Commission approves a cost of issuance budget in an amount up to \$907,875 for the plan of refunding.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Authorization to Extend the Maturity Date of the General Partner Notes for the Willows of Gaithersburg Associates LP and Georgian Court Silver Spring LP

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, provided an explanation on the joint Resolutions for approval. Ms. Willison explained that the General Partner notes for the two LPs are similar and they both have the same maturity date. HOC as general partner accepted a Note in lieu of payment for certain expenses. Extending the maturity date would avoid technical defaults and allow HOC to work with the limited partner on transferring the interest reflecting indebtedness.

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

RESOLUTION NO.: 13-25

**RE: Authorization to Extend the Maturity Date
of the General Partner Note for The Willows
of Gaithersburg Associates LP**

WHEREAS, The Willows of Gaithersburg Associates LP (“Willows”) is the owner of The Willows, a 195 unit apartment facility located at 429 West Diamond Avenue, Gaithersburg, Maryland (the “Property”); and

WHEREAS, The Willows is a limited partnership established under Section 42 of the Internal Revenue Code of 1986 to receive the benefits of the Low Income Housing Tax Credit (the “Tax Credit Program”); and

WHEREAS, the Housing Opportunities Commission (“HOC”) is the general partner of The Willows; and

WHEREAS, HOC, as the general partner, provided a loan to The Willows in the amount of \$296,552 (the “Loan”) which provided for annual installment payments out of the net cash flow from the Property; and

WHEREAS, the Loan is represented by a Second Amended and Restated Promissory Note (the “Note”) which matured by its terms on April 30, 2013; and

WHEREAS, the current balance of the Loan is \$293,182; and

WHEREAS, The Willows has requested that the maturity date of the Note be extended to December 31, 2018, a date after the compliance period under the Tax Credit Program expires; and

WHEREAS, it is appropriate to amend the Note to provide for its maturity after the expiration of the compliance period so that the Property can continue operating in conformity with the requirements of the Tax Credit Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director be and is hereby authorized to amend the Note with The Willows to extend the maturity date to December 31, 2018.

RESOLUTION NO.: 13-26

RE: Authorization to Extend the Maturity Date of the General Partner Note for Georgian Court Silver Spring LP

WHEREAS, Georgian Court Silver Spring LP (“Georgian Court”) is the owner of the Georgian Court, a 147 unit apartment facility located at 3600 Bel Pre Road, Silver Spring, Maryland (the “Property”); and

WHEREAS, Georgian Court is a limited partnership established under Section 42 of the Internal Revenue Code of 1986 to receive the benefits of the Low Income Housing Tax Credit (the “Tax Credit Program”); and

WHEREAS, the Housing Opportunities Commission (“HOC”) is the general partner of Georgian Court; and

WHEREAS, HOC, as the general partner, provided a loan to Georgian Court in the amount of \$319,762 (the “Loan”) which provided for annual installment payments out of the net cash flow from the Property; and

WHEREAS, the Loan is represented by a Second Amended and Restated Promissory Note (the “Note”) which matured by its terms on April 30, 2013; and

WHEREAS, the current balance of the Loan is \$113,859; and

WHEREAS, Georgian Court has requested that the maturity date of the Note be extended to December 31, 2018, a date after the compliance period under the Tax Credit Program expires; and

WHEREAS, it is appropriate to amend the Note to provide for its maturity after the expiration of the compliance period so that the Property can continue operating in conformity with the requirements of the Tax Credit Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director be and is hereby authorized to amend the Note with Georgian Court to extend the maturity date to December 31, 2018.

B. Authorization to Release Draft of the Housing Opportunities Commission Relocation Plan for Public Housing Units Approved for Disposition

Joy Flood, Director of Housing Resources, provided an update on the process of the Draft Relocation Plan for Public Housing Units Disposition. Staff met with the Resident Advisory Board to discuss the process and held community forums. The Draft Relocation Plan will be available on the HOC website for public comment. When that period has expired, a Public Hearing will be held on June 5, 2013.

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

RESOLUTION No.: 13-27

RE: Authorization to Release Draft of
Housing Opportunities Commission
Relocation Plan for Public Housing Units
Approved for Disposition

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to implement the Relocation Plan for the Public Housing Units Approved for Disposition.; and

WHEREAS, the Relocation Plan is mandatory under regulation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission adopts the following as detailed in a memorandum and attachment presented to the Commission on May 1, 2013;

1. The Commission will advertise on or before May 6, 2013 that the draft Relocation Plan is available for public review and that there will be a public hearing on the Plan.
2. The Commission shall make available at its Detrick Avenue office, East Deer Park office, the service centers, and on the HOC Web site the draft Relocation Plan and supplemental and explanatory material for public review.
3. The Commission will hold a public hearing on or about June 5, 2013 on the draft Plan.

V. *FUTURE ACTION ITEMS

VI. EXECUTIVE SESSION FINDINGS

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

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

The meeting adjourned at 5:56 p.m.

Respectfully submitted,



Stacy L. Spann
Secretary-Treasurer

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