

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

December 5, 2018

18-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, December 5, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:31 p.m. Those in attendance were:

Present

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

Also Attending

Stacy L. Spann, Executive Director
Shauna Sorrells
Christina Autin
Cornelia Kent
Eugenia Pascual
Susan Smith
Len Vilicic
Zachary Marks
Arthur Tirskey
Ian Hawkins
Darcel Cox
Claudia Wilson
Tisha Lockett
Hyunsuk Choi
Paulette Dudley

Aisha Memon, -Acting General Council
Kayrine Brown
Rita Harris
Eamon Lorincz
Terri Fowler
Vivian Benjamin
Randy Carty
Gio Kaviladze
John Vass
Eugenia Pascual
Jennifer Arrington
Renee Harris
Charnita Jackson
Patrick Mattingly

Resident Advisory Board

Yvonne Caughman, Vice President

Guest

Macedonia Baptist Church Supporters

IT Support

Irma Rodriguez
Rony Joseph

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

I. **INFORMATION EXCHANGE:**

Community Forum

The meeting began with the Community Forum. Supporters of the Macedonia Baptist Church addressed the Board with their continued request of memorializing the African American Cemetery Site.

II. **CONSENT ITEMS**

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

A. Confirmation of Maturity Date for Mezzanine Loan for Cider Mill Apartments

RESOLUTION NO.: 18-100

**RE: Confirmation of Maturity Date for
Mezzanine Loan for Cider Mill Apartments**

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;

WHEREAS, on November 17, 2017, pursuant to Article 53A of the Montgomery County Code and conditioned upon HOC’s obtaining adequate acquisition financing, HOC executed its Right of First Refusal to purchase Cider Mill Apartments, a community consisting of 864 units in Montgomery Village, Maryland (“Cider Mill” or the “Property”);

WHEREAS, HOC thereafter created MV Gateway LLC (the “Owner”) to purchase the Property;

WHEREAS, HOC is the sole member of MVG II, LLC, which is the sole member of the Owner;

WHEREAS, on April 6, 2018 the Commission the Owner, approved a permanent financing plan of (1) a Federal Financing Bank 40-year taxable loan with mortgage insurance under the FHA Risk Share program, for an amount not to exceed \$125,000,000; (2) a direct loan from the Commission’s Opportunity Housing Reserve Fund for an amount of \$3,000,000; and (3) a loan by HOC for approximately \$21,000,000 to remain drawn on the PNC Line of Credit until paid off upon receipt of (i) a mezzanine loan (the “Mezzanine Loan”) from The Morris and Gwendolyn Cafritz Foundation or one of its affiliates (the “Cafritz Foundation”) and (ii) a loan from Montgomery County’s Department of Housing and Community Affairs loan; and

WHEREAS, the Cafritz Foundation has requested that the Commission and Owner confirm that the maturity date of the Mezzanine Loan be set at ten years from date of the closing of such Mezzanine Loan, per the executed term sheet;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby confirms that the maturity date of the Mezzanine Loan be set at ten years from date of the closing of such Mezzanine Loan;

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County, on its own behalf and on behalf of MVG II, LLC, the sole member of MV Gateway LLC, hereby confirms that the maturity date of the Mezzanine Loan be set at ten years from date of the closing of such Mezzanine Loan;

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby 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

Vice Chair Nelson motioned to close this portion of the open session and convene an Administrative Session based Section 3-305(b)(3) and Section 3-305(b)(13) of the General Provisions Articles of the Annotated Code of Maryland. The motion was seconded by Commissioner Croom and unanimously adopted to adjourn at 5:02 p.m.

Chair Simon reconvened the open session of the monthly meeting of the Housing Opportunities Commission of Montgomery County at 5:46 p.m.

III. **Approval of Minutes**

- A. **Approval of Minutes of November 7, 2018 regular meeting** - The minutes were approved as submitted with a motion by Commissioner Priest and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.
- B. **Approval of Minutes of November 7, 2018 Administrative Session** – The minutes were approved as submitted with a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.
- C. **Approval of Minutes of November 16, 2018 Special Session** – The minutes were approved as submitted with a motion by Commissioner Priest and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.

IV. **INFORMATION EXCHANGE CONTINUED**

- A. Report of the Executive Director – Nothing additional to add to the written report.
- B. Commissioner Exchange – Vice Chair Nelson congratulated staff on a job well done and how the County Office is well please with HOC’s work.
- C. Resident Advisory Board – Commissioner Croom on behalf of Vice President Caughman reported that the Resident Advisory Board has finalized meetings with staff and is working to finalize memorandum.

V. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS**

- A. **Ratification of Action Taken in Administrative Session on October 3, 2018: Authorization to Acquire Waterford Tower Apartments, Subject to Required Conditions, and Actions Related Thereto**

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

RESOLUTION: 18-79R¹

**RE: Authorization Purchase Waterford
Tower Apartments, Subject to Required
Conditions, and Actions Related Thereto**

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

WHEREAS, at an Administrative Session held on October 3, 2018, with a quorum present, the Commission duly adopted Resolution 18-79AS(1), with Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest voting in approval; Commissioner Croom was necessarily absent and did not participate in the vote;

WHEREAS, by adopting Resolution 18-79AS(1), the Commission took the following actions, subject to the original contract purchaser (“Original Purchaser”) not purchasing Waterford Tower Apartments, consisting of 143 apartments in Silver Spring, MD (the “Property”):

1. Authorized taking assignment of the Purchase and Sale Agreement (“PSA”) from Montgomery County, MD (“County”) at the time of closing;
2. Authorized completing the acquisition of the Property;
3. Approved the Financing Plan to purchase the Property under Article 53A-4 of the Montgomery County Code, the Right of First Refusal to buy rental housing;
4. Authorized retaining Pinnacle as the initial management company at the Property until procurement for long term management services to the Property could be completed;
5. Authorized creating a single purpose entity for the purpose of acquiring the Property;
6. Authorized a loan of up to \$50,000 from the Opportunity Housing Reserve Fund to be used for due diligence activities related to the acquisition of the Property; and
7. Authorized the restriction of cash flow to the Property until the sale or closing of permanent financing.

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 18-79AS(1) and any action taken since October 3, 2018 to effectuate the transaction contemplated therein; and

WHEREAS, Since October 3, 2018, the Original Purchaser acquired the Property and the Commission has no interest in the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-79AS(1) and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

B. Ratification of Action Taken in Administrative Session on October 3, 2018: Authorization to Draw from PNC Bank, N.A. Line of Credit to Acquire Waterford Tower

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

RESOLUTION: 18-79R²

**RE: Authorization to Draw from PNC Bank,
N.A. Line of Credit to Acquire Waterford Tower
Apartments, Subject to Required Conditions**

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

WHEREAS, at an Administrative Session held on October 3, 2018, with a quorum present, the Commission duly adopted Resolution 18-79AS(2), with Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest voting in approval; Commissioner Croom was necessarily absent and did not participate in the vote;

WHEREAS, by adopting Resolution 18-79AS(2), subject to the original contract purchaser (“Original Purchaser”) not purchasing Waterford Tower Apartments, consisting of 143 apartments in Silver Spring, MD (the “Property”), the Commission approved a taxable draw on the \$90 million PNC Bank, N.A. Real Estate Line of Credit totaling up to \$15,200,000.

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 18-79AS(2) and any action taken since October 3, 2018 to effectuate the transaction contemplated therein; and

WHEREAS, Since October 3, 2018, the Original Purchaser acquired the Property and the Commission has no interest in the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-79AS(2) and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

C. Ratification of Action Taken in Administrative Session on November 7, 2018: Approval of the Final Development Plan and Budget for Elizabeth House III; Authorization to Award and Execute the General Contractor Contract for Elizabeth House III and the South County Regional Recreation Aquatic Center; and Approval to Amend Various Documents

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

RESOLUTION: 18-93R

RE: Approval of the Final Development Plan and Budget for Elizabeth House III; Authorization to Award and Execute the General Contractor Contract for Elizabeth House III and the South County Regional Recreation Aquatic Center; and Approval to Amend Various Documents

WHEREAS, Elizabeth House III is a planned mixed-use residential building with mixed-income housing and public amenities that is one part of a larger planned mixed-use development known as Elizabeth Square;

WHEREAS, at an Administrative Session held on November 7, 2018, with a quorum present, the Housing Opportunities Commission of Montgomery County ("Commission") duly adopted Resolution 18-93AS, with Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher voting in approval;

WHEREAS, by adopting Resolution 18-93AS, the Commission took the following actions:

1. Approved the final development plan and budget of Elizabeth House III;
2. Approved a permanent loan to the LIHTC owner;
3. Approved amending documents to change the condominium ownership structure to account for the revised residential unit mix and to modify the initial lease terms;
4. Approved removing certain land from the existing condominium structure;
5. Approved amending the limited partnership agreement to admit a tax credit investor as a limited partner (with a general partner wholly owned by the Commission); and
6. Authorized the Executive Director to sign the general contractor contract for the construction of Elizabeth House III and the South County Regional Recreational and Aquatic Center.

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 18-93AS and any action taken since November 7, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-93AS and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

D. Ratification of Action Taken in Administrative Session on November 7, 2018: Approval to Accept Assignment of Purchase Contract for Acquisition of Real Property Located in Silver Spring, MD and Approval to Draw on the PNC Bank, N.A. Line of Credit

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

RESOLUTION: 18-94R¹

RE: Approval to Accept Assignment of Purchase Contract for Acquisition of Real Property Located in Silver Spring, MD and Approval to Draw on the PNC Bank, N.A. Line of Credit

WHEREAS, the Housing Opportunities Commission of Montgomery County (“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, to carry out and effectuate the purpose of providing affordable housing;

WHEREAS, to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County for the development or preservation of multifamily housing developments that serves eligible households;

WHEREAS, at an Administrative Session held on November 7, 2018, with a quorum present, the Commission duly adopted Resolution 18-94AS(1), with Commissioners Simon, Nelson, Rodriguez, Byrd and Kelleher voting in approval; Commissioner Croom abstained and Commissioner Priest was necessarily absent and did not participate in the vote;

WHEREAS, by adopting Resolution 18-94AS(1), the Commission took the following actions:

1. Accepted assignment of the purchase contract for the acquisition of real property located in Silver Spring, MD;
2. Drawing on the PNC Bank, N.A. Line of Credit to fund the acquisition of the property and to reimburse various costs related to acquisition, feasibility study, and due diligence.

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 18-94AS(1) and any action taken since November 7, 2018 to effectuate the transaction contemplated therein; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-94AS(1) and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

E. Ratification of Action Taken in Administrative Session on November 7, 2018: Approval to Draw on the PNC Bank, N.A. Line of Credit to Acquire Real Property Located in Silver Spring, MD

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

RESOLUTION: 18-94R²

**RE: Approval to Draw on the PNC Bank, N.A.
Line of Credit to Acquire Real Property Located
in Silver Spring, MD**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“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, to carry out and effectuate the purpose of providing affordable housing;

WHEREAS, to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County for the development or preservation of multifamily housing developments that serves eligible households;

WHEREAS, at an Administrative Session held on November 7, 2018, with a quorum present, the Commission duly adopted Resolution 18-94AS(2), with Commissioners Simon, Nelson, Rodriguez, Byrd and Kelleher voting in approval; Commissioner Croom abstained and Commissioner Priest was necessarily absent and did not participate in the vote;

WHEREAS, by adopting Resolution 18-94AS(2), the Commission took the following actions:

1. Accepted assignment of the purchase contract for the acquisition of real property located in Silver Spring, MD;
2. Drawing on the PNC Bank, N.A. Line of Credit to fund the acquisition of the property and to reimburse various costs related to acquisition, feasibility study, and due diligence.

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 18-94AS(2) and any action taken since November 7, 2018 to effectuate the transaction contemplated therein; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-94AS(2) and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

F. Ratification of Action Taken in Special Session on November 16, 2018: Approval of a Unanimous Written Consent Between Wheaton-University Boulevard Limited Partnership and Wheaton Commercial Center Associates Limited Partnership as Unit Owners of The Ambassador, a Condominium Regarding the Demolition of Ambassador Apartments and Retail Units

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, Croom, Byrd, Priest, and Kelleher.

RESOLUTION NO.: 18-95R

RE: Approval of a Unanimous Written Consent Between Wheaton-University Boulevard Limited Partnership and Wheaton Commercial Center Associates Limited Partnership as Unit Owners of The Ambassador, a Condominium, Regarding Demolition of Ambassador Apartments and Retail Units

WHEREAS, Ambassador Apartments is a mixed-use development comprised of market rate and affordable multifamily housing and a ground floor retail space (the "Ambassador") that is owned via a condominium regime with two owners;

WHEREAS, the residential condominium (which includes the residential floors and parking deck) is owned by Wheaton Boulevard Limited Partnership, a Maryland limited partnership (the "Residential Owner"), which is ultimately wholly owned by the Housing Opportunities Commission of Montgomery County ("HOC");

WHEREAS, the retail condominium (which includes the first-floor retail space and surface parking in front of the building) is owned by Wheaton Commercial Center Associates Limited Partnership ("Retail Owner"), an affiliate of Willco;

WHEREAS, HOC and Retail Owner desire to demolish the Ambassador in order to redevelop the land; and

WHEREAS, in order to demolish the Ambassador, HOC and Retail Owner must execute a Unanimous Written Consent of Unit Owners of The Ambassador, a Condominium;

WHEREAS, at a Special Session held on November 16, 2018, with a quorum present, the Housing Opportunities Commission of Montgomery County ("Commission") duly adopted Resolution 18-95, with Commissioners Simon, Nelson, Priest and Kelleher voting in approval; Commissioners Rodriguez, Croom, and Byrd were necessarily absent and did not participate in the vote;

WHEREAS, by adopting Resolution 18-95 the Commission took the following action:

- The Commission, in its capacity as owner of HOC Ambassador, Inc., the general partner of Residential Owner, and Ambassador I Associates Limited Partnership, the limited partner of Residential Owner,

authorized the Executive Director to execute any and all documents, including the Unanimous Written Consent of Unit Owners of The Ambassador, a Condominium, which is attached hereto as Exhibit A.

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 18-95 and any action taken since November 16, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-95 and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

VI. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

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

1. **Authorization for the Executive Director to Execute a Site Control Agreement with Groundswell to Allow for the Application to PEPCO's Community Solar Program**

Kayrine Brown, Chief Investment and Real Estate Officer, was the presenter.

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, Croom, Byrd, Priest, and Kelleher.

RESOLUTION NO.: 18-96

RE: Authorization for the Executive Director to Execute a Site Control Agreement with Groundswell to Allow for the Application to PEPCO's Community Solar Program

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission" or "HOC") is the owner of Paddington Square Apartments ("Paddington"), a 165-unit mixed-income multifamily rental property located at 8800 Lanier Drive, Silver Spring, MD; and

WHEREAS, Groundswell is a non-profit community solar developer that wishes to secure control of air rights above parts of Paddington's surface parking lot and roofs for the development of a new community solar system installation; and

WHEREAS, based on an initial helioscope analysis and site visit, Groundswell has selected the parts of Paddington's surface parking lot and roofs that are conducive to the production of solar energy via photovoltaic installations for the development (the "Premises"); and

WHEREAS, PEPCO, the utility provider for Paddington and surrounding Lyttonsville, participates in the State of Maryland's Community Solar Pilot Program ("CSPP"), which provides the opportunity for customers, including low- and moderate-income customers who are not able to participate in traditional roof-mounted solar systems, to receive renewable energy benefits; and

WHEREAS, community solar developers may make application to the CSPP for new solar system participation at fixed dates for fixed rounds; and

WHEREAS, PEPCO began to accept applications for the next CSPP round as of October 26, 2018;
and

WHEREAS, in its application to the CSPP, Groundswell must demonstrate site control;
And

WHEREAS, in order for Groundswells to demonstrate site control, it is recommended that the Commission enter into a site control agreement that provides Groundswell the option to enter into a binding lease for the Premises after completing the necessary entitlement process; and

WHEREAS, should HOC charge Groundswell for a site lease at fair market value, Groundswell estimates that a community solar system at Paddington would support 97 total members of the surrounding community, including 17 low- and moderate-income households at no membership charge; and

WHEREAS, should HOC forego charging Groundswell for a site lease, Groundswell estimates that a community solar system at Paddington would support 97 total members of the surrounding community, including 30 low- and moderate-income households at no membership charge; and

WHEREAS, in order to support the maximum number of low- and moderate-income households, it is recommended that HOC forego charging Groundswells for a site lease.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to execute a site lease option with Groundswell for the development of a new community solar system installation at Paddington in the amount of \$0 per year for a term of up to 10 years.

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

2. Approval to Select Wells Fargo Community Lending and Investment as the Tax Credit Syndicator for 900 Thayer

Kayrine Brown, Chief Investment and Real Estate Officer, and Hyunsuk Choi, Senior Financial Analyst, 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, Croom, Byrd, Priest, and Kelleher.

RESOLUTION NO.: 18-97

RE: Approval to Select Wells Fargo Community Lending and Investment as the Tax Credit Syndicator for 900 Thayer

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

WHEREAS, on March 16, 2016, the Commission acquired real property commonly known as 900 Thayer located at 8240 Fenton Street, Silver Spring, MD, comprised of approximately 0.65 acres (28,526 square feet) of land (“900 Thayer”); and

WHEREAS, on August 9, 2017, the Commission approved the Final Development Plan for 900 Thayer; and

WHEREAS, on January 22, 2018, to maximize the use of Low Income Housing Tax Credits (“LIHTCs”), HOC pursued both 9% and 4% LIHTCs for the project and “divided” 900 Thayer into three separate condominiums with three separate owners as follows: (1) 69 separate mixed-income apartment units consisting of 62 RAD units and 7 market rate units owned by 900 Thayer Nine Limited Partnership, which would be funded from competitive 9% tax credits equity proceeds; (2) 22 RAD units owned by 900 Thayer Limited Partnership (“900 Thayer LP”), which would be funded with the 4% LIHTC equity proceeds and tax-exempt bonds; and (3) 33 market rate units owned by 900 Thayer Development Corporation; and

WHEREAS, on April 12, 2018, HOC staff solicited proposals from 12 LIHTC syndicators to select an equity investor for 900 Thayer, 3 investors each submitted responses via a Letter of Interest (“LOI”), and Wells Fargo Community Lending and Investment (“Wells Fargo”) submitted the highest credit price; and

WHEREAS, the 900 Thayer was not awarded 9% LIHTCs in the 2018 round; therefore, the permanent financing structure is proposed as a 4% LIHTC development with income averaging that shall be solely owned by 900 Thayer LP; and

WHEREAS, HOC shall be the sole member of 900 Thayer GP LLC, which shall be the general partner of 900 Thayer LP; and

WHEREAS, in response to not receiving the 9% LIHTCs, HOC staff reached back out to the three responding investors plus two additional investors for an updated LOI; only Wells Fargo responded with an updated LOI; and

WHEREAS, HOC and Wells Fargo expect to receive a Letter of Reservation of LIHTCs from the Maryland Department of Housing and Community Development which will enable Wells Fargo to raise approximately \$13.6 million in equity to pay part of its acquisition and development costs; and

WHEREAS, HOC staff recommends accepting Wells Fargo as the LIHTC syndicator for 900 Thayer and beginning negotiations of a Limited Partnership Agreement with Wells Fargo based on the terms outlined in the LOI

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of 900 Thayer GP LLC, the general partner of 900 Thayer Limited Partnership, that it approves the selection of Wells Fargo Community Lending and Investment as the LIHTC syndicator for 900 Thayer.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of 900 Thayer GP LLC, the general partner of 900 Thayer Limited Partnership, that the Executive Director, or his authorized designee, is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of a binding letter of intent from Wells Fargo Community Lending and Investment and any documents related thereto.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the negotiation of a Limited Partnership Agreement (“LPA”) with Wells Fargo based on the terms outlined in the LOI, with the understanding that HOC staff will return to the Commission prior to closing for approval to execute the LPA with Wells Fargo Community Lending and Investment.

VII. **ITEMS REQUIRING DELIBERATION and/or ACTION**

A. **Authorization to Draw from the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds**

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

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

RESOLUTION NO.: 18-98

RE: Authorization to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds

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 (the “Act”), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has issued various series of Single Family Mortgage Revenue Bonds (MRB) under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the “Bond Resolution”), a portion of which are currently outstanding; and

WHEREAS, pursuant to its authority, the Commission has utilized the practice of issuing refunding bonds in the Single Family Mortgage Purchase Program (the “Program”) to recycle and extend the life of volume cap it allocates to each bond issue and/or to refinance its outstanding bond debt at lower interest rates, thereby, minimizing negative arbitrage expenses to the Program; and

WHEREAS, the ability to recycle volume cap is facilitated by reserving mortgage principal repayments and prepayments to make new mortgage loans and using the proceeds of a new bond issue to refund and redeem the prior outstanding bonds associated with the mortgage principal repayments and prepayments; and

WHEREAS, the IRS imposes certain restrictions on the ability to recycle indefinitely the allocated volume cap through statutory provisions and regulations, one of which is the 10-year Rule which became effective in 1988; and

WHEREAS, due to the Commission's extensive pipeline of anticipated multifamily projects in 2019 and the limited volume cap received annually from the Maryland Department of Housing and Community Development, existing single family volume cap already used by the Commission should be preserved to the extent possible; and

WHEREAS, the Commission has a line of credit with PNC Bank, N.A. in the total amount of \$60 million, with an unobligated balance of approximately \$21,333,971.62, as of November 28, 2018, and is a form of debt which can be used to refund MRBs to preserve volume cap; and

WHEREAS, the Commission wishes to preserve its existing bond authority.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves the allocation of up to \$5 million from the PNC Bank, N.A. Line of Credit for use by the Single Family Mortgage Purchase Program on a revolving basis, in accordance with the terms of the PNC Line of Credit 9 for the purpose of preserving volume cap.

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 Kelleher, and unanimously adopted to adjourn.

The open session adjourned at 6:26 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: January 9, 2019