

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

January 9, 2019

19-01

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, January 9, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:31 p.m. Those in attendance were:

Present

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

Also Attending

Stacy L. Spann, Executive Director
Ali Khademain
Bonnie Hodge
Charnita Jackson
Cornelia Kentl
Darcel Cox
Derrick Thompson
Ellen Goff
Ethan Cohen
Eugenia Pascual
Fred Swan
Ian-Terrell Hawkins
Jay Shepherd
Jennifer Arrington
Kathryn Hollister

Aisha Memon, -Acting General Council
Kayrine Brown
Leidi Reyes
Lynn Hayes
Marcus Irving
Matt Husman
Melody Stanford
Patrick Mattingly
Randy Carty
Rita Harris
Shauna Sorrells
Sherraine Rawlins
Terri Fowler
Victoria Dixon
Zachary Marks

Resident Advisory Board

Yvonne Caughman, Vice President

Guest

Macedonia Baptist Church Supporters
Saundra DeMoraes
Karen Lundregan

IT Support

Irma Rodriguez
Rony Joseph

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

I. **Approval of Minutes**

- A. **Approval of Minutes of December 5, 2018 regular meeting** - The minutes were approved as submitted with a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.
- B. **Approval of Minutes of December 5, 2018 Administrative Session** – The minutes were approved as submitted with a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.
- C. **Approval of Minutes of December 13, 2018 Special Session** – The minutes were approved as submitted with a motion by Vice Chair Nelson and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.

II. **CONSENT ITEMS**

- A. Approval of New Participating Lender for the Single Family Mortgage Purchase Program.

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

RESOLUTION NO: 19-01

**RE: Approval of New Participating
Lender for the Single Family Mortgage
Purchase Program**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) approves lenders to participate in the Mortgage Purchase Program; and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, Fairway Independent Mortgage Corporation has applied for participation in the Mortgage Purchase Program; and

WHEREAS, Fairway Independent Mortgage Corporation has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Fairway Independent Mortgage Corporation is approved for participation in the Mortgage Purchase Program, effective immediately.

III. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS**

A. **Ratification of Action taken in Administrative Session on December 5, 2018: Approval to Acquire Real Property located in Gaithersburg, MD and Authorization to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund the Acquisition**

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

RESOLUTION NO.: 18-99R¹

RE: Approval to Acquire Real Property Located in Gaithersburg, MD and Authorization to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Fund the Acquisition

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), recently acquired Cider Mill Apartments, located at 18205 Lost Knife Road in Gaithersburg, Maryland ("Cider Mill Apartments");

WHEREAS, on September 26, 2018, the Commission entered into a purchase contract to purchase approximately three (3) acres of real property located at 9845 Lost Knife Road, Gaithersburg, Maryland (the "Property"), which is adjacent to Cider Mill Apartments;

WHEREAS, the Property is zoned CR 1.5 and is improved with a 7,952 square foot commercial building and related premises that is currently operated as a day care center (the "Day Care Center");

WHEREAS, the Day Care Center serves households within Cider Mill Apartments and the Property presents the Commission with a long-term development opportunity, which may add to Montgomery County's inventory of affordable housing;

WHEREAS, at an Administrative Session duly called and held on December 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-99AS¹, Commissioners Simon, Rodriguez, Croom, Priest, and Kelleher voting in approval, which approved the acquisition of the Property and a draw on the PNC Bank, N.A. Real Estate Line of Credit to fund the acquisition of the Property, costs related to the acquisition of the Property, and reimbursement of costs incurred by the Commission related to due diligence for the Property. Commissioners Nelson and Byrd abstained.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-99AS¹ and any action taken since December 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-99AS¹ and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

B. Ratification of Action taken in Administrative Session on December 5, 2018: Authorization to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Complete the Acquisition of Real Property located in Gaithersburg, MD

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

RESOLUTION NO.: 18-99R²

**RE: Authorization to Draw on the PNC Bank,
N.A. Real Estate Line of Credit to Complete the
Acquisition of Real Property Located in
Gaithersburg, MD**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), recently acquired Cider Mill Apartments, located at 18205 Lost Knife Road in Gaithersburg, Maryland ("Cider Mill Apartments");

WHEREAS, on September 26, 2018, the Commission entered into a purchase contract to purchase approximately three (3) acres of real property located at 9845 Lost Knife Road, Gaithersburg, Maryland (the "Property"), which is adjacent to Cider Mill Apartments;

WHEREAS, the Property is zoned CR 1.5 and is improved with a 7,952 square foot commercial building and related premises that is currently operated as a day care center (the "Day Care Center");

WHEREAS, the Day Care Center serves households within Cider Mill Apartments and the Property presents the Commission with a long-term development opportunity, which may add to Montgomery County's inventory of affordable housing;

WHEREAS, at an Administrative Session duly called and held on December 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-99AS², Commissioners Simon, Rodriguez, Croom, Priest, and Kelleher voting in approval, which approved (1) the acquisition of the Property; (2) a draw on the PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC") to fund the acquisition of the Property, costs related to the acquisition of the Property, and reimbursement of costs incurred by the Commission related to due diligence for the Property; and (3) that the funds drawn on the PNC RELOC would be outstanding for no longer than 18 months from the date drawn. Commissioners Nelson and Byrd abstained.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-99AS² and any action taken since December 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-99AS² and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. Acceptance of First Quarter FY'19 Budget to Actual Statements

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

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

RESOLUTION NO.: 19-02

**RE: Acceptance of First Quarter FY'19
Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission, and

WHEREAS, the Commission reviewed the First Quarter FY'19 Budget to Actual Statements during its January 9, 2019 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the First Quarter FY'19 Budget to Actual Statements.

2. Approval of FY'19 First Quarter Budget Amendment

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

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

RESOLUTION NO.: 19-03

**RE: Approval of FY'19 First Quarter Budget
Amendment**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) adopted a budget for FY'19 on June 6, 2018;

WHEREAS, the Commission’s Budget Policy allows for amendments to the budget;

WHEREAS, the net effect of the FY'19 First Quarter Budget Amendment is a surplus of \$118,694, which will increase the anticipated contribution to the General Fund Operating Reserve (GFOR) of \$1,111,569 by \$118,694 to \$1,230,263 in order to maintain a balanced budget;

WHEREAS, the total FY'19 Operating Budget increased from \$264,704,441 to \$266,895,126;

WHEREAS, the total FY'19 Capital Budget increased from \$256,827,612 to \$257,340,544;

and

WHEREAS, approval of the budget amendments to revise the FY'19 budget will reflect an accurate plan for the use of the Commission's resources for the remainder of FY'19.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'19 Operating Budget by increasing total revenues and expenses for the Commission from \$264,704,441 to \$266,895,126.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'19 Capital Budget by increasing revenues and expenses for the Commission from \$256,827,612 million to \$257,340,544.

3. Approval of CY'18 Third Quarter Budget Amendment

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

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

RESOLUTION NO.: 19-04

**RE: Approval of the CY'18 Third Quarter
Budget Amendment**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the general partner in MHL P IX-Pond Ridge, LP; MHL P IX-MPDU LP, and MHL P X-MPDU LP (the "Partnerships");

WHEREAS, the limited partners of the Partnerships assigned their interests in the Partnerships to HOC following the expiration of their 15-year compliance periods, and no longer have any ownership interests in the Partnerships; and

WHEREAS, after the limited partners transferred their respective interests in the Partnerships to HOC, HOC is now able to operate the properties on a fiscal year basis; and

WHEREAS, the Commission desires to amend the CY'18 budget to remove the period of September 1, 2018 through December 31, 2018 for the Partnerships;

WHEREAS, the Budget, Finance and Audit Committee reviewed this budget amendment on December 12, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of MHLP IX-Pond Ridge, LP, as its general partner, that it hereby approves amending the CY'18 Budget to remove the period of September 1, 2018 through December 31, 2018.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of MHLP IX-MPDU LP, as its general partner, that it hereby approves amending the CY'18 Budget to remove the period of September 1, 2018 through December 31, 2018.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of MHLP X-MPDU LP, as its general partner, that it hereby approves amending the CY'18 Budget to remove the period of September 1, 2018 through December 31, 2018.

4. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (July, 2018 – September 30, 2018)

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

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

RESOLUTION NO.: 19-05

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

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County ("HOC") is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

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

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period July 1, 2018 through September 30, 2018 is \$248,659, consisting of \$201,012 from Opportunity Housing properties, \$34,853 from RAD 6 properties, \$11,669 from Supportive Housing properties, and 1,124 from Public Housing properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all actions necessary and proper to write off \$248,659 in bad debt related to (i) tenant accounts receivable balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

5. Approval to Renew for One Year Property Management Contracts at the following Properties: Strathmore Court Development Corporation and Strathmore Court Limited Partnership; The Willows and Shady Grove Apartments

Cornelia Kent, Chief Financial Officer, and Melody Stanford, Asset Manager, were the presenters.

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

RESOLUTION NO.: 19-06

RE: Approval to Renew for One Year Property Management Contracts at the Following Properties: Strathmore Court Apartments (Strathmore Court at White Flint and Strathmore Court Associates LP), The Willows, and Shady Grove Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Strathmore Court Associates Limited Partnership (“Strathmore LP”), and Strathmore LP owns 51 tax credit units in the development known as Strathmore Court Apartments (“Strathmore Court”);

WHEREAS, HOC is owner of Strathmore Court at White Flint (“Strathmore at White Flint”), and Strathmore at White Flint owns 151 market rate units in Strathmore Court; and

WHEREAS, HOC is the general partner of The Willows of Gaithersburg Associates Limited Partnership (“The Willows LP”), and The Willows LP owns the development known as The Willows (“The Willows”);

WHEREAS, HOC is the general partner of Shady Grove Apartments Limited Partnership (“Shady Grove LP”), and Shady Grove LP owns the development known as Shady Grove Apartments (“Shady Grove”);

WHEREAS, staff desires to renew the current property management contracts at Strathmore Court for nine months, with a contract end date of October 31, 2019; and

WHEREAS, staff desires to renew the current property management contracts at The Willows and Shady Grove for one year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself on behalf of Strathmore Court Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a nine-month renewal of the property management contract at Strathmore Court, with a contract end date of October 31, 2019.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Strathmore Court at White Flint, that the Executive Director is hereby

authorized and directed to execute a nine-month renewal of the property management contract at Strathmore Court, with a contract end date of October 31, 2019.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of The Willows of Gaithersburg Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at The Willows.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Shady Grove Apartments Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Shady Grove.

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

6. Approval to Submit FFY 2019 Public Housing Operating Subsidy Calculations to HUC for the Period January 1, 2019 through December 31, 2019

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

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

RESOLUTION NO.: 19-07

**RE: Approval to Submit FFY 2019
Public Housing Operating Subsidy Calculations to
HUD for the Period January 1, 2019 through
December 31, 2019**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is required by the U.S. Department of Housing and Urban Development (“HUD”) to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2019 through December 31, 2019 no later than March 3, 2019; and

WHEREAS, as part of its submission, HOC must execute several forms, including Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to submit staff’s calculations of the Public Housing Operating Subsidy for each Asset Management Project to HUD for the period January 1, 2019 through December 31, 2019, including executing Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level).

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

1. Approval of the Final Development Plan for HOC at the Upton II and Approval to Select Wells Fargo as the Tax Credit Investor for HOC at the Upton II and Authorization for the Executive Director to Negotiate and Execute an Operating Agreement with Wells Fargo

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

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

RESOLUTION NO.: 19-08

**RE: Approval of the Final Development Plan
for HOC at the Upton II and Approval to Select Wells
Fargo as the Tax Credit Investor for HOC at the
Upton II and Authorization for the Executive
Director to Negotiate and Execute an Operating
Agreement with Wells Fargo**

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

WHEREAS, Upton II is a planned development in Rockville that is entitled under current zoning and planning requirements of the City of Rockville for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. (“VHI”) will own and operate a condominium unit containing 150 apartments and a share of parking and general common elements (the “HOC Upton Development”) in a single purpose entity known as HOC at The Upton II, LLC (the “Owner”) and Duball LLC or an affiliate will own and operate a second condominium unit comprising the remainder of the development; and

WHEREAS, HOC is currently the sole member of HOC MM Upton II, LLC (the “Managing Member”), which in turn is the sole member of the Owner; and

WHEREAS, it is expected that the ownership structure will be modified to admit a tax credit investor as a non-managing member of the Owner and to admit VHI as a non-managing member of the Managing Member, with HOC remaining in control of the Owner as the managing member of the Managing Member entity; and

WHEREAS, the HOC Upton Development proposes to serve seniors 62 years and older across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit (“LIHTC”) program, which will allow households with income from 40% up to

80% of the Washington DC Area Median Income (“AMI”) to enjoy rent protection without impairing the LIHTC equity for the development; and

WHEREAS, on October 3, 2018, the Commission approved the Development Plan for HOC at the Upton II as a 150-unit, mixed-income, new construction, age-restricted community containing 136 one-bedroom and 14 two-bedroom units; and

WHEREAS, HOC staff developed and proposed the herein Final Development Plan (“Final Development Plan”), which estimates the total development cost of the HOC Upton Development of \$49.5MM to be funded with a combination of HOC-issued tax-exempt bonds, LIHTC equity, subordinate financing from Montgomery County, deferred developer fee, and an HOC subordinated loan; and

WHEREAS, also as part of the Final Development Plan, HOC at the Upton II would contain 28 Project Based Rental Assistance (“PBRA”) units, 80 Rental Assistance Payment (“RAP”) units through conversion of 112 units at Town Center Apartments via the 2nd Component of the Rental Assistance Demonstration (“RAD”) program, 27 units under LIHTC restrictions, and 15 market rate units; and

WHEREAS, in accordance with the Final Development Plan, HOC intends for the Owner to acquire the condominium unit that will comprise the HOC Upton Development (the “HOC Upton Condominium”) and enter into a construction contract for the HOC Upton Development; and

WHEREAS, HOC and the Owner expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$11.6 million in equity to pay part of its development costs; and

WHEREAS, the HOC Upton Development is an important element in HOC’s portfolio because its development will replace housing for the 112 seniors who currently reside in Town Center Apartments in Rockville; and

WHEREAS, the HOC Upton Development will include design elements that are appropriate for the targeted senior population, including an urban lifestyle with market rate unit finishes complemented with unique multifamily accessibility accommodations throughout; and

WHEREAS, a development team led by Duball LLC has been assembled, construction permit drawings finalized and submitted and required building permit expected to be issued in early 2019, and the HOC Upton Development is projected to take 29 months and deliver in the Fall of 2021; and

WHEREAS, after soliciting investment proposals from the top Low Income Housing Tax Credit (LIHTC) syndicators and investors, HOC received three proposals detailing interest in purchasing the tax credits allocated to the Owner and being admitted as its non-managing investor member; and

WHEREAS, after review of all the submissions and further inquiries of the investors, Wells Fargo has been determined to be the strongest LIHTC investor among the three respondents; and

WHEREAS, HOC intends to negotiate an amended and restated operating agreement with Wells Fargo for the admission of an affiliate of Wells Fargo as a non-managing investor member, with HOC remaining in control of Owner as the managing member of the Managing Member entity.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Final Development Plan for the construction of HOC Upton Development is hereby approved to include an estimated development cost of \$49.5MM, the delivery of 150 apartment units which will serve seniors 62 years and older and of which 90% (135 units) will be restricted to those earning 40% to 80% of the area median income.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of the Managing Member and the Borrower, that it approves the selection of Wells Fargo as the low income housing tax credit investor, the admission of an affiliate of Wells Fargo as a non-managing investor member in the Owner and the negotiation and execution of an Amended and Restated Operating Agreement of the Borrower to memorialize the same.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the acquisition of the HOC Upton Condominium for the purpose of acquiring, holding, and constructing the same.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute any and all documents required in connection with awarding Paradigm Contractors, LLC a construction contract for construction of the HOC Upton Development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of the Managing Member and the Borrower, 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 (including without limitation any tax credit guarantees or other guarantees from the Housing Opportunities Commission as guarantor) related thereto.

2. Approval of the Financing Plan for the Upton II Development (the “Property”); Authorization to Issue Loans to HOC at the Upton II, LLC (the “Borrower”) for Acquisition and Construction Financing; Authorization to Issue Commitments for Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition and Construction Loans

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 Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.

RESOLUTION NO.: 19-09

RE: Approval of the Financing Plan for the Upton II Development (the "Property"); Authorization to Issue Loans to HOC at the Upton II, LLC (the "Borrower") for Acquisition and Construction Financing; Authorization to Issue Commitments for up to \$24 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition and Construction 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 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 which provide a public purpose; and

WHEREAS, Upton II is a planned development in Rockville that is entitled under current zoning and planning requirements for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. ("VHI") will own and operate a condominium unit containing 150 apartments and a share of parking and general common elements in a single purpose entity known as HOC at The Upton II, LLC ("Borrower") and Duball LLC or an affiliate will own and operate a second condominium unit comprising the remainder of the development; and

WHEREAS, HOC is currently the sole member of HOC MM Upton II, LLC (the "Managing Member"), which in turn is the sole member of the Borrower; and

WHEREAS, it is expected that the ownership structure will be modified to admit a tax credit investor as a non-managing member of the Borrower and to admit VHI as a non-managing member of the Managing Member, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, the Borrower proposes to serve seniors across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit ("LIHTC") program, which will allow households with income from 40% up to 80% of the Washington DC Area Median Income ("AMI") to enjoy rent protection without impairing the LIHTC equity for the development; and

WHEREAS, on October 3, 2018, the Commission approved the Development Plan for The Upton II (the "Property") as a 150-unit, mixed-income, new construction, age-restricted community containing 15 unrestricted units and 135 income and rent restricted units (the "LIHTC Units"); and

WHEREAS, on January 9, 2019 HOC staff developed and proposed a Final Development Plan ("Final Development Plan"), for the Property; and

WHEREAS, staff explored a variety of options for the estimated \$49.5 million acquisition, construction and permanent financing for the Property, and determined to use a number of sources including a short-term, tax-exempt loan to fund construction by way of a Commission conduit loan from

M&T Bank to be passed through to the Borrower ("Construction Loan"), which will be repaid by a FHA Risk Share permanent loan; bridge funding during acquisition/construction by way of draws on the Commission's PNC Bank, N.A. Real Estate Line of Credit ("Bridge Loan"); LIHTC equity; a subordinate loan from Montgomery County, Maryland ("County Loan"); acquisition financing in the form of a seller take-back loan from the Commission ("HOC Loan"); and, deferred developer fees (collectively, the "Financing Plan"); and

WHEREAS, the Commission and Borrower wish to secure a permanent takeout loan for the Property in the form of a three year forward commitment to insure and finance the permanent loan in an amount of up to \$24,000,000, based on a projected interest rate of 5.5%, using Private Activity Bonds which proceeds will fund a mortgage loan insured by the FHA Risk Share Program ("Permanent Loan"); and

WHEREAS, to protect the transaction from potential interest rate increases, the Commission wishes to purchase an interest rate hedge in the form of a swap to mitigate the risk of a potential rise in interest rates prior to the time the rate can be fixed for the Permanent Loan and HOC may use the swap to hedge the floating interest rate exposure on the Construction Loan and that such interest rate hedge will be evidenced by an International Swaps and Derivatives Association ("ISDA") Master Agreement, Schedule, Confirmation and Credit Support Annex (the "Swap"); and

WHEREAS, the Swap will be structured where the Commission pays a fixed interest rate and receives a floating rate based on a notional amount not to exceed the estimated Permanent Loan amount that will amortize over 40 years but which will be subject to the Commission's option to terminate at market at any time and at par semi-annually on or after the first par optional termination date (the "First Par Optional Termination Date"), which is expected to be no later than 18.5 years from the execution of the Swap to correspond with the expiration of the tax credit period; and

WHEREAS, any termination payments owed by the Commission are expected to be paid as Program Expenses under the 1996 Indenture or from the Commission's legally available general funds but that payments are expected to be zero; and

WHEREAS, Commission and the Partnership expect to receive a Letter of Reservation/Determination for the LIHTC from the Maryland Department of Housing and Community Development which will enable the Borrower to raise approximately \$12 Million in equity to pay part of its acquisition and development costs; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Financing Plan as described herein, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the following:

1. Issuance of a 42-month Construction Loan for up to \$24,000,000 at the same terms as the Commission's M&T Bank short-term tax-exempt conduit loan in the same amount; and
2. Issuance of an acquisition loan to the Borrower for up to \$6,000,000 for 43 years at the Applicable Federal Rate (AFR) from the Commission's FHA Risk Share account until such time

funds have been replaced or unobligated in the Opportunity Housing Reserve Fund (OHRF), interest is intended to start accrual at closing and be payable from available property cashflow.

3. The funding a Bridge Loan at closing, of up to \$12 million by way of short-term, taxable draws on the PNC Bank, N.A. Real Estate Line of Credit ("RELOC"), which shall be drawn when needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than 42 months from the closing date.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a three year forward commitment for a Permanent Loan in an amount up to \$24 million, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), of which the Commission shall assume 25% of the risk while HUD shall assume 75% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, approves the Borrower's acceptance of the Construction Loan, County Loan, Bridge Loan, HOC Loan and Permanent Loan for the financing closing, which will occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of an interest rate hedge via a swap agreement with a qualified counterparty (Royal Bank of Canada, or another highly rated financial institution), to mitigate against a rise in interest rates, with any scheduled or termination payment owed by the Commission being paid as a Program Expense under its 1996 Indenture and from the Commission's legally available general funds, subject to agreements now or hereafter made with holders of its notes and bonds, pledging particular revenues, assets or moneys for the payment thereof and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director is hereby authorized, 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 Financing Plan and the transaction and action contemplated herein.

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

RESOLUTION NO.: 19:09²

**RE: Approval to Draw from the PNC Bank, N.A.
Real Estate Line of Credit to Fund a Bridge Loan
during the Acquisition and Construction of the
Upton II in Accordance with the Approved
Financing Plan**

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

WHEREAS, Upton II is a planned development in Rockville that is entitled under current zoning and planning requirements for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. (“VHI”) will own and operate a condominium unit containing 150 apartments and a share of parking and general common elements in a single purpose entity known as HOC at The Upton II, LLC (“Borrower”) and Duball LLC or an affiliate will own and operate a second condominium unit comprising the remainder of the development; and

WHEREAS, HOC is currently the sole member of HOC MM Upton II, LLC (the “Managing Member”), which in turn is the sole member of the Borrower; and

WHEREAS, it is expected that the ownership structure will be modified to admit a low income tax credit investor as a non-managing member of the Borrower and to admit VHI as a non-managing member of the Managing Member, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, the HOC Upton Development proposes to serve seniors across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit (“LIHTC”) program, which will allow households with income from 40% up to 80% of the Washington DC Area Median Income (“AMI”) to enjoy rent protection without impairing the LIHTC equity for the development; and

WHEREAS, on October 3, 2018, the Commission approved the Development Plan for The Upton II (the “Property”) as a 150-unit, mixed-income, new construction, age-restricted community containing 15 unrestricted units and 135 income and rent restricted units (the “LIHTC Units”); and

WHEREAS, on January 9, 2019, HOC proposed a Financing Plan totaling approximately \$49.5 million, which includes approximately \$29 million in construction costs;

WHEREAS, HOC is pursuing a 4% LIHTC allocation to fund the construction of the Property, which will generate approximately \$12 million in LIHTC equity to be contributed according to an agreed upon pay-in schedule (“LIHTC Equity”); and

WHEREAS, the construction loan for the Property will be up to \$24 million, causing the Property to obtain bridge funding between the Property’s construction loan proceeds and that of the LIHTC Equity contributions; and

WHEREAS, the Commission has approved funding of up to \$6,000,000 from its own cash resources, using the FHA Risk Share account until such time funds have been replaced or unobligated in the Opportunity Housing Reserve Fund ("OHRF") ("Local Funds"), to fund the acquisition of the Property; and

WHEREAS, the Commission wishes to make a Bridge Loan to the Property by a draw on the \$90 million PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC") to complete the capital stack needed to close on the acquisition and construction financing for Property until receipt of LIHTC equity proceeds; and

WHEREAS, the Commission may make draws on the PNC RELOC at a taxable rate equal to an interest rate at an optional London Interbank Offered Rate (LIBOR) (1-month, 3-month, 6-month, or 12-month) plus 58 basis points.

WHEREAS, the PNC RELOC is scheduled to mature June 30, 2020 unless extended or refinanced.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the PNC RELOC totaling up to \$12,000,000 to complete the acquisition and construction financing for the Upton II.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that it authorizes the funds be loaned to the Borrower with interest to accrue and be paid at a rate sufficient to pay the interest cost of the PNC RELOC, herein estimated to be 2% annually and shall remain outstanding for a term of up to 42 months from the Property's first draw and repaid from proceeds of LIHTC equity.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it 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.

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

RESOLUTION NO.: 2019-09³

**RE: Adoption of Authorizing Resolution
for Financing of The Upton II**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING THE EXECUTION AND DELIVERY BY THE COMMISSION OF A COMMISSION NOTE IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000, FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE UPTON II; DETERMINING THE FEASIBILITY OF THE FINANCING; AUTHORIZING THE PUBLIC PURPOSE SET-ASIDE COVENANTS; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THE PROJECT LOAN AGREEMENT AND THE OTHER COMMISSION DOCUMENTS AS DESCRIBED

HEREIN; AUTHORIZING ONGOING DETERMINATIONS BY THE EXECUTIVE DIRECTOR; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY FOR THE DELIVERY OF THE COMMISSION NOTE; AUTHORIZING THE CHAIRMAN, THE VICE CHAIRMAN, THE CHAIRMAN PRO TEM, THE EXECUTIVE DIRECTOR AND/OR AN AUTHORIZED REPRESENTATIVE OF THE COMMISSION TO PROCEED WITH THE DELIVERY OF THE COMMISSION NOTE TO MANUFACTURERS AND TRADERS TRUST COMPANY OR TO AN AFFILIATE THEREOF; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL; AUTHORIZING AND APPROVING THE ACTIONS OF THE STAFF OF THE COMMISSION IN ACCORDANCE WITH THE COMMISSION'S PROCUREMENT POLICY TO SECURE A FISCAL AGENT AND THE APPOINTMENT BY THE EXECUTIVE DIRECTOR OF A FISCAL AGENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue and deliver its bonds and notes from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has approved the final development plan for The Upton II, which provides for the acquisition, construction and equipping by HOC at the Upton II, LLC (the "Borrower") of 150 affordable residential housing units known as The Upton II (the "Project"), including the construction of those units using low-income housing tax credit equity;

WHEREAS, the Commission proposes to enter into a Funding Loan Agreement (the "Funding Loan Agreement"), by and among the Commission, Manufacturers and Traders Trust Company or an affiliate thereof (the "Funding Lender") and such fiscal agent as shall be determined in accordance with the Commission's procurement policy (the "Fiscal Agent"), under which the Funding Lender will provide a private activity loan (the "Funding Loan") to the Commission; and

WHEREAS, the Commission will loan the proceeds of the Funding Loan to the Borrower (the "Project Loan") pursuant to a Project Loan Agreement (the "Project Loan Agreement"), by and between the Commission and the Borrower, for the purpose of financing a portion of the costs of the acquisition, construction and equipping of the Project; and

WHEREAS, the Borrower will make payments of principal and interest under the Project Loan Agreement, in amounts fully sufficient to pay the principal of, premium, if any, and interest due on the Commission Note as the same become due and payable; and

WHEREAS, to evidence the Funding Loan, the Commission will execute and deliver to the Funding Lender a Note (the "Commission Note") as a private activity bond under Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), and to evidence the Project Loan, the Borrower will execute and deliver to the Commission a Project Note (the "Project Note"); and

WHEREAS, the obligations of the Borrower under the Project Loan Agreement will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the "Security Instrument"), made by the Borrower in favor of the Commission; and

WHEREAS, the Project Note and the Security Instrument will be endorsed and assigned, respectively, by the Commission to the Funding Lender to secure the performance by the Commission of its limited obligations under the Commission Note; and

WHEREAS, the Commission desires to reduce its debt service expense under the Commission Note by entering into a swap or derivative agreement (the "Swap Agreement") with such entity and with such terms as shall be determined in accordance with the Commission's Derivative Transaction Management Policy; and

WHEREAS, the Borrower will covenant to rent or hold available for rent at least 40% of the Project to persons with incomes that do not exceed 60% of the Washington Metropolitan Statistical Area median income for the applicable family size (the "Public Purpose Set-Aside Covenants"); and

WHEREAS, compliance with the Public Purpose Set Aside Covenants will satisfy certain HUD and County requirements, and will cause the Project to constitute a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), a "qualified low-income housing project" as such phrase is utilized in Section 42(g)(1)(B) of the Code, and a "housing project for persons of eligible income" within the meaning of the Act; and

WHEREAS, the Commission has determined that the issuance of the Commission Note, the application of the proceeds of the Project Loan to finance a portion of the costs of the acquisition construction and equipping of the Project, and the Public Purpose Set-Aside Covenants are feasible and will accomplish a valid public purpose for the Commission; and

WHEREAS, the documents to be executed and delivered by the Commission in connection with financing of the Project described herein (the "Project") include the Commission Note, the Funding Loan Agreement, the Project Loan Agreement, the Swap Documents, a Land Use Restriction Agreement, a Regulatory Agreement related to the Project and tax documents related to the exclusion of interest on the Commission Note for federal income tax purposes under the Code (collectively, with all other certificates and documents to be executed by the Commission in connection with the execution and delivery of the such financing documents, the "Commission Documents"); and

WHEREAS, the Commission hereby acknowledges that the development plan for the Project contemplates the refinancing of the Commission Note following completion of construction of the Project with a FHA Risk-Share insured loan (or such other source of refinancing as shall be available to the Commission and economically advantageous at that time) and that such refinancing will be presented to the Commission for approval at such time as the construction of the Project is complete and the Funding Loan converts to a permanent loan.

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

1. The Commission Note. The Commission Note is authorized to be issued pursuant to and under the Funding Loan Agreement in an aggregate principal amount not to exceed \$24,000,000. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director and/or the Authorized Representative (defined below) of the Commission are authorized to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rate on the Commission Note, all of the foregoing to be specified in the final Commission Note and Funding

Loan Agreement. The Commission Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Funding Loan Agreement.

2. Approval of Financing. The Commission hereby approves the financing of the Project pursuant to the terms and conditions set forth in the Funding Loan Agreement, the Project Loan Agreement and the other Commission Documents approved hereby and executed and delivered pursuant to this resolution and hereby finds that such financing as approved hereby is feasible.

3. Approval of Public Purpose Set-Aside Covenants. The Commission hereby finds that the Public Purpose Set-Aside Covenants will accomplish a valid public purpose of the Commission under the Act, and, as such, the Commission hereby approves such Public Purpose Set-Aside Covenants.

4. Commission Documents. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director are hereby authorized and directed to execute and deliver the Commission Documents in such forms as shall be prepared and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other authorized officer of the Commission, is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

5. Authorizing Ongoing Determinations under Commission Documents. The Executive Director is hereby authorized 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 pursuant to the terms of the Commission Documents, including, but not limited to, the determination of other terms to be in effect with respect to the Commission Note, the giving or withholding of consents, and the selection and removal of purchasers of the Commission Note and professionals.

6. Execution and Delivery of Commission Note. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") is authorized to proceed with the delivery of the Commission Note to the Funding Lender or to an affiliate thereof or to any other initial purchaser of the Commission Note as shall be determined to be in the best interest of the Commission, and pursuant to the Funding Loan Agreement.

7. Other Action. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director and the Authorized Representative of the Commission are hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution, the Commission Documents or relating to the execution and delivery or other disposition of the Commission Note and the financing and the ongoing operations of the Project, as the case may be.

8. Appointment of Financial Advisor and Bond Counsel. 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 execution and delivery of the Commission Note.

9. Procurement of Fiscal Agent Services; Appointment of Fiscal Agent. The actions of the staff of the Commission, in accordance with Section 2.2 and Appendix IV of the Commission's Procurement Policy, adopted and effective on June 7, 2017, for the procurement of an entity to provide the professional services of Fiscal Agent under the Funding Loan Agreement, the selection by the Executive Director from the proposal submissions of entities for service as Fiscal Agent under the Funding Loan Agreement, and the appointment by the Executive Director of the entity to serve as Fiscal Agent as shall be determined to be in the best interest of the Commission are hereby authorized and approved. The Executive Director is hereby authorized to execute any such documents as shall be necessary to evidence such appointment.

10. Volume Cap. Private activity bond volume cap in the amount of the final principal amount of the Commission Note will be allocated to the issuance of the Commission Note.

11. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the Commission Note, the Commission Documents or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Commission Note or be subject to personal liability or accountability by reason of the execution and delivery thereof.

12. 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 execution and delivery of the Commission Note and the financing of the Project approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

13. 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.

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

3. Approval to Increase Total Predevelopment Budget for the Redevelopment of Holly Hall into Hillandale Gateway; Approval to Fund a Six-Month Predevelopment Budget; and Approval to Loan Hillandale Gateway, LLC Predevelopment Funding

Kayrine Brown, Chief Investment and Real Estate Officer, and Kathryn Hollister, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 19-10

RE: Approval to Increase Total Predevelopment Budget for the Redevelopment of Holly Hall into Hillandale Gateway; Approval to Fund a Six-Month Predevelopment Budget; and Approval to Loan Hillandale Gateway, LLC Predevelopment Funding

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

WHEREAS, HOC is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

WHEREAS, on July 11, 2014, HOC purchased a 43,671 square foot parcel of land located at the southwest corner of Powder Mill Road and New Hampshire Avenue (the “CONA Site”) from Capital One Bank, N.A.;

WHEREAS, on July 8, 2015, the Commission authorized the creation of a joint venture between The Duffie Companies (“Duffie”) and HOC to redevelop Holly Hall and the CONA Site (“the Redevelopment Properties”), where HOC contributed the Redevelopment Properties and Duffie contributed cash, both purchasing respective ownership interests (70% to HOC and 30% to Duffie) in the venture; and

WHEREAS, the Redevelopment Properties were approved for an increase in development density via a Sectional Map Amendment; presenting a unique opportunity for HOC to expand its housing presence in the eastern area of the County, which has seen decades of disinvestment in housing; and

WHEREAS, on October 7, 2015 and March 1, 2017, the Commission approved predevelopment budgets and authorized loans to Hillandale Gateway, LLC from HOC’s Opportunity Housing Reserve Fund (“OHRF”) in the total amount of \$1,887,500 to fund predevelopment activities related to the redevelopment of the Redevelopment Properties; and

WHEREAS, on December 5, 2018, the Commission authorized the Executive Director to execute a non-binding letter of intent for the sale of HOC’s seventy percent (70%) interest in the CONA Site to Duffie, contingent on the CONA Site remaining a part of the combined development approval for the Redevelopment Properties; and

WHEREAS, the Commission desires to approve an increase to the total predevelopment budget in the amount of \$4,488,710 to cover predevelopment costs related to the redevelopment of the Redevelopment Properties through June 2021; and

WHEREAS, the Commission desires to approve funding for six-months of the predevelopment budget in the amount of \$1,616,970 to cover predevelopment costs related to the redevelopment of the Redevelopment Properties through June 2019; and

WHEREAS, staff recommends approval of a loan in the amount of \$1,616,970 to Hillandale Gateway, LLC to be funded from HOC’s OHRF to cover predevelopment and entitlement work for the first six months of 2019, and such loan shall accrue interest at the applicable federal rate and will be repaid from the proceeds of Hillandale Gateway, LLC’s redevelopment construction-period financing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves an increase to the total predevelopment budget of \$4,488,710 for the redevelopment of the Redevelopment Properties through June 2021.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves funding for six months of the predevelopment budget in the amount of \$1,616,970 to cover predevelopment costs related to the redevelopment of the Redevelopment Properties through June 2019.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from HOC's OHRF in the amount of \$1,616,970, accruing interest at the applicable federal rate and to be repaid at the closing of Hillandale Gateway, LLC's redevelopment construction-period financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that as the sole member of HOC at Hillandale Gateway, LLC ("HOC at Hillandale"), HOC at Hillandale is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to Hillandale Gateway, LLC's acceptance of the loan from HOC's OHRF in the amount of \$1,616,970.

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

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

A. **Approval of Firms Selected to Serve on the Commission's Bond Underwriting Team in Accordance with RFP #2130 and Approval of the Team's Structure**

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

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

RESOLUTION NO.: 19-11

RE: Approval of Firms Selected to Serve on the Commission's Bond Underwriting Team in Accordance with RFP #2130 and Approval of the Team's Structure

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") last selected members of the bond underwriting team in 2011 to serve for a maximum term of eight years expiring on January 28, 2019; and

WHEREAS, in accordance with the Commission's Procurement Policy, a request for proposal for bond Managing Underwriters was issued and advertised on October 12, 2018; and

WHEREAS, 16 firms responded to the solicitation and 10 were interviewed; and

WHEREAS, an Evaluation Committee, comprised of two Commissioners, the Executive Director, three staff personnel, and the Commission's Financial Advisor, has reviewed the qualifications of the firms that were considered and has recommended that eight firms be contracted for the Commission's bond underwriting team; and

WHEREAS, historically, the bond underwriting team has included a single Senior Manager and four to five Co-managers, but more recently has included a Senior Manager, a Co-Senior Manager and four Co-managers; however, the Commission now wishes to put in place a strong team to not only structure and market the Commission's bonds, but to also give the Commission the most flexibility to create a team for each bond issuance and create incentives among all the firms to bring the best ideas/innovation the maximizes the bond program's effectiveness.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the recommendation of the Evaluation Committee and approves eight firms to the new bond underwriting team with the following structure:

Senior Manager:	Bank of America Merrill Lynch, New York NY
Co-Senior Manager	PNC Capital Markets, LLC, Pittsburgh, PA
Co- Managers:	Citigroup Global Markets, New York, NY
	Jefferies LLC, New York, NY
	M&T Securities, Baltimore, MD
	Morgan Stanley, New York, NY
	RBC Capital Markets, New York, NY
	Wells Fargo Company, San Francisco, CA

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director in consultation with the Commission's Financial Advisor to create a team for each bond issuance, but that the initial Senior Manager and Co-Senior Manager is approved to be Bank of America Merrill Lynch and PNC Capital Markets, respectively.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to execute a Letter Agreement (Contracts) with each firm and that each engagement shall be for an initial two years with two optional one-year renewals for a maximum term of four years.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes 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 actions contemplated herein.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 6:30 p.m. and reconvened in closed session at approximately 6:45 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 January 9, 2019 at approximately 6:45 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section(s) 3-305(b)(3) to discuss the acquisition of real property.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Commissioner Croom, with Commissioners Simon, Nelson, Rodriguez, Cross, Byrd, Priest, and Kelleher unanimously voting in approval. The following persons were present: Jackie Simon, Richard Y. Nelson, Edgar Rodriguez, Linda Croom, Pamela Byrd, Roy Priest, Fran Kelleher, Stacy Spann, Shauna Sorrells, Aisha Memon, Kayrine Brown, Christina Autin, Ellen Goff, Zachary Marks, Marcus Ervin, Ian-Terrell Hawkins, Cornelia Kent, and Patrice Birdsong.

In closed session, the Commission discussed the acquisition of real property and took the following actions:

1. With a quorum present, the Commission duly adopted Resolution 19-13AS¹, with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Edgar Rodriguez, Linda Croom, Pamela Byrd, Roy Priest, and Frances Kelleher voting in approval, which approved the following: assigning and accepting a purchase and sale agreement for real property located in Silver Spring, MD; completing the acquisition of the real property; entering into a post-closing lease pursuant to the terms of the purchase and sale agreement; drawing on the PNC Bank, N.A. Line of Credit to fund the acquisition and costs related to the acquisition; and making and accepting a loan from the Opportunity Housing Reserve Fund to further fund the acquisition.
2. With a quorum present, the Commission duly adopted Resolution 19-13AS², with Commissioners Jackie Simon, Richard Y. Nelson, Edgar Rodriguez, Linda Croom, Pamela Byrd, Roy Priest, and Frances Kelleher voting in approval, which approved the following: drawing on the PNC Bank, N.A. Line of Credit to fund the acquisition of real property located in Silver Spring, MD and costs related to the acquisition.

The closed session was adjourned at 7:59 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: February 6, 2019