



EXPANDED AGENDA

September 4, 2019

			Res #
4:00 p.m.	I. <u>INFORMATION EXCHANGE</u> A. Resident Advisory Board B. Community Forum		
4:30 p.m. 5 27	II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of July 10, 2019 B. Approval of Minutes of July 10, 2019 Administrative Session C. Approval of Minutes of August 23, 2019 Special Session D. Approval of Minutes of August 23, 2019 Administrative Session		
	III. <u>CONSENT</u> A. None		
4:35 p.m. 36	IV. <u>INFORMATION EXCHANGE (CONTINUED)</u> A. Report of the Executive Director B. Commissioner Exchange		
4:45 p.m.	V. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u> A. None		
4:50 p.m.	VI. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>		
Page 44	A. Budget, Finance and Audit Committee – <i>Com. Nelson, Chair</i> 1. Approval to Repay the PNC Bank, N.A. Line of Credit Draw in the amount of \$392,778 for Fairfax Court Apartments from the Opportunity Housing Bond Fund		19-90 _(pg 47)
5:30 p.m. Page 49	B. Development and Finance Committee – <i>Com. Simon, Chair</i> 1. Approval of the General Development Agreement and Related Development Documents with Montgomery County, MD for Elizabeth Square and the South County Regional Recreational Aquatic Center; Approval to Create Consolidated Plats to Combine Record Plats; Approval to Create Land Condominium Plat and Declaration, and Authorization for the Executive Director to Execute all Related Documents		19-91 _{A(pg 59)} 19-91 _{B(pg 62)}
5:50 p.m.	VII. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u> 1. None		
	VIII. <u>*FUTURE ACTION ITEMS</u> None		
6:00 p.m.	<u>ADJOURN</u>		
Page 69	<u>DEVELOPMENT CORPORATION</u> <u>Alexander House Development Corporation</u> • Approval of Create Plat and Land Condominium, Amendment to Vertical Condominium and Conveyance of Portion of Current Alexander House Development Corporation Property to EH III Recreational Center, LLC		19-005 _{AH(pg 75)}
6:10 P.M.	<u>ADJOURN</u>		

6:20 p.m.	<u>ADMINISTRATIVE SESSION</u> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(3) of the General Provisions Article of the Annotated Code of Maryland</i>	
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NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion.***
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Information Exchange

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

July 10, 2019

19-07

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, July 10, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:18 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Vice Chair
Roy Priest, Chair Pro Tem
Pamela Byrd
Frances Kelleher

Absent

Linda Croom

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Kayrine Brown
Rita Harris
Charnita Jackson
Derrick Thompson
Darcel Cox
Marcus Ervin
Ian-Terrell Hawkins
Victoria Dixon
Eamon Lorincz

Aisha Memon, Acting General Council
Cornelia Kent
Zachary Marks
Jay Shepherd
Sherraine Rawlins
Christina Autin
Eugenia Pascual
Ian Williams
Jennifer Arrington
Belinda Fulco

Resident Advisory Board

None

Guest

MCGEO
Karen Lundregan

IT Support

Irma Rodriguez
Gabriel Taube

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

I. **Information Exchange**

Resident Advisory Board

- Yvonne Caughman, Vice Chair, was necessarily absent. Rita Harris, Special Assistant to the Director of Resident Services, reported on the current activities of the Resident Advisory Board.

Community Forum

- Residents and Members of MGEO addressed the Board regarding Maintenance Live-on Program.
- Karen Lundregan addressed the Board regarding concerns related to her participation in the Housing Choice Voucher program.

RECESS & ADMINISTRATIVE SESSION:

For the record, there was no recess and the closed Administrative Session pursuant to Section 3-305(b)(2) and (8) of the General Provisions Article of the Annotated Code of Maryland did not convene.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Chair Pro Tem Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

- A. **Approval of Minutes of June 5, 2019**
- B. **Approval of Minutes of June 5, 2019 Administrative Session**
- C. **Approval of Minutes of June 12, 2019 Special Session**
- D. **Approval of Minutes of June 21, 2019 Special Session**
- E. **Approval of Minutes of June 21, 2019 Special Administrative Session**

III. **Consent Items**

A. Acceptance of Calendar Year 2018 CCL Multifamily LLC Audit

The foregoing Resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-72

**RE: Acceptance of Calendar Year
2018 CCL Multifamily LLC Audit**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is the managing member and fifty percent (50%) owner of CCL Multifamily LLC ("CCL Multifamily"), which owns The Lindley;

WHEREAS, the calendar year annual audit for the CCL Multifamily has been completed;
And

WHEREAS, a standard unqualified audit opinion was received from the independent certified public accounting firm performing the audit for CCL Multifamily.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2018 audit for CCL Multifamily.

IV. **Information Exchange Continued**

Report of the Executive Director

- Nothing additional to add to written report

Commissioner Exchange

- Vice Chair Nelson Visited the American University exhibit on Historically Black Communities in Montgomery County. (Statement Attached)
- Chair Pro Tem Priest participated on County Partnership Panel

V. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION**

A. Ratification of Action taken on June 21, 2019 Special Administrative Session

The foregoing resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

- Approval of the Financing Plan for the Elizabeth House III Development and Authorization to Issue Loans, Issue Commitments for Permanent Financing Hedge Interest Rate Risk, and to Accept Loans

RESOLUTION: 19-71^AR

RE: Approval of the Financing Plan for the Elizabeth House III Development and Authorization to Issue Loans, Issue Commitments for Permanent Financing, Hedge Interest Rate Risk, and to Accept Loans

WHEREAS, Elizabeth House III (the "Property") is a mixed-income residential building that is planned as part of a larger mixed-use development known as Elizabeth Square;

WHEREAS, the Property with common elements and underground parking will be owned and operated by the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") in a single purpose entity known as Elizabeth House III Limited Partnership ("Borrower");

WHEREAS, HOC is currently the sole member of EH III GP LLC (the "Managing Member"), which in turn is the sole member of the Borrower;

WHEREAS, at a Special Administrative Session duly called and held on June 21, 2019, with a quorum present, the Commission duly adopted Resolution 19-71^A, with Commissioners Simon, Nelson, Byrd, Priest, and Kelleher voting in approval, and Commissioner Croom being necessarily absent not participating in the vote;

WHEREAS, by adopting Resolution 19-71^A, the Commission authorized the following actions:

1. The approval of the Financing Plan, which includes (A) the allocation of tax-exempt volume cap for the issuance of short and long-term bonds to finance the transaction and for the Commission, as conduit lender, to use those bond proceeds to make a tax-exempt mortgage loan to Borrower, which will be subject to conversion to a permanent loan phase ("Mortgage Loan" or "Permanent Loan"), (B) accepting a construction loan from PNC Bank, N.A. ("Construction Loan"), (C) issuance of a subordinate HOC loan to the Borrower ("HOC Loan"), and (D) the funding of a bridge loan at closing by way of short-term, taxable draws on the PNC Bank, N.A. Real Estate Line of Credit ("Bridge Loan").
2. The prepayment to the Opportunity Housing Reserve Fund of seventeen (17) years-worth of loan management fees.
3. Obtaining a letter of credit to hold the equivalent of three (3) months of operating expenses and debt service payments.
4. The issuance of a four year forward commitment for the Permanent Loan phase of the Mortgage Loan, which will be credit enhanced by the FHA Risk Share Mortgage Insurance.
5. The selection of PNC Bank, N.A. as the lender of a Construction Loan.
6. That HOC, acting on behalf of itself and on behalf of the Managing Member, the general partner of Borrower, acting for itself and on behalf of Borrower, accepts the Mortgage Loan, Permanent Loan, Construction Loan, Bridge Loan, HOC Loan, and a subordinate loan from the Department of Housing and Community Affairs of Montgomery County, Maryland, for the financing closing.
7. The execution and delivery of an International Swaps and Derivatives Association Master Agreement, Schedules, Confirmations and Credit Support Annexes, and related documents, with a qualified counterparty to mitigate against a rise in interest rates.

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 19-71^A and any action taken since June 21, 2019 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 19-71^A and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

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- Approval to Draw from the PNC Bank, N.A. Real Estate Line of Credit During the Acquisition and Construction of the Elizabeth House III Development

RESOLUTION: 19-71^BR

**RE: Approval to Draw from the PNC Bank, N.A.
N.A. Real Estate Line of Credit During the
Acquisition and Construction of the Elizabeth
House III Development**

WHEREAS, Elizabeth House III (the "Property") is a mixed-income residential building that is planned as part of a larger mixed-use development known as Elizabeth Square;

WHEREAS, the Property with common elements and underground parking will be owned and operated by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) in a single purpose entity known as Elizabeth House III Limited Partnership (“Borrower”);

WHEREAS, HOC is currently the sole member of EH III GP LLC (the “Managing Member”), which in turn is the sole member of the Borrower;

WHEREAS, at a Special Administrative Session duly called and held on June 21, 2019, with a quorum present, the Commission duly adopted Resolution 19-71^B, with Commissioners Simon, Nelson, Byrd, Priest, and Kelleher voting in approval, and Commissioner Croom being necessarily absent not participating in the vote;

WHEREAS, by adopting Resolution 19-71^B, the Commission authorized the following actions:

1. Taxable draws on the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) to complete the acquisition and construction financing for the Property.
2. A loan to Borrower to be funded by the RELOC.

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 19-71^B and any action taken since June 21, 2019 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 19-71^B and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

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- Adoption of an Authorizing Resolution for the Issuance of 2019 Series A Multifamily Housing Development Bonds for the Financing of the Acquisition and Construction of the Elizabeth House III Development

RESOLUTION: 19-71^CR

**RE: Adoption of an Authorizing Resolution
for the Issuance of 2019 Series A Multifamily
Housing Development Bonds for the Financing of
the Acquisition and Construction of the Elizabeth
House III Development**

WHEREAS, at a Special Administrative Session duly called and held on June 21, 2019, with a quorum present, the Commission duly adopted Resolution 19-71^C, with Commissioners Simon, Nelson, Byrd, Priest, and Kelleher voting in approval, and Commissioner Croom being necessarily absent not participating in the vote;

WHEREAS, a copy of the adopted Resolution 19-71^C 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 19-71^c and any action taken since June 21, 2019 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 19-71^c and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

VI. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

- **Approval to Renew the Primary Audit Contract with CliftonLarsonAllen, LLP for One Additional Year**

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

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

RESOLUTION NO.: 19-73

RE: Approval to Renew the Primary Audit Contract with CliftonLarsonAllen, LLP for One Additional Year

WHEREAS, on October 3, 2018 the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) renewed the primary audit contract with CliftonLarsonAllen LLP (“CLA”) to complete HOC’s financial audit for fiscal year 2019; (the “Contract”); and

WHEREAS, the Contract expires as of December 31, 2019; and

WHEREAS, the Contract provides for one additional one-year renewal; and

WHEREAS, staff has determined it would be beneficial to renew the Contract with CLA for the remaining one (1) year term available in order to complete the FY 2020 audit.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves renewing the primary audit contract with CliftonLarsonAllen LLP for the remaining one (1) year term available, with an expiration date of December 31, 2020.

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

- **Approval of the Permanent Financing Plan for Glenmont Crossing; Approval to Form a New Ownership Entity in which to Transfer the Asset and Approval to Execute an Operating Agreement; Authorization to Issue a Financing Commitment; and, Authorization to Enter into a Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan**

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

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

RESOLUTION NO.: 19-74

RE: Approval of a Permanent Financing Plan for Glenmont Crossing; Approval to Form New Ownership Entity in which to Transfer the Asset and Approval to Execute an Operating Agreement; Authorization to Issue Financing Commitment; and, Authorization to Enter into a Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan

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, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of multifamily rental housing properties for persons of eligible income which provide a public purpose; and

WHEREAS, on December 4, 2012, the Commission approved a Financing Plan for the purchase of Glenmont Crossing, a community consisting of 97 units in Silver Spring, Maryland (the “Property”), which was acquired on December 4, 2012 by Glenmont Crossing Development Corporation (the “Corporation”), a wholly controlled corporate instrumentality of HOC, through the assumption of a CBRE Multifamily Capital, Inc. (“CBRE”) loan backed by Fannie Mae (“Fannie Mae Loan”), a CBRE Supplemental Loan (“CBRE Loan”), a Montgomery County, Maryland Community Development Block Grant Fund loan (“CDBG Loan”), and a loan from HOC’s Opportunity Housing Reserve Fund (OHRF); and

WHEREAS, on November 1, 2019, the Fannie Mae and CBRE Loans mature, and in preparation of those maturities, staff has reviewed the Property’s operational performance, conducted a Property Condition Needs Assessment, obtained an appraisal, and received term sheets for permanent financing; and

WHEREAS, staff has developed a Permanent Financing Plan that will maximize the amount of financing to provide funds to retire the Fannie Mae Loan, repay most of the Property’s existing debt, and fund approximately \$2.5 million (or \$26,009 per unit) in order to fund the Replacement for Reserve account for immediate, near term and turn over repairs at the Property over the next 12 years; and

WHEREAS, the Permanent Financing Plan includes: (1) the creation of a single purpose entity (i.e. a limited liability corporation, wholly owned by HOC) (the “SPE”) for the purpose of acquiring the Property; (2) a Federal Financing Bank, 35-year taxable loan, with mortgage insurance provided by the FHA Risk Share program in an amount not to exceed \$14,100,000 (“FFB/FHA Financing or “Permanent Loan”); (3) assumption of the Corporation’s remaining \$2,850,000 subordinate CDBG Loan; and, (4) assumption of the Property’s approximate \$694,796 in existing reserves and \$851,038 in restricted cash (collectively the “Permanent Financing Plan”); and

WHEREAS, the Property’s public purpose shall include 20% of units (or 20 units) for households earning less than or equal to 50% of the Washington, DC-MD-VA Statistical Area Median Income (“AMI”)AMI, and 30% of units (or 30 units) for households earning less than or equal to 80% AMI.

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

1. The Property's Permanent Financing Plan, as described herein, including the creation of the SPE and execution of an Operating Agreement;
2. Authorization for HOC to issue a Financing Commitment to the SPE for an FFB/FHA 35-year, taxable mortgage loan, insured by FHA Risk Share mortgage program in an amount up to \$14.1 million with HOC assuming 50% of the risk;
3. Authorization to enter into a Participation Agreement with FFB to fund the Permanent Loan; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of the SPE, as its sole member, approves the following:

1. Assuming the following accounts and balances at Permanent Loan closing: the remaining balance on the CDBG Loan (approximately \$2,850,000) in accordance with the County Note, dated April 17, 2013; the existing Property's reserves totaling \$694,796; and, the existing restricted cash at the Property totaling \$851,038;
2. Accepting the transfer of the Property from the Corporation at cost; and
3. Accepting the Financing Commitment from HOC.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission 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.

*Note – the Briefbook mistakenly included reference to resolution number 19-74^A. There is no such resolution.

- **Approval of the Permanent Financing Plan for Glenmont Westerly; Approval to Form New Ownership Entity in which to Transfer the Asset and Approval to Execute an Operating Agreement; Authorization to Issue a Financing Commitment; and, Authorization to Enter into a Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan**

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

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

RESOLUTION NO.: 19-75

RE: Approval of a Permanent Financing Plan for Glenmont Westerly; Approval to Form New Ownership Entity in which to Transfer the Asset and Approval to Execute an Operating Agreement; Authorization to Issue Financing Commitment; and, Authorization to Enter into a Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan

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, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of multifamily rental housing properties for persons of eligible income which provide a public purpose; and

WHEREAS, on December 4, 2012, the Commission approved a Financing Plan for the purchase of Glenmont Westerly, a community consisting of 102 units in Silver Spring, Maryland (the “Property”), which was acquired on December 4, 2012 by Glenmont Westerly Development Corporation (the “Corporation”), a wholly controlled corporate instrumentality of HOC, through the assumption of a CBRE Multifamily Capital, Inc. loan backed by Fannie Mae (“Fannie Mae Loan”), a Montgomery County, Maryland Housing Initiative Fund loan (“HIF Loan”), and loans from HOC’s Opportunity Housing Reserve Fund (OHRF) and its FHA Risk Share Reserves; and

WHEREAS, on November 1, 2019, the Fannie Mae Loan matures and on December 1, 2019, the HIF Loan matures, and in preparation of those maturities, staff has reviewed the Property’s operational performance, conducted a Property Condition Needs Assessment, obtained an appraisal, and received term sheets for permanent financing; and

WHEREAS, staff has developed a Permanent Financing Plan that will maximize the amount of financing to provide funds to retire the Fannie Mae Loan, repay most of the Property’s existing debt, and fund approximately \$2.5 million (or \$24,446 per unit) in order to fund the Replacement for Reserve account for immediate, near term and turn over repairs at the Property over the next 12 years; and

WHEREAS, the Permanent Financing Plan includes: (1) the creation of a single purpose entity (i.e. a limited liability corporation, wholly owned by HOC) (the “SPE”) for the purpose of acquiring the Property; (2) a Federal Financing Bank, 35-year taxable loan, credit enhanced by mortgage insurance provided under the FHA Risk Share program in an amount not to exceed \$14,000,000 (“FFB/FHA Financing or “Permanent Loan”); (3) assumption of the Corporation’s remaining \$1,510,250 subordinate HIF Loan (approximately \$3.2 million will be paid at closing); and, (4) assumption of the Property’s approximate \$1.5 million in existing reserves and \$911,767 in restricted cash (collectively the “Permanent Financing Plan”); and

WHEREAS, under the Permanent Financing Plan, the Property’s public purpose shall remain unchanged with 20% of units (or 21 units) continuing to serve households earning less than or equal to 50% of the Washington, DC-MD-VA Statistical Area Median Income (“AMI”) and 30% of units (or 32 units) continuing to serve households earning less than or equal to 90% AMI.

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

1. The Property’s Permanent Financing Plan, as described herein, including the creation of the SPE and execution of an Operating Agreement;
2. Authorization for HOC to issue a Financing Commitment to the SPE for an FFB/FHA 35-year, taxable mortgage loan, insured by FHA Risk Share mortgage program in an amount up to \$14 million with HOC assuming 50% of the risk;

3. Authorization to enter into a Participation Agreement with FFB to fund the Permanent Loan; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of the SPE, as its sole member, approves the following:

1. Assuming the following accounts and balances at Permanent Loan closing: the remaining balance on the HIF Loan (approximately \$1,510,250) in accordance with the County Note, dated June 27, 2013; the existing Property's reserves totaling \$1,480,897; and, the existing restricted cash at the Property totaling \$911,767;
2. Accepting the transfer of the Property from the Corporation at cost; and
3. Accepting the Financing Commitment from HOC.

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

3. Approval of the Final Development Plan for Bauer Park Apartments and Approval to Select Enterprise Community Partners as the Tax Credit Investor for Bauer Park and Authorization for the Executive Director to Negotiate and Execute an Operating Agreement with Enterprise

Zachary Marks, Director of Development, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 19-76

RE: Approval of the Final Development Plan for Bauer Park Apartments, Approval to Select Enterprise Community Partners as the Tax Credit Investor for Bauer Park and Authorization for the Executive Director to Negotiate and Execute an Operating Agreement with Enterprise

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks to preserve Montgomery County's existing affordable housing, including those subsidized by Rental Assistance Payment ("RAP") contracts and Section 236 financing; and

WHEREAS, Bauer Park Apartments (the "Property"), located at 14635/39/43 Bauer Drive, consists of 142 units in three (3) buildings on 3.88 acres of land on the southeast corner of the intersection of Bauer Drive and Norbeck Road in Rockville, MD; and

WHEREAS, the Property was originally built in 1977 under the Section 236 Program and is owned by Banor Housing, Inc., a non-profit corporation that is managed by a Policy Board (the "Policy Board"); and

WHEREAS, on March 14, 2019, the Policy Board approved the terms of a Purchase and Sale Agreement to sell the Property to Bauer Park Apartments, LP (“Bauer LP”); and

WHEREAS, On August 5, 2015, HOC passed Resolution 15-69 approving the core terms of the Letter of Intent with Victory Housing, Inc. (“VHI”) for development services related to the renovation of the Property; and

WHEREAS, HOC is the 79% managing member of Bauer Park Apartments, LLC (“Bauer LLC”), which is the managing general partner of Bauer LP, and VHI is the 21% non-managing member of Bauer LLC; and

WHEREAS, On April 5, 2017, HOC passed Resolution 17-23 approving the advance of \$850,000 in aggregate from the Opportunity Housing Reserve Fund (“OHRF”) to reimburse VHI for predevelopment costs as they are incurred to prepare and submit tax credit applications for the Property for up to \$350,000; and

WHEREAS, On July 11, 2018, HOC passed Resolution 18-54 approving the Preliminary Development Plan for the Property and authorized an additional \$100,000 for predevelopment funding for costs as they are incurred to prepare and submit tax credit applications for the Property; and

WHEREAS, staff has prepared the Final Development Plan for the Property identifying additional predevelopment costs of \$250,000 and a total development cost of approximately \$40 million to be funded with HOC-issued FHA-insured tax-exempt bonds, County CIP, 4% Low Income Housing Tax Credit (“LIHTC”) equity, a seller note, and acquired replacement reserves (the “Final Development Plan”).

WHEREAS, HOC and Bauer LP expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development; and

WHEREAS, after soliciting investment proposals from the top LIHTC syndicators and investors, HOC received three proposals; and

WHEREAS, after review of the submissions and further inquiries of the investors, Enterprise Community Partners (“Enterprise”) has been determined to be the strongest LIHTC investor among the respondents; and

WHEREAS, HOC intends to negotiate an amended and restated operating agreement with Enterprise for the admission of an affiliate of Enterprise as a non-managing investor member of Bauer LP, with HOC remaining in control of Bauer LP as the managing member of Bauer LLC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Final Development Plan for the rehabilitation of the Property is hereby approved, which includes an estimated total development cost of up to \$40 million, the delivery of 142 apartment units that will serve seniors 62 years and older, and the restriction of 100% of the units to those earning at or below an income averaged 60% of the area median income.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Bauer LLC, as its managing member, acting on behalf of itself and on behalf of Bauer LP, as its managing general partner, that it approves the negotiation and execution of an Operating Agreement with VHI of Bauer LP to memorialize the same.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Bauer LLC, as its managing member, acting on behalf of itself and on behalf of Bauer LP, as its managing general partner, that it approves (1) the selection of Enterprise as the LIHTC investor, (2) the admission of an affiliate of Enterprise as the non-managing investor member of Bauer LP, and (3) the negotiation and execution of an Amended and Restated Operating Agreement of Bauer LP to memorialize the same.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County is authorized to incur up to Two Hundred Fifty Thousand Dollars (\$250,000) in additional predevelopment costs, which shall be funded from the OHRF and reimbursed at closing with any excess sales proceeds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Bauer LLC, as its managing member, acting on behalf of itself and on behalf of Bauer LP, as its managing general partner, that it approves the acquisition of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of Bauer LLC, as its managing member, acting on behalf of itself and on behalf of Bauer LP, as its managing general partner, that the Executive Director 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 any documents related thereto.

4. Approval to Withdraw Excess Yield Funds Under the Multifamily Housing Development Bond Resolution and to Make Capital Contribution to Georgian Court to Fund Capital Expenditures and to Approve Selection of Edgewood Management Company, Property Manager to Project Manage the Proposed Capital Improvements Utilizing the Excess Yield Funds

Kayrine Brown, Chief Investment and Real Estate Officer, and Marcus Ervin, Housing Acquisition Manager, were the presenters.

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

RESOLUTION NO.: 19-77

RE: Approval to Withdraw Excess Yield Funds Under the Multifamily Housing Development Bond Resolution and to Make a Capital Contribution to Georgian Court to Fund Capital Expenditures and to Approve Selection of Edgewood Management Company, Property Manager to Project Manage the Proposed Capital Improvements Utilizing the Excess Yield Funds

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is the general partner of Georgian Court Silver Spring Limited Partnership, the owner of Georgian Court Apartments (the “Property”); and

WHEREAS, the Commission issued \$24,230,000 of tax-exempt private activity bonds in 2012 (the “2012 Series C Bonds”) under the Multifamily Housing Development Bond Resolution (the “1996 Indenture), which in part refunded the 2000 Series B Bonds that funded the acquisition, rehabilitation, and equipping of the Property; and

WHEREAS, the issuance of tax-exempt private equity bonds is subject to yield restrictions such that the yield on the mortgage loans cannot be higher than 1.50% than the yield on the bonds issued to finance multifamily transaction; and

WHEREAS, when yield in excess of 1.50% exists as a result of the issuance of tax-exempt private activity bonds, a cash contribution to a project financed with such bonds can be made to maintain yield compliance; and

WHEREAS, HOC staff requests approval to withdraw excess yield funds from the 1996 Indenture and to contribute said funds to Georgian Court Silver Spring Limited Partnership; and

WHEREAS, HOC staff proposes utilizing the excess yield to fund capital improvements, including the repair and replacement of existing building architectural systems and components, parking surface areas, landscaping and site lighting upgrades at the Property estimated at \$713,000; and

WHEREAS, staff recommends that the project be managed by the third-party property manager for the Property, Edgewood Management, for a fee estimated to be 3.5% of the total proposed work, or \$25,000, for a total project cost of \$738,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the withdrawal of excess yield funds from the 1996 Indenture such that the 2012 Series C Bonds may be yield compliant in the meaning of the Internal Revenue Code and the contribution of said funds to Georgian Court Silver Spring Limited Partnership as a capital contribution.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as general partner of Georgian Court Silver Spring Limited Partnership, that it approves utilizing the excess yield funds to fund the repair and replacement of existing building architectural systems and components, parking surface areas, landscaping, and site lighting upgrades at the Property, estimated to be \$713,000.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and as general partner of Georgian Court Silver Spring Limited Partnership, approves the selection of Edgewood Management Company, the third-party property manager of the Property, to manage the proposed work for a fee estimated at 3.5% of the total cost, or \$25,000, for a total project cost of \$738,000, but that the total project may increase to fund additional capital improvements based on the month in which the excess yield proceeds are withdrawn.

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.

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

- **Approval of a New Bond Resolution Providing for the Creation of a New Trust Indenture to Finance Multiple Programs of the Housing Opportunities Commission of Montgomery County; Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolutions for the Issuance of 2019 Series A and 2019 Series B Program Revenue Bonds for the Purpose of Issuing Debt to Reimburse the Commission for Expenditures Incurred Under the Program**

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

The following resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION: 2019-78

Re: Approval of a New Limited Obligation General Trust Indenture to Finance Multiple Housing Programs; Approval of Structure, Cost of Issuance Budget, and Adoption of Series Indentures for the Issuance of Program Revenue Bonds, 2019 Series A, 2019 Series B and 2019 Series C, for the Purposes of Reimbursing Capital Expenditures and Refunding Bonds Previously Issued by the Commission

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 Memorandum of Understanding effective June 29, 2018 between the Commission and Montgomery County, Maryland (collectively, the “Act”), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes, which include, without limitation, the construction, financing and operation of housing developments for persons of eligible income and the financing of new mortgage loans for Montgomery County, Maryland first time homebuyers; and

WHEREAS, to provide a source of funds to fulfill its purposes authorized by the Act, the Commission has determined to authorize the execution and delivery of a General Trust Indenture (the “General Indenture”) by and between the Commission and a trustee selected by the Commission (the “Trustee”); and

WHEREAS, the General Indenture authorizes the Commission to issue its bonds, notes or other obligations from time to time (the “Bonds”) pursuant to one or more series indentures in order to obtain funds to carry out the purposes and provisions of the Act, primarily by the making, purchasing or financing of Loans (as defined in the General Indenture), including the payment, when due, of principal of and redemption premium, if any, and interest on the Bonds, and by the financing or reimbursement of housing-related capital expenditures (collectively, the “Program”); and

WHEREAS, the Commission has determined to carry out the Program by issuing one or more series of its Program Revenue Bonds designated 2019 Series A, 2019 Series B and 2019 Series C, and with each subsequent series, if any, to follow in alphabetical order (collectively, the “Series Bonds”) in a total aggregate principal amount not to exceed \$50,000,000, for purposes of (a) reimbursing the Commission for previously

incurred capital expenditures; (b) refunding a series of bonds previously issued by the Commission (the “Prior Bonds”), the interest on which will not be subject to the federal alternative minimum tax; (c) refunding Prior Bonds, the interest on which will be subject to the federal alternative minimum tax; and (d) if necessary, funding reserves (collectively, the “Series Purposes”); and

WHEREAS, the Series Bonds will be issued pursuant to one or more series indentures (the “Series Indentures,” and together with the General Indenture, the “Indenture”), drafts of which have been provided to the Commission, and the Series Bonds will be marketed to potential holders of the Bonds pursuant to a Preliminary Official Statement (the “Preliminary Official Statement,” and following the sale of the Series Bonds and the appropriate revisions reflecting the final pricing and terms of the Series Bonds, the “Official Statement”), a draft of which has been provided to the Commission; and

WHEREAS, the Bonds and the interest and any premium thereon shall be limited obligations of the Commission and shall be secured by and payable from the Trust Estate pledged and assigned to the Trustee by the Commission under the Indenture;

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

1. *Approval of the General Indenture.* The Commission hereby approves the General Indenture, a draft of which has been provided to the Commission, and the use thereof for purposes of carrying out the Program. The Executive Director is hereby authorized to approve the final provisions General Indenture.

2. *The Series Bonds; Approval of the Series Indentures and the Structure of the Series Bonds.* The Commission hereby authorizes the issuance of the Series Bonds in an aggregate principal amount not to exceed \$50,000,000 to finance the Series Purposes. The Series Bonds shall be issued pursuant to the terms of the General Indenture and pursuant to the terms of the Series Indentures, drafts of which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Indentures and the structure of and the security for the Series Bonds set forth therein and in the Official Statement. The Executive Director is hereby authorized to approve the final provisions of the Series Indenture, the Preliminary Official Statement and the Official Statement prior to the issuance of the Series Bonds.

3. *Commission Documents.* The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Indenture, the Official Statement and any such other documents and agreements to be prepared in connection with the execution and delivery of the General Indenture and the issuance of the Series Bonds (the “Commission Documents”) in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, the execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission. The Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

4. *Authorizing Ongoing Determinations under Commission Documents.* The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of

other terms to be in effect with respect to the Series Bonds as shall be set forth in the Commission Documents

5. Other Action. The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (an "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the Series Bonds, (ii) for the refunding and redemption of the Prior Bonds, (iii) for the performance of any and all actions required or contemplated under the General Indenture, the Series Indentures, the Official Statement and any other financing documents relating to the issuance of the Series Bonds, and (iv) for the entire period during which the Series Bonds are outstanding following the issuance thereof.

6. Approval of Cost of Issuance. The Commission approves the cost of issuance budget in an amount up to \$650,000 to be incurred by the Commission in connection with the issuance of the Series Bonds.

7. Appointment of Financial Advisor and Bond Counsel; Appointment of Trustee. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the Series Bonds. The Executive Director is hereby authorized to appoint a Trustee for the Bonds as necessary to effectuate the transactions contemplated by the Indenture.

8. Action Approved and Confirmed. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the Series Bonds, the refunding and redemption of the Prior Bonds and the reimbursement of capital expenditures previously incurred in connection with the Program approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

10. Severability. If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

11. Effective Date. This resolution shall take effect immediately.

RESOLUTION NO.: 19-78_b

RE: Authorization to Transfer Reimbursement Proceeds
from the Program Revenue Bond 2019 Issuance
into the Commission's General Fund

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 Memorandum of Understanding effective June 29, 2018 between the Commission and Montgomery County, Maryland (collectively, the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes, which include, without limitation, the construction, financing and operation of housing developments for persons of eligible income and the financing of mortgage loans for Montgomery County, Maryland first-time homebuyers; and

WHEREAS, the Commission intends to issue various series of Program Revenue Bonds under the General Trust Indenture originally adopted on July 10, 2019 (the “General Indenture”); and

WHEREAS, the General Indenture authorizes the Commission to issue its bonds, notes or other obligations from time to time (the “Bonds”) pursuant to one or more series indentures in order to obtain funds to carry out the purposes and provisions of the Act, primarily by (i) funding residential projects and administrative facilities owned by the Commission, (ii) making, purchasing or financing of Loans (as defined in the General Indenture), including the payment, when due, of principal of and redemption premium, if any, and interest on the Bonds, and (iii) the financing or reimbursement of housing-related capital expenditures (collectively, the “Program”); and

WHEREAS, the Commission has determined to carry out the Program by issuing one or more series of its Program Revenue Bonds designated 2019 Series A, 2019 Series B and 2019 Series C, and with each subsequent series, if any, to follow in alphabetical order (collectively, the “Series Bonds”) in a total aggregate principal amount not to exceed \$50,000,000, for purposes of (a) reimbursing the Commission for previously incurred capital expenditures; (b) refunding a series of bonds previously issued by the Commission (the “Prior Bonds”), the interest on which will not be subject to the federal alternative minimum tax; (c) refunding Prior Bonds, the interest on which will be subject to the federal alternative minimum tax; and (d) if necessary, funding reserves (collectively, the “Series Purposes”); and

WHEREAS, proceeds from the 2019 A Series Bonds shall reimburse the Commission for previously incurred capital expenditures, including funds used to finance a portion of the costs of Cider Mill Apartments, a multifamily development owned by the Commission, in an amount not to exceed \$30,000,000 (the “Reimbursement Proceeds”); and

WHEREAS, the Commission has determined that the Reimbursement Proceeds shall be deposited to the Commission’s General Fund for the purpose of funding any of the lawful purposes for which the Commission is authorized; and

WHEREAS, the Commission plans to pay debt services of the 2019 Series Bonds from the principal and interest payment related to single family mortgage loans financed by 2019 Series Bond C Bonds as well as excess single family mortgage loans held by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Reimbursement Proceeds to be deposited in the General Fund account for the benefit of the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that, as of the date of issuance of the 2019 Series Bonds, the Commission hereby authorizes excess single family mortgage loans in the approximate principal amount of \$30,000,000 to be dedicated to the payment of debt service on the 2019 Series Bonds.

RESOLUTION NO.: 19-78_c

RE: Authorization to Transfer Funds from the Commission’s General Fund to the Mortgage Acquisition Account for the 2018 Single Family Mortgage Revenue Bonds within the 1979 Resolution for the Purpose of Originating New Single Family Mortgage Loans

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 Memorandum of Understanding effective June 29, 2018 between the Commission and Montgomery County, Maryland (collectively, the “Act”), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes, which include, without limitation, the construction, financing and operation of housing developments for persons of eligible income and the financing of mortgage loans for Montgomery County, Maryland first-time homebuyers; and

WHEREAS, the Commission previously issued its 2018 Single Family Mortgage Revenue Bonds (the “2018 Bonds”) under the 1979 Resolution for the purpose of originating new single family mortgage loans; and

WHEREAS, after temporarily investing the original proceeds of the 2018 Bonds, the Commission is transferring funds from the Commission’s General Fund to the Acquisition Account of the 2018 Bonds as original proceeds of the 2018 Bonds; and

WHEREAS, the General Indenture authorizes the Commission to issue its bonds, notes or other obligations from time to time (the “Bonds”) pursuant to one or more series indentures in order to obtain funds to carry out the purposes and provisions of the Act, primarily by the making, purchasing or financing of Loans (as defined in the General Indenture), including the payment, when due, of principal of and redemption premium, if any, and interest on the Bonds, and by the financing or reimbursement of housing-related capital expenditures (collectively, the “Program”); and

WHEREAS, the Commission has determined that the said original proceeds shall be made available to finance new first-time homebuyer single family mortgage loans, down payment and closing cost assistance and various cost related to origination.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the transfer of \$30,000,000 from the Commission’s General Fund account (“General Fund”) to the Acquisition Account of the 2018 Bonds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that said monies be transferred out of the General Fund and deposited into the Mortgage Acquisition Account for the 2018 Bonds within the 1979 Resolution held by the designated Trustee shall be made available to finance new single family mortgage loans, down payment and closing cost assistance and various cost related to such originations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director, or his duly appointed designee, 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.

VIII. **FUTURE ACTION ITEMS**

None

IX. **NEW BUSINESS**

- **Approval of an Increase to the Renovation Budget for 880 Bonifant and Authorization of Additional Funds to Complete the Renovations**

Kayrine Brown, Chief Investment and Real Estate Officer, and Marcus Ervin, Housing Acquisition Manager, were the presenters.

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

RESOLUTION NO.: 19-81

RE: Authorization to Approve of an Increase to the Renovation Budget for 880 Bonifant and Authorization of Additional Funds to Complete the Renovations

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland, the Housing Opportunities Commission of Montgomery County (“HOC”) is in the process of renovating 880 Bonifant (the “Property”) to serve as the new Silver Spring Customer Service Center; and

WHEREAS, the Property, located at 880 Bonifant Street, Silver Spring, MD, consists of an existing 4-story 12,000 square foot office building on 3,720 square feet of land near the intersection of Bonifant and Fenton Streets in Silver Spring, MD; and

WHEREAS, the current HOC Customer Service Center that serves down county locations in Montgomery County is in a temporary location from which HOC is expected to vacate by August 1, 2019; and

WHEREAS, on May 2, 2018, the Commission approved funding up to \$4,500,000 from the County Revolving MPDU/PAF fund for the acquisition of the Property (the “Initial Funding”); and

WHEREAS, on August 20, 2018, the Commission completed the acquisition of the Property and proceeded with the design, entitlement, and procurement for a general contractor; and

WHEREAS, staff developed a scope of work with its architect, Karl Riedel Architecture, PC, to demolish existing partitions and finishes, fit out for new office spaces, improve the building’s façade, construct an accessible entry ramp, and other miscellaneous work; and

WHEREAS, the Commission authorized the Executive Director to execute a contract with Hooten Construction Company on April 3, 2019 with work commencing on April 10, 2019; and

WHEREAS, there are insufficient funds remaining in the initial funding to complete the renovation of the Property, and unanticipated conditions uncovered during the rehabilitation has increased the budget by approximately \$142,919; and

WHEREAS, staff recommends that the Commission approve an increase to the budget of up to \$150,000 as well as additional funding which will be reprogrammed from FY 2020 operating expenses for the Property and allocated to fund the additional rehabilitation costs.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves an increase to the Property's renovation budget by up to \$150,000 to be funded from reprogrammed FY2020 operating expenses for the Property.

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

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 6:16 p.m. and reconvened in closed session at approximately 6:31 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on July 10, 2019 at approximately 6:31 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(1), Section 3-305(b)(3), and Section 3-305(b)(13) to discuss personnel actions regarding specific employees, potential real property acquisitions, and the commercial and financial terms of financial documents.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Commissioner Byrd, with Commissioners Simon, Nelson, Priest, Byrd, and Kelleher unanimously voting in approval. Commissioner Croom was necessarily absent and did not participate in the vote. The following persons were present during the closed session: Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Pamela Byrd, Frances Kelleher, Stacy Spann, Kayrine Brown, Patrick Mattingly, Cornelia Kent, Aisha Memon, Eamon Lorincz, Zachary Marks, Marcus Ervin, Victoria Dixon, Christina Autin, Charnita Jackson, and Patrice Birdsong.

In closed session, the Commission discussed potential real property acquisitions and the confidential commercial and financial terms of various financial documents. The Commission did not discuss personnel actions regarding specific employees. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 19-79AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Pamela Byrd, and Frances Kelleher voting in approval, which approved the extension of HOC's banking services contract. Commissioner Linda Croom was necessarily absent and did not participate in the vote.
2. With a quorum present, the Commission duly adopted Resolution 19-80AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Pamela Byrd, and Frances Kelleher voting in approval, which approved the extension and modification of two existing lines of credit. Commissioner Linda Croom was necessarily absent and did not participate in the vote.
3. With a quorum present the Commission duly adopted Resolution 19-82AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Pamela Byrd, and Frances Kelleher voting in approval, which approved (1) amending the financing plan for 900 Thayer, (2) amending the

financing plan for Elizabeth House III, and (3) amending Resolutions 19-50 and 19-71A to reflect such changes. The written resolution was drafted after the close of the meeting. Commissioner Linda Croom was necessarily absent and did not participate in the vote.

The closed session was adjourned at 7:24 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Attachment



Commissioner Nelson

July 10, 2019 Commission Meeting

I visited the exhibit at American University Katzen Art Center, entitled “Plans to Prosper You: Reflections of Black Resistance and Resilience in Montgomery County’s Potomac River Valley. If you haven’t, I encourage you to do so and to read this booklet, which is also available online.

The exhibit focuses on four historically African American communities which are a significant part of the tapestry of Montgomery County. These communities, Reno City, Scotland, River Road and Tobytown and their treatment in the 20th century, are examples of similar occurrences in other black communities. While major attention is paid to cemeteries in these areas, the exhibit also addresses the totality of those communities. My biggest takeaway from this exhibit is the necessity for the County to establish a memorial addressing and recognizing the history of black communities in Montgomery County and the treatment of those communities.

This larger memorialization does not take away from the importance of memorialization of the Moses Cemetery in Westbard. In that regard, HOC continues to call upon the County Executive to convene and lead a meeting with the Parks Department, HOC, Macedonia Baptist Church, NAACP and the County Council to discuss the issues as a step towards reaching an agreement towards a pathway to memorialization.

The Commission has stated its intent to continue operating the property as a home to 212 Montgomery County residents and to increase the number of units restricted to lower income residents of the County which was approved by the Commission and increased during the June Commission meeting.

Current law requires an historical and archaeological study of the site prior to any disturbance of any portion of the land. This would be required if there were to be construction of a memorial or modification of the entrances to any of the parking levels. On the issue of ingress/ egress to the building, the Commission is of the opinion that any relocation of the individual entrances to each of the three parking levels, if possible, is impractical without losing a number of necessary parking spaces within the building. There are no viable options on the side of the building facing the bowling center since the building abuts the property line on this side. It is for these reasons HOC has stated it has no intention of transferring any of the Westwood Tower property. Though I should hasten to add that does not preclude some memorialization of the cemetery.

It is our further recommendation that the County insure the appropriate studies are conducted to confirm the boundaries and history of the Moses Cemetery and necessary determinations regarding any remains still present on Parcels 175 as well as Parcel 177, which is owned by The Parks Department, and where those remains might be. It is in the best interest of the County to have these studies conducted and paid for by the County. The Parks Department has the interest, the mission focus, as well as expertise to undertake this important cultural preservation work.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

August 23, 2019

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, August 23, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:45 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Vice Chair
Roy Priest, Chair Pro Tem
Pamela Byrd
Frances Kelleher

Absent

Linda Croom

Also Attending

Stacy L. Spann, Chief Operating Officer
Shauna Sorrells
Christina Autin
Cornelia Kent
Vivian Benjamin
Charnita Jackson
Len Vilicic
Rita Harris
Darcel Cox
Ellen Goff
Victoria Dixon

Aisha Memon, Acting General Council
Kayrine Brown
Zachary Marks
Terri Fowler
Gio Kaviladze
Bonnie Hodge
Vanita Julian
Ethan Cohen
Kathryn Hollister
Hyunsuk Choi
Brian Kim

Guest

Ansel Caine, CaineMitter

Commission Support

Patrice Birdsong, Special Assistant to Commission

I. CONSENT

1. Approval to Create a Single Purpose Entity to Execute the Master Lease for 900 Thayer and Approval of the Terms of the Master Lease

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

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

RESOLUTION NO.: 19-89

**RE: Approval to Create a Single Purpose Entity to
Execute the Master Lease for 900 Thayer and
Approval of the Terms of the Master Lease**

WHEREAS, 900 Thayer is a development under construction in Silver Spring ("900 Thayer"), which is currently owned by subsidiaries of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") under a condominium regime and, prior to closing of the financing, shall be owned and operated by 900 Thayer Limited Partnership ("900 Thayer Borrower");

WHEREAS, HOC is currently the sole member of 900 Thayer GP LLC ("900 Thayer Managing Member"), which in turn is the sole member of the 900 Thayer Borrower;

WHEREAS, on May 8, 2019, the Commission, acting on behalf of itself and on behalf of 900 Thayer Managing Member, acting on behalf of itself and on behalf of 900 Thayer Borrower, approved the negotiation and execution of a Master Lease Agreement ("Master Lease") for property's three (3) retail units that included an annual payment not to exceed \$130,509 (subject to a 2% annual escalation) and term up to 18.5 years;

WHEREAS, on June 5, 2019, the Commission, acting on behalf of itself and on behalf of 900 Thayer Managing Member, acting on behalf of itself and on behalf of 900 Thayer Borrower, approved entering into the Master Lease as the Landlord;

WHEREAS, in order to complete the structure of the Master Lease, staff recommends that the Commission approve the creation of a single-purpose limited liability company, which will be wholly owned by HOC ("900 Thayer Retail LLC"), to act as Master Tenant under the Master Lease; and

WHEREAS, since May 8, 2019, staff has continued to negotiate the Master Lease and the terms now also include an annual Management Fee that is equal to "Excess Revenue," defined as the gross revenue of the Master Tenant less all Master Tenant operating and overhead expenses (e.g., entity maintenance, taxes, including, personnel and occupancy costs) and reserves.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to create 900 Thayer Retail LLC for the purposes described herein.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, as the to-be sole member of 900 Thayer Retail LLC, authorizes 900 Thayer Retail LLC to enter into the Master Lease and execute any and all documents incidental to the transactions described herein.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission, acting on behalf of itself and on behalf of 900 Thayer Managing Member, acting on behalf of itself and on behalf of 900 Thayer Borrower, approves the Management Fee in the Master Lease.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of 900 Thayer Managing Member, acting on behalf of itself and on behalf of 900 Thayer Borrower, authorizes the Executive Director of the Commission, or a duly appointed designee of the Executive Director, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the transaction and actions contemplated herein.

II. COMMITTEE REPORTS and RECOMMENDATION FOR ACTION

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

1. Authorization to Submit County FY' 21-26 Capital Improvement Program Budget

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

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

RESOLUTION NO.: 19-83

RE: Authorization to Submit County FY' 21-26 Capital Improvements Program Budget

WHEREAS, the Capital Improvements Program ("CIP") is a program administered by Montgomery County that provides funds for larger long-term investments in facilities, infrastructure, and affordable housing; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") receives funds from the CIP to further its purpose in providing affordable housing; and

WHEREAS, the Office of Management and Budget is preparing the FY' 21-26 CIP budget, and the Commission must submit a request for both new and renewed funding by August 24, 2019; and

WHEREAS, the Commission wishes to maintain current funding levels in the amount of \$75,007,000.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes staff to submit to the County a request to renew its current level of funding in the FY' 21-26 CIP budget in the total amount of \$75,007,000.

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

1. Approval of the Election of Commissioner Roy O. Priest to the Policy Board of Town Center Apartments, Inc.

Charnita Jackson, Director of Property Management, was the presenter.

The foregoing resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Byrd, and Kelleher. Commissioner Priest recused from the vote. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-84

**RE: Approval of the election of Commissioner
Roy O. Priest to the Policy Board of Town Center
Apartments, Inc.**

WHEREAS, pursuant to its Articles of Incorporation and its Bylaws, Town Center Apartments, Inc. is managed by a Policy Board that is comprised of five (5) directors, two (2) of which are required to be Commissioners of the Housing Opportunities Commission of Montgomery County ("HOC").

WHEREAS, the Commissioners are to be elected to the Policy Board by HOC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Roy O. Priest is hereby elected to serve on the Policy Board of Town Center Apartments, Inc.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that its Executive Director, or his designee, is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and action contemplated herein, including but not limited to the execution of any and all documents related thereto.

2. Approval to Increase the Development Budget for Alexander House Apartment Limited Partnership and Alexander House Development Corporation to Complete the Renovation of Alexander House

Hyunsuk Choi, Senior Financial Analyst, was the presenter.

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

RESOLUTION NO.: 19-85

**RE: Approval to Increase the Development Budget
for Alexander House Apartments Limited
Partnership and Alexander House Development
Corporation to Complete the Renovation of
Alexander House**

WHEREAS, the Alexander House Apartments (the "Property") was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 residential units (now 305), 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north; and

WHEREAS, a comprehensive renovation plan was approved by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) on October 5, 2016, including the retention 183 market rate units owned by Alexander House Development Corporation (“AHDC”), a wholly-controlled corporate instrumentality of the Commission and the sale of 122 units restricted to a Low Income Housing Tax Credit (“LIHTC”) entity, Alexander House Apartments Limited Partnership (“AHALP”) in which HOC is the sole member of the general partnership, Alexander House GP LLC (“AHGP”); and

WHEREAS, on December 7, 2016, the Commission approved a final financing plan for the Development which consisted of the issuance of a governmental construction bond loan in an amount of up to \$51,000,000, which when aggregated with a tax-credit construction bond loan of \$25,000,000 would not exceed \$76,000,000, which was funded via short-term loans from Citi Community Capital; and

WHEREAS, the Commission authorized the issuance of a three-year forward commitment for the issuance of a governmental permanent loan in an amount of up to \$51,000, which when aggregated with a tax credit permanent loan of \$19,100,000 would not exceed \$70,100,000, which will be funded by the Federal Financing Bank (“FFB”) and insured by the FHA Risk Share program (the “FHA/FFB Financing”); and

WHEREAS, the Property’s construction financing closed on January 31, 2017 and included a total construction development budget of \$100,132,704 including hard cost contingencies of \$2,530,237 and the takeout of equity to contribute to Elizabeth House III of \$13,393,081; and

WHEREAS, the original renovation schedule contemplated an 18-month duration but due to delays in obtaining County permits for windows and balcony railings, the overall performance of the general contractor, the careful management of creating a new lobby from the original outdoor courtyard space while minimizing disruption to operations and the residents, and a significant change order for full modernization of the elevators, the project did not achieve substantial completion until July 2019 and the cost was significantly higher; and

WHEREAS, the proposed revised development budget will increase by \$1,058,093 (to be allocated between AHALP and AHDC) and while the Commission’s Procurement Policy allows for reallocation of savings among budgeted items in a development project if the budget is exceeded, staff must return to the Commission for approval to exceed the budget and identify additional funding sources; and

WHEREAS, staff seeks approval to increase the Property’s development budget by \$1,058,093 (to be allocated between AHALP and AHDC) and has identified equity previously earmarked for the Elizabeth House III transaction as the source from which it may be funded.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, that it approves an increase of approximately \$381,742 in the development budget for AHALP but that together with the increase to the development budget for AHDC, the Property’s aggregate development budget increase shall not exceed \$1,058,093.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it approves an increase of approximately \$676,351 in the development budget for AHDC but that together with the increase to the development budget for AHALP, the Property’s aggregate development budget increase shall not exceed \$1,058,093.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that acting in its own capacity and for and on behalf of AHGP, acting in its own capacity and as the general partner of AHALP that it approves acceptance of approximately \$381,742 that is to be reallocated from funds previously allocated to Elizabeth House III to fund the increase in the Property's development budget for AHALP but that together with the increase to the development budget for AHDC the Property's aggregate development budget increase shall not exceed \$1,058,093.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity, and for and on behalf of AHGP, acting in its own capacity as the general partner of AHALP, that the Executive Director of the Commission, or his designee, is hereby 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 any documents related thereto.

C. Legislative and Regulatory Committee – Com. Byrd, Chair

1. Authorization to Submit FY 2019 Section Eight Management Assessment Program (SEMAP) Certification to HUD

Ethan Cohen, Housing Programs Coordinator, was the presenter.

The foregoing resolution was adopted upon a motion by Commissioner Byrd and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Byrd, and Kelleher. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 19-86

RE: Authorization to Submit FY 2019 Section Eight Management Assessment Program (SEMAP) Certification to HUD

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development ("HUD") require that the Housing Opportunities Commission of Montgomery County ("HOC") submit a Section Eight Management Assessment Program ("SEMAP") certification to HUD annually;

WHEREAS, the fiscal year 2019 SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for fiscal year 2019, must be submitted to HUD within 60 days of the end of the fiscal year; and

WHEREAS, staff has completed the fiscal year 2019 SEMAP certification and recommends that it be submitted to HUD.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2019 SEMAP Certification to HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on

its part, to take all other actions necessary and proper to submit the Fiscal Year 2019 SEMAP Certification to HUD.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 1:13 p.m. and reconvened in closed session at 1:15 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on August 23, 2019 at approximately 1:15 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the financial terms and structure of multiple real estate transactions.

The meeting was closed on a motion by Commissioner Nelson, seconded by Commissioner Priest, with Commissioners Simon, Nelson, Priest, Byrd, and Kelleher unanimously voting in approval. Commissioner Croom was necessarily absent and did not participate in the vote. The following persons were present during the closed session: Stacy Spann, Aisha Memon, Shauna Sorrells, Kayrine Brown, Ellen Goff, Kathryn Hollister, Darcel Cox, Leidi Reyes, Hyunsuk Choi, Victoria Dixon, Christina Autin, Charnita Jackson, Zachary Marks, Cornelia Kent, Gio Kaviladze, Vivian Benjamin, Len Vilicic, and Marcus Ervin.

In closed session, the Commission discussed the confidential financial terms and structure of multiple real estate transactions. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 19-87AS¹ and Resolution 19-87AS² with Commissioners Simon, Nelson, Priest, Byrd, and Kelleher voting in approval, which approved for a specific property the termination of a financial agreement, a taxable draw on a line of credit, and future repayment terms. Commissioner Croom was necessarily absent and did not participate in the vote.
2. With a quorum present, the Commission duly adopted Resolution 19-88AS¹ and Resolution 19-88AS² with Commissioners Simon, Nelson, Priest, Byrd, and Kelleher voting in approval, which approved for a specific property the termination of a financial agreement, a taxable draw on a line of credit, future repayment terms, and establishing a debt service reserve account to fund property expenses. Commissioner Croom was necessarily absent and did not participate in the vote.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Consent

Information Exchange

HOC, HOCP Event Equips Students with Supplies to Succeed in School



On Friday, August 23, 2019, HOC in partnership with HOCP hosted the annual Back to School Fest for students in grades K-12 at Cider Mill Apartments in Gaithersburg. The Back to School Fest provides students in HOC households with brand new backpacks and school supplies at no cost in preparation for the school year. Lunch and refreshments were available and, despite rainy weather, more than 900 students participated in this year's event.

Research from Stanford University and others shows that academic performance is often linked to family income – affecting children's chances for success later in life. Receiving school supplies can help take pressure off of families and give kids the confidence they need to achieve in the classroom. Events like Back to School Fest are emblematic of HOC's holistic approach to helping families thrive. We are proud to play a part in providing families with access to award-winning schools in Montgomery County and the resources that support their education, growth and future success.

HOC Scholars Program Provides Students with Summer Employment

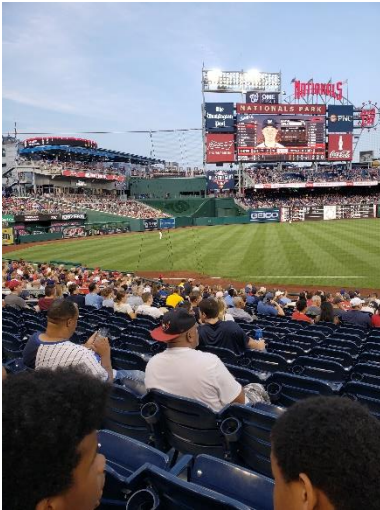
Thursday, August 1, 2019, marked the conclusion of the 2019 HOC Scholar program, which provided multiple paid summer internships to current and rising college students from HOC households. Twelve students spent eight weeks with HOC or HOC partners, gaining real-world experiences and skills within an office setting. In addition to providing impactful professional development opportunities for students, HOC scholars also earn wages that may be used to help offset costs associated with tuition, books and other college-related needs.



Financial support from external partners such as Visionary Construction Consulting and The Bozzuto Group helped cover intern wages and ancillary program costs, while our partners at PNC Bank, KGD Architecture and The Duffie Companies hosted interns for summer employment. HOC hosted interns in various agency divisions including Legislative and Public Affairs, Information Technology, Property Management, Resident Services and the Executive Director's Office. HOC also coordinated professional development workshops for scholars throughout the summer, including a résumé writing session, business etiquette workshop, and culminating team presentation and networking event. Survey responses from interns, supervisors and partners about their

experiences thus far are generally positive and have provided HOC with excellent feedback on how to improve the program for next summer's interns.

HOC Families Enjoy a Night at the Ballgame



On Friday, August 16, 2019, HOC families enjoyed an evening at Nationals Park in Washington, D.C., to see the Washington Nationals take on the Milwaukee Brewers. HOC secured complimentary admission for 100 youth, guardians, volunteers and staff to attend this family-friendly outing courtesy of the Washington Nationals Community Ticket Grant program. Not only do professional sporting events provide a great backdrop for social interaction with peers, but youth also have the opportunity to see teamwork and the benefits of physical fitness up-close.

In addition to complimentary admission, HOC youth in attendance were treated to hot dogs, chips and drinks. It was a winning night for the home team, as well as the many HOC families that were able to enjoy a great night out at the ballgame.

2019 Summer STEM Camp Wrap-Up

In August 2019, several camps serving 171 HOC youth came to a close for the summer. To satisfy diverse interests we offered a wide array of summer programs including Chess, Cultural Dance, and the Manna food STEM camp.

Sixty elementary school youth learned the ancient game of Chess, practicing critical thinking and mathematic strategies that can be applied in life and in school. The camp was taught by the Silver Knights team of instructors at Tanglewood, Towne Centre Place, Seneca Ridge and Magruder's Discovery. At the end of the program, all of the campers received a portable chess set to continue their game pursuits. The Chess camp at Tanglewood Apartments was followed by an exciting Cultural Dance program taught by Carpe Diem. On the last day of the camp, the 16 participants donned apparel native to their country and took part in an energetic dance recital. Our partners at Manna Food Center facilitated STEM programs on their mobile kitchen named "Manny" at Manchester Manor, Stewartown and Towne Centre Place. Forty-nine students learned about nutrition's effect on the body and how to prepare healthy snacks. Participants in the program said that the Manna STEM camp was quite delicious! The summer camps also included our perennial Robotics Camp for elementary school students, encouraging them to use their artistic abilities to create robots, music, sound and more.

This summer, HOC also developed more robust programming for middle school students. With our partners from Learning Undeclared, we were able to offer a week-long camp with WSSC. The goal of this pilot program was to help 22 students learn about WSSC's everyday efforts to provide safe, clean and reliable water to households and to manage wastewater services to customers in Prince George's and Montgomery Counties, in addition to helping students gain an understanding of the STEM principles utilized at a water utility. This was also the second year that we offered the Young Science Explorers Program (YSEP) to middle school students. This year, 22 students explored chemistry, biology, and genetics through lab work at the Bioscience Center at Montgomery College Germantown and by visiting several STEM companies in Montgomery County.

Finally, eleven enthusiastic middle and high school girls learned coding and graphic design in the sixth cohort of the Girls Got IT! program at HOC's Stewartown Homes in Gaithersburg. Overall, it was a summer filled with robust and diverse programming that has helped our students prepare for the coming school year in a fun and challenging way.

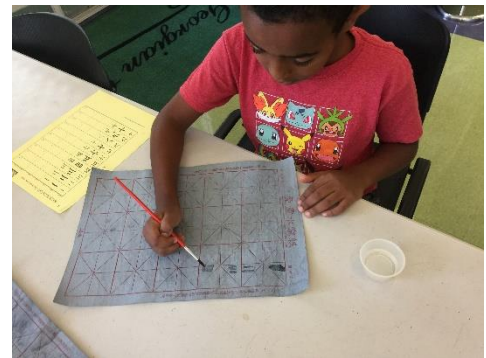
Seniors Get Connected to Energy Assistance Programs

Throughout August, HOC hosted several Maryland Energy Assistance Program (MEAP) training sessions for senior residents at Forest Oak Towers. Through MEAP, qualifying households can get assistance with their home energy bills. Training sessions were conducted in various languages, including English, Mandarin, Korean and Spanish, to help prepare qualifying HOC households to apply or renew for MEAP participation.

During the training sessions, residents asked questions and got a head start on procuring the proper documentation required for MEAP participation. As reported by the U.S. Energy Information Administration, nearly a third of U.S. households struggle to afford energy bills, with one in five cutting back on or forgoing necessities such as food or medicine to pay for electricity and heat. The more than 70 residents who participated in the various training sessions will return for the MEAP Application Session scheduled for mid-September, where they can complete registration and/or renewal for assistance. Connecting residents with programs that help them lower utility costs helps free up household income and provides a sense of stability that keeps people housed.

Students Participate in Japanese Language Workshop

On Wednesday, August 7, 2019, HOC partnered with the National Museum of Language to offer a Japanese Language Workshop to students at Georgian Court. The workshop was conducted by the National Museum of Language's Director of Outreach Dr. Pat Barr-Harrison. Students in grades 3-5 were taught Japanese language fundamentals including how to count to 10 and how to say "hello," "goodbye," and "thank you." As part of the workshop, students also learned the basics of Japanese martial arts, how to write Kanji (a system of Japanese writing using Chinese characters), and had the opportunity to try on kimonos and happi coats in an interactive fashion show.



The numerous benefits of early exposure to a new language – such as increased improved problem solving skills and creativity – are well-documented and help and help promote an appreciation for cultural diversity. Ten youth participated in this inaugural offering and staff are exploring opportunities to partner with the National Museum of Language to include similar opportunities as part of next summer's programming.

HOC Communities Take Part in National Night Out



On Tuesday, August 6, 2019, HOC hosted a National Night Out event at Tanglewood Apartments in Silver Spring. Communities across the country host National Night Out events to build neighborhood camaraderie and safety awareness. Our local event brought out approximately 100 residents from HOC communities at Tanglewood Apartments, Manchester Manor and Paddington Square.

Among those represented at the Tanglewood event was the Silver Spring Police Department (Third District), which opened the celebration with a motorcade and provided glow necklaces as giveaways to attendees. Also present were firefighters from Silver Spring Fire Station No. 1, who brought along with them one of the county's largest ladder fire engines and allowed those in attendance to get an up-close and personal tour of the vehicle's interior.

The event also featured pizza, refreshments and entertainment by student mentors from the Tacy Foundation Piano Pals program. Adding to the fun and excitement was a clown, Pearl of the Sea, who provided free face painting for interested children and adults. In addition to fostering neighborhood pride and unity, these events help enhance relationships between residents and first-responding agencies such as police and firefighters.

New General Trust Indenture & 2019 Program Revenue Bond Closing

On Wednesday, August 14, 2019, HOC's Mortgage Finance team closed on the issuance of \$46 million of Program Revenue Bonds (PRB) under the new General Trust Indenture (GTI), which was approved by the Commission in July. The GTI authorizes the issuance of taxable or tax-exempt bonds for carrying out the purposes of the agency's bond program, which include: (1) financing or reimbursing the Commission for capital expenditures incurred in connection with the Program; and (2) making, purchasing or financing single family loans, multifamily loans or Mortgage Backed Securities (MBS) issued by Fannie Mae, Freddie Mac, Ginnie Mae. The General Trust Indenture also authorizes the issuance of bonds to (1) refund outstanding bonds issued under other indentures; and, (2) provide funds for making grants and/or loans for down payment and closing cost assistance. The creation of the GTI solved for a \$30 million shortfall in volume cap that would have been necessary for a typical tax-exempt, private activity single family bond issuance.

With this PRB issuance, which included three series of bonds, proceeds refunded the Commission \$30 million for funds used to finance Cider Mill. In addition, \$10.16 million of outstanding Housing Revenue Bonds in the 2009 Indenture and \$5.66 million of Mortgage Revenue Bonds in the 1979 Indenture, previously refunded utilizing the PNC Line of Credit, were also refunded. Closing on this 2019 bond issuance makes available \$33 million for first-time home buyers this fiscal year.

With respect to the \$30 million of PRB proceeds that reimbursed the Commission for Cider Mill, said monies were transferred out of HOC's General Fund and deposited into the 2018 Mortgage Loan Acquisition Account in the 1979 Indenture of which \$26.2 million will be made available to finance new single family mortgage loans, and down payment and closing cost assistance loans. The remaining \$3.8 million are currently restricted in the 1979 Indenture.

Simultaneously with the issuance of PRBs, the Commission made the following transfers and/or deposits into the new 2019 PRB accounts: (1) transferred \$8.3 million of single family loans from the 2009 Indenture and \$29.6 million of MBSs providing financing for single family residences from the 1979 Indenture; (2) transferred approximately \$7 million available from the refunding to purchase new MBSs that will provide financing for single family residences and make grants and loans for down payment and closing cost assistance; and, (3) deposited \$500,000 in the Reserve Fund.

This transaction would not have been made possible were it not for our dedicated and experienced Bond Team, including the agency's financial advisor, underwriters, bond counsel, trustees, and staff within legal, finance and mortgage finance.

Administrative and Special Session Ratifications

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

**Approval to Repay the PNC Bank, N.A. Line of Credit Draw
in the amount of \$392,778 for Fairfax Court Apartments
from the Opportunity Housing Bond Fund**

- On November 7, 2012, the Commission approved a draw of \$746,000 from the PNC Bank Line of Credit (LOC) for Fairfax Court Apartments, an 18-unit development located in Chevy Chase, to repay the first mortgage which was funded with variable rate demand obligation bonds.
- The property paid principal and interest of 6.5% on the loan, a portion of which serviced the draw on the line of credit at the contractual rate of the one month LIBOR plus 90 basis points.
- The monthly principal and the interest spread were deposited into the Opportunity Housing Bond Fund (“OH Bond Fund”) which totaled \$392,778 as of June 30, 2019.
- Staff is requesting approval to repay the PNC Bank, N.A. Line of Credit in the amount of \$392,778 from the OH Bond Fund.
- The property will continue to pay the principal and interest of 6.5% on the remaining loan balance until the loan is repaid in full or refinanced as part of the renovation plan.

PRINCIPALS:

HOC

PNC Bank, N.A.

Fairfax Court Apartments

BUDGET IMPACT:

The FY2020 budget includes the assumption that the remaining outstanding loan balance of Fairfax Court Apartments would continue to be paid down.

TIME FRAME:

The Budget, Finance and Audit Committee at the August 13, 2019 meeting reviewed the request to repay the PNC Bank, N.A. Line of Credit for Fairfax Court Apartments from the OH Bond Fund. For Commission action at the September 4, 2019 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval to repay the PNC Bank Line of Credit (LOC) in the amount of \$392,778 for the Fairfax Court Apartments draw from the OH Bond Fund.

RESOLUTION NO.: 19-90

RE: Approval to Repay the PNC Bank N.A. Line of Credit Draw in the amount of \$392,778 for Fairfax Court Apartments from the Opportunity Housing Bond Fund

WHEREAS, on November 7, 2012 the Housing Opportunities Commission of Montgomery County (the "Commission") approved a draw for Fairfax Court Apartments (the "Property") from the PNC Bank N.A. Line of Credit (the "LOC") in the amount of \$746,000 (the "PNC LOC Draw") to repay the Property's first mortgage; and

WHEREAS, the Property has been required to pay the principal and interest of 6.5% on the PNC LOC Draw, a portion of such payment serviced the PNC LOC Draw at the contractual rate of the one month LIBOR plus 90 basis points, with the remainder of the payment being deposited into the Opportunity Housing ("OH Bond Fund"); and

WHEREAS, as of June 30, 2019, the amount deposited into the OH Bond Fund was \$392,778; and

WHEREAS, staff recommends withdrawing \$392,778 from the OH Bond Fund to repay the PNC LOC Draw.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves withdrawing \$392,778 from the OH Bond Fund to repay the PNC Bank, N.A. Line of Credit draw for Fairfax Court Apartments.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on September 4, 2019.

S
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L

Patrice M. Birdsong
Special Assistant to the Commission

Development and Finance Committee

Approval of the General Development Agreement and Related Development Documents with Montgomery County, MD for Elizabeth Square and the South County Regional Recreational Aquatic Center; Approval to Create Consolidated Plats to Combine Record Plats; Approval to Create Land Condominium Plat and Declaration, and Authorization for the Executive Director to Execute all Related Documents



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

September 4, 2019

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Executive Summary

- The final architectural plans and specification has been completed for Elizabeth House III (“EH III”) and South County Regional Recreation and Aquatic Center (“SCRRAC”).
- On November 7, 2018, the Commission authorized the Executive Director to sign the general contractor contract with Costello Construction (“Costello”) for EH III and SCRRAC. Based on the final plans and specifications, the total contract value is \$124,605,473; EH III - \$71,012,193 and SCRRAC - \$53,593,280. Staff anticipates execution of the construction contract by middle of September 2019.
- On August 9, 2017, the Commission approved R4 Capital as Low Income Housing Tax Credit (“LIHTC”) Syndicator for the EH III transaction and authorized the Executive Director to negotiate and enter into Limited Partnership Agreement (“LPA”) with R4 Capital. The LPA is currently under negotiation with a tax credit equity amount of \$36,592,000. Staff anticipates execution of the LPA to be coterminous with real estate and construction finance closing.
- PNC Bank N.A. (“PNC”) will provide a \$55 million short-term taxable loan (“Construction Loan”). HOC will issue tax-exempt bonds (“Permanent Loan”) totaling \$55 million. HOC tax-exempt bonds is anticipated to be sold by middle of September 2019 with bond closing to occur in late October 2019.
- The building permit application has been submitted and is under review by the Department of Permitting Services (“DPS”). Staff anticipates issuance of a building permit by end of September 2019. The Support of Excavation (“SOE”) permit has been signed off by DPS staff and will be issued by early September 2019.
- On January 10, 2018, the Commission approved pre-development funds to begin early work to ensure timely completion of the development to meet the March 2022 construction completion date. Upon selecting Costello as the general contractor, early work related to relocation of existing utility services, installation of PEPCO conduit, manholes, bus vaults, and extending feeders has started and is 70% complete. Early utility work is projected to be completed by end of September 2019. Upon obtaining the SOE permit, mobilization to begin support of excavation work will commence.
- Costello is in the process of constructing a mock-up unit in the existing Elizabeth House vacant unit to allow existing residents to visualize the new units at EH III. Staff will also use this opportunity to make any necessary changes (if needed) to the current unit interior design.

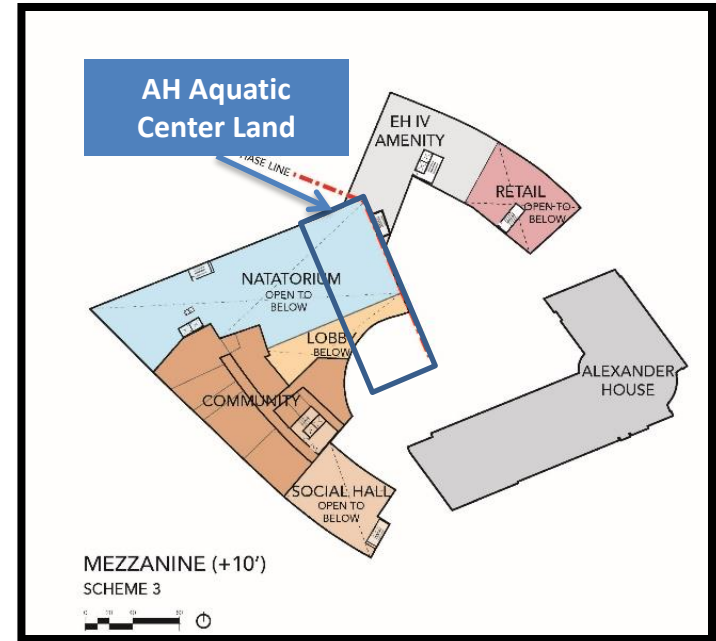
Executive Summary

- On February 28, 2017, the County Council approved a \$3,800,000 request to fund a portion of design and engineering costs related to the South County Regional Recreation and Aquatic Center (“SCRRAC”).
- On April 5, 2017, the Commission approved the inclusion of the SCRRAC in the development plan of EH III.
- The proposed program at SCRRAC includes: an 11-lane competition pool, therapy pool, leisure pool, sauna and spas; gymnasium with high school sized basketball court and space for badminton, pickleball, and volleyball; social hall with teaching kitchen, game room and community lounge; activity rooms, meeting room, artist work and display, family play area, fitness area with exercise rooms, café, and Montgomery County Sports Hall of Fame.
- As part of incorporating the SCRRAC into the Elizabeth Square Development, HOC and Montgomery County, MD (“County”) will enter into a General Development Agreement (“GDA”). Key exhibits to the GDA will include a Guaranteed Maximum Price Design Build (“GMP”) Contract and a General Conditions to Design Build Contract.
- On March 5, 2019, the County Council approved funding in the Capital Improvement Program budget to construct the SCRRAC. The value of the GMP contract is 62,346,290.87.
- The GMP contract will cover costs related to architectural and engineering fees, testing and inspection fees, construction hard cost, and a 5% contingency to cover cost overruns during construction.



Executive Summary

- As part of the redesign to incorporate the SCRRAC into the Elizabeth Square Development, a portion of the land currently owned by Alexander House Development Corporation (“AHDC”) and Alexander House Apartments Limited Partnership (“AHALP” and together with AHDC, the “AH Owners”) as tenants in common will be used to construct the 11-lane competition pool and gymnasium with high school sized basketball court (the “AH Aquatic Center Land”).
- The condominium document and plat for the land parcel currently owned by AH Owners will need to be modified from the existing plat to reflect the addition of the SCRRAC facility.
- In order for the Elizabeth Square development to move forward as approved in the Certified Site Plan and to convey the AH Aquatic Center Land, following steps will have to be occur;
 - Create Consolidated Plat to combine two (2) record lots – EHIII/SCRRAC and Alexander House Apartment lots; and
 - Create Land Condominium Plat and Declaration – two (2) land condominium units will be created, one each for EH III/SCRRAC and Alexander House Apartment; and
 - Project Wide Covenants, Conditions, and Restrictions (“CC&R”) will be executed. CC&R will grant cross easements and describing cost sharing arrangements for the harmonious operation for the Elizabeth Square.



General Development Agreement

- Under the GDA agreement, HOC will act as the “Turnkey” developer to construct the SCRRAC in accordance with the approved final plans and specifications.
- As the Turnkey developer, the following are obligations of HOC under the GDA:
 - ❑ Responsible to construct the SCRRAC in accordance with the approved final plans and specifications;
 - ❑ Develop in compliance with the development schedule. Development schedule requires substantial completion of the SCRRAC within 35 months after execution of the GDA and 12 months post construction services related to warranty or contractor issues;
 - ❑ Provide collateral assignments to Architectural and Engineering and Construction contracts;
 - ❑ Ensure smooth transition between substantial completion to the operating phase of the SCRRAC;
 - ❑ Obtain the approval of Acorn with respect to revisions to the Master Lease required by the County;
 - ❑ Obtain the approval of Acorn with respect to HOC sublease and lease with the County;
 - ❖ HOC will sublease the portion of the SCRRAC constructed on Acorn land to the County and enter into a lease for the portion constructed on AH Owners land.
 - ❖ Sublease and lease will be executed upon completion of the SCRRAC.
 - ❑ Participate in negotiation with Acorn and County to amend the Condominium Documents and Reciprocal Easements Agreement to comport with the provisions of the sublease;
 - ❑ Obtain the approval of Acorn on the Subordination Non-Disturbance and Attornment Agreement (“SNDA”).

General Development Agreement

- ❑ Upon substantial completion, HOC will be responsible to take action on the following items:
 - ❖ Execute the lease and sublease;
 - ❖ Acorn to execute (“SNDA”)
 - ❖ Deliver a property free and clear of all liens
 - ❖ Obtain occupancy permit
 - ❖ Deliver general contractors warranties, operation manuals, and other construction related documents
- Main exhibits of the GDA is Guaranteed Maximum Price Design Build (“GMP”) Contract and General Conditions to Design Build Contract.
 - ❑ The GMP contract outlines the agreement between HOC and County determine contract value, basis of payment, approval rights, construction management process, liquidated damages, insurance and bonding requirements, and dispute resolutions.
 - ❑ General Conditions to Design Build Contract provides the terms and conditions under which the HOC, County, Contractor, and Architect will work together during the building construction process.
- Key Risk Factors in GMP and General Conditions to Design Build Contracts.
 1. HOC takes on all Errors and Omission (“E&O”) risk on design.
 - ❑ ***Risk Mitigation – Offset potential cost increase with contingency. E&O provisions within the Architectural and Engineering (“A&E”) contract protects HOC regarding certain cost implications.***
 2. HOC takes on all construction delay risks.
 - ❑ ***Risk Mitigation – HOC included three additional months from Costello contract to offset unexpected delays. Strict management of Critical Path Schedule and management of “Float” within the overall construction schedule to minimize Critical Path items. Offset potential cost increase with contingency.***

General Development Agreement

- Risk Factors as the “Turnkey” developer. (Continued)

3. Termination for Convenience

- Risk Mitigation – County staff discussing removal of this clause with the County’s Chief Administrative Officer (“CAO”). County has invested over \$3M in design and engineering fee up to date. Staff strongly believe County will not terminate the contract. In the event the contract is terminated, HOC does not have any obligation to repay funds invested by the County.**

4. Flow Down Provision

- Risk Mitigation – County staff discussing removal of this clause with CAO. In the event this flow down provision is not removed, HOC has obtained approval from the architect and general contractor to accept this clause.**

5. Liquidated Damages

- Risk Mitigation – Limited to actual operation costs incurred by County before substantial completion of the development. HOC will manage communication with County to minimize any operational costs until the development is completed. HOC has negotiated a liquidated damage clause with the general contractor to offset potential costs.**

6. Indemnity Language

- Risk Mitigation – HOC indemnity is limited to actual performance under the contract. HOC is liable for consequential and economic damages incurred by the County.**

Development Budget

Staff is not requesting any financing approvals at this time; however, the development budget is provided below as reference.

Sources	Residential	SCRRAC	Holy Cross	TOTAL
Tax-Exempt Mortgage Loan	\$ 49,426,670	\$ -	\$ -	\$ 49,426,670
Tax-Exempt Bonds (Short term)	\$ 5,636,826	\$ -	\$ -	\$ 5,636,826
LIHTC Proceeds	\$ 36,592,000	\$ -	\$ -	\$ 36,592,000
Subordinate County Loan	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000
HOC Loan	\$ 22,622,129	\$ -	\$ -	\$ 22,622,129
Deferred Developer Fee	\$ 2,055,463	\$ -	\$ -	\$ 2,055,463
Interim Operating Income	\$ 1,036,977	\$ -	\$ -	\$ 1,036,977
County Funding	\$ -	\$ 62,346,291	\$ -	\$ 62,346,291
Holy Cross Funding	\$ -	\$ -	\$ 1,306,365	\$ 1,306,365
Total Sources	\$ 125,370,065	\$ 62,346,291	\$ 1,306,365	\$189,022,721

Uses	Residential	SCRRAC	TOTAL	TOTAL
Construction Cost	\$ 78,990,993	\$ 56,265,923	\$ 1,306,365	\$ 136,563,281
Fees Related to Construction Costs	\$ 16,770,746	\$ 6,080,368	\$ -	\$ 22,851,114
Master Lease Payment	\$ 3,310,000	\$ -	\$ -	\$ 3,310,000
Financing & Legal Costs	\$ 13,979,956	\$ -	\$ -	\$ 13,979,956
Master Lease Payment	\$ 5,636,826	\$ -	\$ -	\$ 5,636,826
Financing & Legal Costs	\$ 4,500,000	\$ -	\$ -	\$ 4,500,000
Master Lease Payment	\$ 155,000	\$ -	\$ -	\$ 155,000
Financing & Legal Costs	\$ 2,026,544	\$ -	\$ -	\$ 2,026,544
Total Uses	\$ 125,370,065	\$ 62,346,291	\$ 1,306,365	\$ 189,022,721

Summary and Recommendations

Issues for Consideration

Does the Commission wish to grant its:

1. Authorization for the Executive Director to execute General Development Agreement, Guaranteed Maximum Price Design Build Contract, and General Conditions to Design Build Contract with Montgomery County for the development of the South County Regional Recreational and Aquatic Center;
2. Authorization to create a Consolidated Plat to combine two (2) record lots;
3. Authorization to Create Land Condominium Plat and Declaration; and
4. Authorization to create and execute Project Wide Covenants, Conditions, and Restriction?

Does the Commission grants its approval for AHALP to convey a portion of the land currently owned by the AH Owners to EH III/SCRRAC to be used to construct the SCRRAC?

Time Frame

Action at the September 4, 2019 meeting of the Commission.

Budget Impact

There is no adverse impact for the Agency's FY 2020 operating budget.

Committee Recommendation

The Development and Finance Committee met on August 23, 2019 and voted to advance this item to the full Commission for approval.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission grant its:

1. Authorization for the Executive Director to execute General Development Agreement, Guaranteed Maximum Price Design Build Contract, and General Conditions to Design Build Contract with Montgomery County for the development of the South County Regional Recreational and Aquatic Center;
2. Authorization to create a Consolidated Plat to combine two (2) record lots;
3. Authorization to Create Land Condominium Plat and Declaration; and
4. Authorization to create and execute Project Wide Covenants, Conditions, and Restriction.

Staff also recommends that the Commission grant its approval for AHALP to convey a portion of the land currently owned by the AH Owners to EH III/SCRRAC to be used to construct the SCRRAC.

September 4, 2019

RESOLUTION No.: 19-91_A

RE: Approval of the General Development Agreement and Related Development Documents with Montgomery County, MD for Elizabeth Square and the South County Regional Recreational Aquatic Center; Approval to Create Consolidated Plats to Combine Record Plats; Approval to Create Land Condominium Plat and Declaration, and Authorization for the Executive Director to Execute all Related Documents

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

WHEREAS, the fee interest in EH III is owned by Acorn Storage No. 1, LLC, a subsidiary of Lee Development Group ("Acorn") and subject to a condominium regime (the "Condominium") that established three separate condominium units: (1) a unit comprised of the market rate apartments (the "Market Rate Condo"), (2) a unit comprised of the affordable apartments (the "LIHTC Condo"), and (3) a unit comprised of the South County Regional Recreation and Aquatic Center, a public recreational facility totaling 120,000 square feet (the "SCRRAC"), which will be operated by Montgomery County Department of Recreation, and approximately 7,411 square feet of ground floor retail intended to be leased to Holy Cross Hospital for a senior resource center and primary care facility and parking (these together the "Aquatic Center Condo"); and

WHEREAS, Acorn has leased (1) the Market Rate Condo to Elizabeth House III LLC, which is wholly owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), (2) the LIHTC Condo to Elizabeth House III Limited Partnership, which is currently wholly owned by HOC (with the intent that a tax credit investor will ultimately be admitted as a limited partner), and (3) the Aquatic Center Condo to EH III Recreational Center LLC, which is wholly owned by HOC; and

WHEREAS, on November 7, 2018, the Commission authorized the Executive Director to sign (i) the general contractor contract with Costello Construction ("Costello") for an amount not to exceed \$125 million for the construction of the EH III and the SCRRAC (ii) amendments to the Condominium regime to provide that the LIHTC Condo will be comprised of all 267 apartment units and parking and will be owned by the LIHTC Owner, that the Market Rate Condo will be eliminated and that the Aquatic Center Condo will remain unchanged; and

WHEREAS, based on the final plans and specifications, the total contract value is \$124,605,473; EH III - \$71,012,193 and SCRRAC - \$53,593,280, which staff anticipates execution of the construction contract by middle of September 2019; and

WHEREAS, staff anticipates issuance of a building permit by end of September 2019 and received a Support of Excavation ("SOE") permit on August 22, 2019, mobilization to begin support of excavation work will commence; and

WHEREAS, as part of the redesign to incorporate the SCRRAC into the Elizabeth Square Development, a portion of the land currently owned by Alexander House Development Corporation (“AHDC”) and Alexander House Apartments Limited Partnership (“AHALP” and together with AHDC, the “AH Owners”) as tenants in common will be used to construct the 11-lane competition pool and gymnasium with high-school sized basketball court (the “AH Aquatic Center Land”); and

WHEREAS, the condominium document and plat for the land parcel currently owned by AH Owners will need to be modified from the existing plat to reflect the addition of the SCRRAC facility; and

WHEREAS, in order for the Elizabeth Square Development to move forward as approved in the Certified Site Plan and to convey the AH Aquatic Center Land, the following steps will have to occur: 1) create Consolidated Plat to combine two (2) record lots – EHIII/SCRRAC and Alexander House apartment lots; 2) create Land Condominium Plat and Declaration – two (2) land condominium units will be created, one each for EH III/SCRRAC and Alexander House Apartment; and 3) execute various easement agreements and related land covenants, including in particular a Project Wide Covenants, Conditions, and Restrictions (“CC&R”) will be executed, which CC&R will grant cross easements and describing cost sharing arrangements for the harmonious operation for the Elizabeth Square; and

WHEREAS, as part of incorporating the SCRRAC into the Elizabeth Square Development, HOC and Montgomery County, MD (“County”) will enter into a General Development Agreement (“GDA”). Key exhibits to the GDA will include a Guaranteed Maximum Price Design Build (“GMP”) Contract and a General Conditions to Design Build Contract; and

WHEREAS, under the GDA agreement, HOC will act as the “Turnkey” developer to construct the SCRRAC in accordance with the approved final plans and specifications; and

WHEREAS, the GMP contract outlines the agreement between HOC and the County and determines the contract value, basis of payment, approval rights, construction management process, liquidated damages, insurance and bonding requirements, and dispute resolutions; and

WHEREAS, General Conditions to Design Build Contract provides the terms and conditions under which the HOC, County, Contractor, and Architect will work together during the building construction process; and

WHEREAS, there will be risk factors in GMP and General Conditions to Design Build Contracts, however, staff has addressed them in the Commission packet to mitigate the risks.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Elizabeth House III LLC, Elizabeth House III Limited Partnership, and EH III Recreational Center LLC, approves:

1. Authorization for the Executive Director to execute General Development Agreement, Guaranteed Maximum Price Design Build Contract, and General Conditions to Design Build Contract with Montgomery County for the development of the South County Regional Recreational and Aquatic Center;
2. Authorization to create a Consolidated Plat to combine two (2) record lots;
3. Authorization to create Land Condominium Plat and Declaration; and

4. Authorization to create and execute the Project Wide Covenants, Conditions, and Restriction and other ancillary easements and covenants relating to the development and operation of the development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Elizabeth House III LLC, Elizabeth House III Limited Partnership, and EH III Recreational Center LLC, that the Executive Director of HOC 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 any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on September 4, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION No.: 19-91_B

RE: Approval to Create a Plat and Land Condominium, Amendment to Vertical Condominium and Conveyance of Portion of Current Alexander House Apartments Limited Partnership Property to EH III Recreational Center, LLC

WHEREAS, the Alexander House Apartments (the “Development”) was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 residential units (now 305), 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north; and

WHEREAS, a comprehensive renovation plan was approved by the Commission on October 5, 2016, including the retention 183 market rate units owned by the Alexander House Development Corporation (“AHDC”), and the sale of 122 units restricted to a Low Income Housing Tax Credit entity, Alexander House Limited Partnership (“AHALP”), a Maryland limited partnership indirectly controlled and managed by the Commission; and

WHEREAS, the Commission is the sole member of Alexander House GP LLC, a Maryland limited liability company (the “General Partner”), which will serve as the general partner of AHALP; and

WHEREAS, the Development is part of the Elizabeth Square Development and on April 5, 2017 the Commission approved the inclusion of the South County Regional Recreation and Aquatic Center in the development of Elizabeth Square; and

WHEREAS, as part of the redesign to incorporate the South County Regional Recreation and Aquatic Center, a public recreational facility totaling 120,000 square feet (the “SCRRAC”), into the Elizabeth Square Development, a portion of the land currently owned by (“AHDC”) and AHALP (together, the “AH Owners”) as tenants in common will be used to construct the 11-lane competition pool and gymnasium with high school sized basketball court (the “AH Aquatic Center Land”); and

WHEREAS, the condominium document and plat for the land parcel currently owned by AH Owners will need to be modified from the existing plat to reflect the addition of the SCRRAC facility; and

WHEREAS, in order for the Elizabeth Square Development to move forward as approved in the Certified Site Plan and to convey the AH Aquatic Center Land, the following steps will have to occur: 1) create Consolidated Plat to combine two (2) record lots – EHIII/SCRRAC and Alexander House Apartment lots; 2) create Land Condominium Plat and Declaration – two (2) land condominium units will be created, one each for EH III/SCRRAC and Alexander House Apartments; and 3) execute various easement agreements and related land covenants, including in particular a Project Wide Covenants, Conditions, and Restrictions (“CC&R”) will be executed, in which the CC&R will grant cross easements and describe cost sharing arrangements for the harmonious operation for the Elizabeth Square.

WHEREAS, on November 7, 2018, the Commission approved the amendments to Building Condominium and Master Lease and Easement Documents, which allowed EH III/SCRRAC development to incorporate the AH Aquatic Center Land to construct a portion of the SCRRAC upon AH Owners approval; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, that it hereby:

1. Authorizes the conveyance of AH Aquatic Center Land to EH III/SCRRAC development upon approval of the AHDC Board and the partners of AHALP;
2. Authorizes to create a Consolidated Plat to combine two (2) record lots;
3. Authorizes to create Land Condominium Plat and Declaration; and
4. Authorizes to create and execute the Project Wide Covenants, Conditions, and Restriction and other ancillary easements and covenants relating to the development and operation of the development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, is hereby authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at its regular open meeting conducted on September 4, 2019.

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Patrice M. Birdsong
Special Assistant to the Commission

Deliberation and/or Action

Future Action

Adjourn

Development Corporation Meetings

Alexander House Development Corporation

**Approval to Create Plat and Land Condominium, Amendment to
Vertical Condominium and Conveyance of Portion of Current
Alexander House Development Corporation Property to EH III
Recreational Center, LLC**



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

September 4, 2019

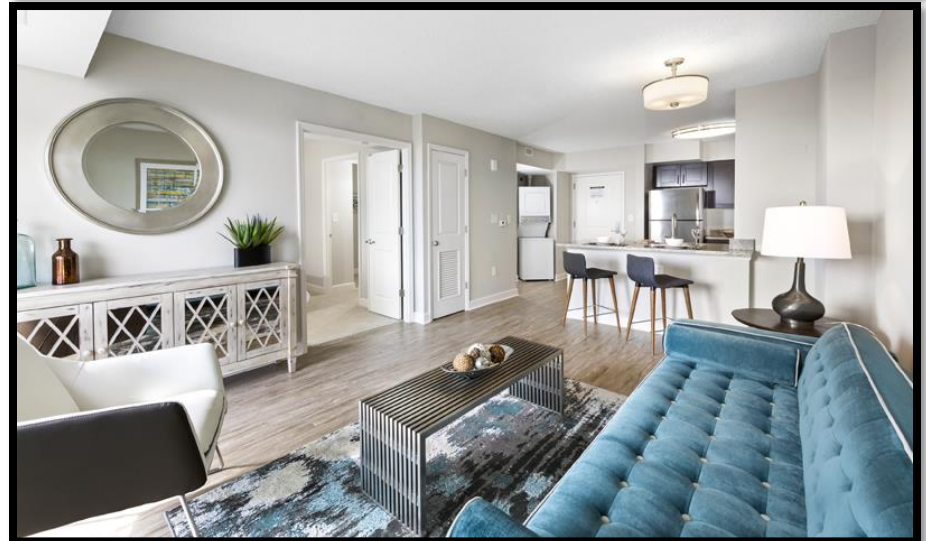
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Executive Summary

- Alexander House Apartments (the “Development”), currently owned by Alexander House Development Corporation (“AHDC”) and Alexander House Apartments Limited Partnership (“AHALP” and together with AHDC, the “AH Owners”) was originally constructed in 1992 and renovated in 2019 at 8560 Second Avenue, near the Silver Spring Metro Station as a single 16-story building with 305 residential units including 122 units set aside for households with incomes at or below 60% of the Area Median Income (“AMI”), and 203 parking spaces.
- Alexander House Apartments renovation scope included: new main entrance with new canopy, window, balcony doors and balcony railing replacement, streetscape and landscape improvements along Second and Apple avenues, a new two-story lobby created at the corner entrance of the property, clubroom, relocated to new lobby area to include multiple gathering spaces and functions, new cyber lounge with free internet access and new library, fitness room relocated to be more central to the elevator lobby, new leasing office and mail room, elevator modernization, new flooring in all corridors, new wall coverings, lighting, and furnishings, replace all unit front entry doors, HVAC replacement (unit and common areas), as well as a gut renovation of all units.



Executive Summary

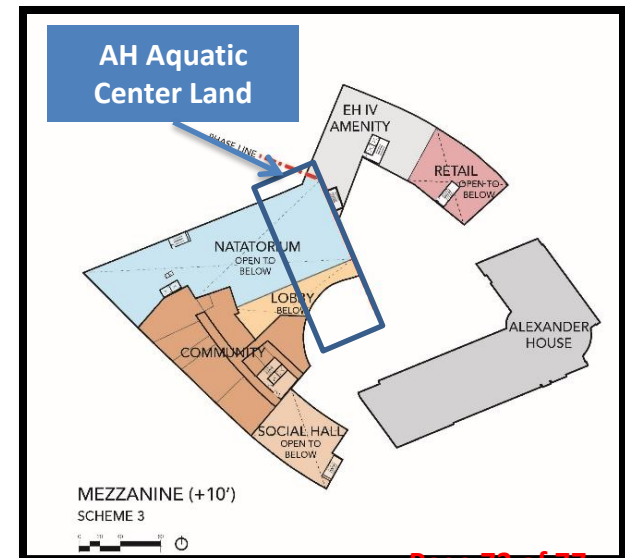
- The Development lot (highlighted in blue) is an irregular “L” shaped configuration which is surrounded by Acorn land, Fenwick Lane, Elizabeth House, Second Avenue and Apple Avenue.
- Phase I of the Elizabeth Square Development includes: (1) renovations to the existing Alexander House; (2) the demolition of the Fenwick Professional Park small commercial buildings; and the construction of Elizabeth House III (“EH III”) on the site of the Fenwick Professional Park. EH III will be a new 16-story multifamily residential building with 267 units, which will serve seniors with incomes at or below 30%, 60%, and 80% of the AMI, respectively, including 106 units that will be available to former Public Housing seniors of the existing Elizabeth Housing community which is being converted under the RAD program. Twenty-nine units will be offered to market rate households. On April 5, 2017, the Commission approved the inclusion of the South County Regional Recreation and Aquatic Center (“SCRRAC”) in the development plan for the Elizabeth Square.



- The proposed program at SCRRAC includes an 11-lane competition pool, therapy pool, leisure pool, sauna and spas; gymnasium with high school sized basketball court and space for badminton, pickleball, and volleyball; social hall with teaching kitchen, game room and community lounge; activity rooms, meeting room, artist work and display, family play area, fitness area with exercise rooms, café, and Montgomery County Sports Hall of Fame.
- As part of the redesign to incorporate the SCRRAC into the Elizabeth Square Development, a portion of the land currently owned by AH Owners will be used to construct the 11-lane competition pool and gymnasium with high school sized basketball court (the “AH Aquatic Center Land”).

Executive Summary

- The condominium document and plat for the land parcel currently owned by AH Owners will need to be modified from the existing plat to reflect the addition of the SCRRAC facility.
- In order for the Elizabeth Square development to move forward as approved in the Certified Site Plan and to convey the AH Aquatic Center Land, following steps will have to be occur;
 - Create Consolidated Plat to combine two (2) record lots – EHIII/SCRRAC and Alexander House Apartment lots; and
 - Create Land Condominium Plat and Declaration – two (2) land condominium units will be created, one each for EH III/SCRRAC and Alexander House Apartment; and
 - Project Wide Covenants, Conditions, and Restrictions (“CCC&R”) will be executed. CC&R will grant cross easements and describing cost sharing arrangements for the harmonious operation for the Elizabeth Square.
- On November 7, 2018, the Commission approved the amendments to Building Condominium, Master Lease and Easement Documents which allowed EH III/SCRRAC development to incorporate the AH Aquatic Center Land to construct a portion of the SCRRAC upon AH Owners approval .



Summary and Recommendations

Issues for Consideration

Does the Board of Directors of Alexander House Development Corporation (“AHDC”) wish to:

1. Authorize the conveyance of AH Aquatic Center Land to EH III/SCRRAC development upon approval of the Commission, acting for itself and as the general partner of AHALP;
2. Authorize the creation of a Consolidated Plat to combine two (2) record lots;
3. Authorize the creation of a Land Condominium Plat and Declaration; and
4. Authorize the creation and execution of Project Wide Covenants, Conditions, and Restriction; and
5. Authorization for the Executive Director to execute all documents to effect the approvals granted herein and all documents necessary to carry out the actions herein contemplated?

Time Frame

Action at the September 4, 2019 meeting of the Alexander House Development Corporation.

Budget Impact

There is no adverse impact for the Agency’s FY 2020 operating budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Board of Directors of Alexander House Development Corporation:

1. Authorize the conveyance of AH Aquatic Center Land to EH III/SCRRAC development upon approval of the Commission, acting for itself and as the general partner of AHALP;
2. Authorize the creation of a Consolidated Plat to combine two (2) record lots;
3. Authorize the creation of a Land Condominium Plat and Declaration; and
4. Authorize the creation and execution of Project Wide Covenants, Conditions, and Restriction; and
5. Authorization for the Executive Director to execute all documents to effect the approvals granted herein and all documents necessary to carry out the actions herein contemplated.

ALEXANDER HOUSE DEVELOPMENT CORPORATION

RESOLUTION No.: 19-005_{AH}

RE: Approval to Create a Plat and Land Condominium, Amendment to Vertical Condominium and Conveyance of Portion of Current Alexander House Development Corporation Property to EH III Recreational Center, LLC

WHEREAS, the Alexander House Development Corporation (the “Corporation”) is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”); and

WHEREAS, Alexander House Apartments (the “Property”) was originally constructed in 1992 at 8560 Second Avenue as a single sixteen-story building with 311 residential units (now 305); and

WHEREAS, a comprehensive renovation plan was approved by the Commission on October 5, 2016, including the retention 183 market rate units owned by the Corporation, and the sale of 122 units restricted to a Low Income Housing Tax Credit entity, Alexander House Limited Partnership (“AH LP”); and

WHEREAS, the Development is part of the Elizabeth Square Development and on April 5, 2017 the Commission approved the inclusion of the South County Regional Recreation and Aquatic Center in the development of Elizabeth Square; and

WHEREAS, as part of the redesign to incorporate the South County Regional Recreation and Aquatic Center, a public recreational facility totaling 120,000 square feet (the “SCRRAC”), into the Elizabeth Square Development, a portion of the land currently owned by the Corporation and Alexander House Apartments Limited Partnership (“AHALP” and together with the Corporation, the “AH Owners”) as tenants in common will be used to construct the 11-lane competition pool and gymnasium with high-school sized basketball court (the “AH Aquatic Center Land”); and

WHEREAS, the condominium document and plat for the land parcel currently owned by AH Owners will need to be modified from the existing plat to reflect the addition of the SCRRAC facility; and

WHEREAS, in order for the Elizabeth Square Development to move forward as approved in the Certified Site Plan and to convey the AH Aquatic Center Land, the following steps will have to occur: 1) create Consolidated Plat to combine two (2) record lots – EHIII/SCRRAC and Alexander House Apartment lots; 2) create Land Condominium Plat and Declaration – two (2) land condominium units will be created, one each for EH III/SCRRAC and Alexander House Apartments; and 3) execute various easement agreements and related land covenants including in particular, a Project Wide Covenants, Conditions, and Restrictions (“CC&R”) will be executed, in which the CC&R will grant cross easements and describe cost sharing arrangements for the harmonious operation for the Elizabeth Square.

WHEREAS, on November 7, 2018, the Commission approved the amendments to Building Condominium and Master Lease and Easement Documents which allowed EH III/SCRRAC development to incorporate the AH Aquatic Center Land to construct a portion of the SCRRAC upon AH Owners approval.

ALEXANDER HOUSE DEVELOPMENT CORPORATION

NOW, THEREFORE, BE IT RESOLVED by the Corporation that it hereby:

1. Authorizes the conveyance of AH Aquatic Center Land to EH III/SCRRAC development upon approval of the AHDC Board and the partners of AHALP;
2. Authorizes to create a Consolidated Plat to combine two (2) record lots;
3. Authorizes to Create Land Condominium Plat and Declaration; and
4. Authorizes to create and execute the Project Wide Covenants, Conditions, and Restriction and other ancillary easements and covenants relating to the development and operation of the development.

BE IT FURTHER RESOLVED by the Corporation that the Executive Director of the Commission, or his designee, is hereby authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of Alexander Development Corporation at an open meeting on September 4, 2019.

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Patrice M. Birdsong
Special Assistant to the Board of Directors of the Corporation

Administrative Session