

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Revised Minutes

March 2, 2016

16-03

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, March 2, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Linda Croom

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Bobbie DaCosta
Kayrine Brown
Saundra Boujai
Gail Willison
Lola Knights
Ellen Goff
Shaina Francis
Fred Swan
Gio Kaviladze
Bonnie Hodge

Kelly McLaughlin, General Counsel
Clarence Landers
Lynn Hayes
Jim Atwell
Dean Tyree
Ethan Cohen
Tiffany Jackson
Angela McIntosh-Davis
Jennifer Arrington
Bill Anderson
Shauna Sorrells

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

None

IT Support

Dominique Laws

The Consent Calendar was adopted with a motion made by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, and Hatcher. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. Approval of Minutes of Annual Meeting of February 3, 2016** – The minutes were approved as submitted.
- B. Authorization to Submit the FFY 2016 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation**

RESOLUTION: 16-13

**RE: Authorization to Submit the
FFY 2016 Capital Fund Program
Grant Annual Contributions
Contract Amendment and
Supporting Documentation**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$593,944 in FFY 2016 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, staff has identified \$593,944 in needs based upon the Commission’s Five Year Capital Fund Program Plan; and

WHEREAS, by submitting the FFY 2016 CFP Annual Statement, the CFP Five-Year Action Plan, and the signed FFY 2016 ACC Amendment, the Commission is agreeing that capital and management activities will be carried out in accordance with all HUD regulations.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director or his designee is hereby authorized to submit to the U.S. Department of Housing and Urban Development the FFY 2016 Annual Statement outlining how the Capital Fund Program grant funds will be expended to make improvements to public housing units during FFY 2016; HOC’s CFP Five-Year Action Plan outlining the Agency’s expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contributions Contract Amendment in the amount of \$593,944; and the supporting Commission Resolution.

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** –In addition to the Executive Director’s written report, Stacy Spann announced that two (2) participants in the STEM Programs were accepted to the West Point STEM Initiative. ***HOC has applied for a \$47,000 Grant with Motorola Foundation for its STEM Initiative.*** Mr. Spann also announced that the FY 17 & 18 Budget would be presented at the April 6, 2016 meeting.
- B. Calendar and Follow-up Action** – None
- C. Commissioner Exchange** – Vice Chair Simon acknowledged that everyone was doing a wonderful job. Chair Roman reported that she and Commissioner Nelson have been meeting with a few of the County Councilmembers on the Westbard Master Plan. Chair Roman reported that she thinks the meetings have gone well in the interest of HOC. She reported that staff has been working tremendously hard in getting out letters to include language that HOC wants included in the Plan.
- D. Resident Advisory Board (RAB)** – None
- E. Community Forum** – None
- F. Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

- A. Budget, Finance and Audit Committee – Com. Nelson, Chair**
- 1. Acceptance of Second Quarter FY’16 Budget to Actual Statements**

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Acting Budget Officer, were presenters.

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

RESOLUTION No. 16-14:

RE: Acceptance of Second Quarter FY’16 Budget to Actual Statements

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Second Quarter FY'16 Budget to Actual Statements during its March 2, 2016 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'16 Budget to Actual Statements.

2. Approval of FY'16 Second Quarter Budget Amendment

Gail Willison, Chief Financial Officer, and Tiffany Jackson, Acting Budget Officer, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, and Hatcher. Commissioner McFarland was necessarily absent and did not participate in the vote.

RESOLUTION No. 16-15:

RE: Approval of FY'16 Second Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'16 on June 3, 2015; and

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'16 Budget; and

WHEREAS, the net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930) which will be covered by increasing the anticipated draw of \$344,985 that was to be taken from the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'16 Operating Budget by increasing total revenues and expenses for the Agency from \$238.4 million to \$238.9 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from \$129.5 million to \$129.7 million.

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

- 1. Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property")
Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations") as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property")**

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter. Prior to the discussion, Vice Chair Simon abstained from the discussion of the item presented due to her son's participation in the program.

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

RESOLUTION No.: 16-16A

RE: Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property")

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

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development ("HUD") for the disposition the 669 Property under Section 18 of the U.S. Housing Act of 1937, as amended ("Section 18"); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC's Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

WHEREAS, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the "LOC"); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC.

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

1. Approves a revised development budget of \$41.5MM to complete the rehabilitation of the 669 Property.
2. Approves continued funding for the renovation of the 669 Property by authorizing (a) taxable draws on the LOC in an amount not to exceed \$41.5MM, bearing interest at the contractual rate of the London Interbank Offered Rate ("LIBOR") plus 90 basis points for a maximum term of 24 months, and (b) the loan of such funds, on the same terms, to VPC One Corporation and VPC Two Corporation for the rehabilitation of the 669 Property in such amounts and to the extent needed by each to fully fund renovation costs for the portion of the 669 Property owned by such entity, so long as the aggregate amount loaned to VPC One Corporation and VPC Two Corporation does not exceed \$41.5MM.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, without further action on its part, to take any and all

other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

RESOLUTION NO.: 16-16B

RE: Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two”) and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

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

WHEREAS, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (collectively, the 669 Property”) under Section 18 of the US Housing Act of 1937, as amended (“Section 18”); and

WHEREAS, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

WHEREAS, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

WHEREAS, the 669 Property is owned by VPC One (390 units) and VPC Two (279 units);

WHEREAS, on October 1, 2014, HOC approved loans to the Corporations in an aggregate amount not to exceed \$38,500,000 (\$23,010,000 to VPC One and \$15,490,000 to VPC Two), reflecting the revised rehabilitation budget for the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

WHEREAS, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

WHEREAS, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

WHEREAS, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

WHEREAS, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC; and

WHEREAS, HOC presently intends and reasonably expects to finance certain property improvements for the 669 Property with moneys drawn from the LOC in accordance with the revised development plan.

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

1. Approves a draw on the LOC in an aggregate amount of up to \$41.5MM to fund the full renovation of the 669 Property.
2. Approves interim loans to the Corporations of an aggregate amount up to \$41.5MM from funds drawn on the LOC (the "Loans") wherein the final loan amount to each Corporation will reflect the total renovation cost of such Corporation's respective units in the 669 Property and the Loans shall be for a maximum term of 24 months and will bear interest at the contractual rate of the LOC equal to the 30-day London Interbank Offered Rate (LIBOR) plus 90 basis points.
3. Affirms that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution, except preliminary expenditures related to the VPC One Property as such preliminary expenditures are defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).
4. Affirms that it is the intention of HOC to issue tax-exempt obligations for the purpose of repaying the LOC, reimbursing capital expenditures incurred with respect to the Corporations, and paying future capital expenditures incurred with regard to the Corporations.

5. Affirms that all prior acts and doings of the officials, agents, and employees of HOC which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, shall be and the same hereby are in all respects ratified, approved, and confirmed.
6. Affirms that all other resolutions of HOC, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

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

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

1. Authorization to Implement the Community Choice Homes Pilot Project

Fred Swan, Director of Resident Services was the presenter.

The following resolution was tabled and then rejected by the Board. Instead, the Board requested that the matter be reconsidered by the Legislative and Regulatory Committee for the submission of a new plan for consideration and adoption at the next Board meeting.

RESOLUTION: 16-17

**RE: Authorization to Implement the
Community Choice Homes Pilot
Project**

WHEREAS, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person (MFP) Bridge Program; and

WHEREAS, the MFP Bridge Program provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

WHEREAS, HOC is also seeking authorization to enter into a Memorandum of Understanding and a Regulatory Agreement with the Maryland Department of Disabilities (MDOD) to set aside 60 units for the non-elderly disabled and ensure that all 70 units, inclusive of the 10 MFP Bridge Program units, are utilized for these respective populations and remain accessible for up to 30 years; and

WHEREAS, HOC is proposing to allocate these units over a four (4) year period, allocating 20 units in year one and 15 -20 units in each of the succeeding three (3) years; and

WHEREAS, HOC is proposing the implementation of the Community Choice Homes Pilot (CCHP) Project that will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for up to 30 years.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the implementation of the Community Choice Pilot Project as set forth above for low- income and non-elderly disabled residents.

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 all actions necessary and proper to accomplish the activity contemplated herein.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. FUTURE ACTION ITEMS

- FY 17 & 18 Budget Presentation
- Community Choice Home Pilot Program

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

VIII. EXECUTIVE SESSION FINDINGS

None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made to adjourn the meeting of the Housing Opportunities Commission at 4:50 p.m. to convene meetings of the VPC One and VPC Two Corporation.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb