

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

June 5, 2019

19-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 5, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:13 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Vice Chair  
Roy Priest, Chair Pro Tem  
Linda Croom  
Frances Kelleher

**Absent**

Pamela Byrd

**Also Attending**

Stacy L. Spann, Executive Director  
Shauna Sorrells  
Kayrine Brown  
Fred Swan  
Charnita Jackson  
Derrick Thompson  
Terri Fowler  
Hyunsuk Choif  
Ian-Terrell Hawkins

Aisha Memon, Acting General Council  
Cornelia Kent  
Zachary Marks  
Darcel Cox  
Sherraine Rawlins  
Christina Autin  
Eugenia Pascual  
Ian Williams

**Resident Advisory Board**

Yvenne Caughman, Vice Chair

**Guest**

Moses African-American Cemetery Group

**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 reported on the current activities of the Resident Advisory Board.

**Community Forum**

- Supporters of the Macedonia Baptist Church/Moses African-American Cemetery addressed the Board.
- Savitri Taneja addressed the Board with her concerns as a landlord. Lynn Hayes was designated to assist.

II. **Approval of Minutes**

- A. **Approval of Minutes of May 8, 2019** - 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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.
- B. **Approval of Minutes of May 8, 2019 Administrative Session** – 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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RECESS:** Development Corporation Annual Meetings and Approval of FY 20 Budget

Meeting of the Housing Opportunities Commission of Montgomery County, Maryland reconvened at 5:15 p.m.

III. **Consent Items**

A. None

IV. **Information Exchange Continued**

**Report of the Executive Director**

- Nothing additional to add to written report

**Commissioner Exchanger**

- Congratulations on MARC-NAHRO Conference held May 29-30, 2019.

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

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

1. **Acceptance of Third 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 Vice Chair Nelson and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 19-57**

**RE: Acceptance of Third 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 Third Quarter FY’19 Budget to Actual Statements during its June 5, 2019 meeting.

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

#### **2. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (January 1, 2019 – March 31, 2019)**

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, 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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 19-58**

**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 January 1, 2019 – March 31, 2019 is \$107,772, consisting of \$81,445 from Opportunity Housing properties, \$23,432 from RAD 6 properties, \$1,029 from Supportive Housing and \$1,866 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 \$107,772 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.

#### **3. Acceptance of Calendar Year 2018 Tax Credit Partnership**

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

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

**RESOLUTION NO.: 19-59**

**RE: Acceptance of CY 2018 Tax Credit Partnerships**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”), or its wholly-owned and controlled affiliate, is the managing general partner in twelve (12) tax credit partnerships, including: 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Barclay One Associates Limited Partnership, Forest Oak Towers Limited Partnership, Georgian Court Silver Spring Limited Partnership, Greenhills Limited Partnership, MV Affordable Housing Associates Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, and Wheaton Metro Limited Partnership (together, the “Tax Credit Partnerships”);

**WHEREAS**, the calendar year annual audits for the Tax Credit Partnerships have been completed;

**WHEREAS**, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all of the Tax Credit Partnerships; and

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County accepts the CY 2018 audits for the Tax Credit Partnerships.

**4. Approval to Procure Property Management Services Pursuant to RFP #2151 for: MetroPointe Limited Partnership and Development Corporation; Oaks at Four Corners; The Glen (Brooksid Glen, Limited Partnership); Timberlawn Crescent; The Manor at Fair Hill Farm; The Manor at Colesville; and The Manor at Clopper’s Mill, LLC**

Charnita Jackson, Director of Property Management, and Sherraine Rawlins, Asset 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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 19-60**

**RE: Approval to Procure Property Management Services Pursuant to RFP #2151 for MetroPointe, The Manor at Fair Hill Farm, The Manor at Colesville, The Manor at Cloppers Mill, and Timberlawn Crescent, and Approval to Extend the Current Property Management Contract at Timberlawn Crescent**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Wheaton Metro Limited Partnership, which owns fifty-three (53) low-income housing tax credit units in a development known as MetroPointe (“MetroPointe”);

**WHEREAS**, HOC is the sole member of The Manor at Fair Hill Farm, LLC, which owns the development known as The Manor at Fair Hill Farm (“Fair Hill Farm”);

**WHEREAS**, HOC is the sole member of The Manor at Colesville, LLC, which owns the development known as The Manor at Colesville (“Colesville”);

**WHEREAS**, HOC is the sole member of The Manor at Cloppers Mill, LLC, which owns the development known as The Manor at Cloppers Mill (“Cloppers Mill”);

**WHEREAS**, HOC is the sole member of Timberlawn Pomander Properties LLC, which owns the development known as Timberlawn Crescent (“Timberlawn”);

**WHEREAS**, staff desires to execute a property management contract at MetroPointe with Bozzuto Management Company for a term of two years with two one-year renewals; and

**WHEREAS**, staff desires to execute property management contracts at Fair Hill Farm, Colesville, and Cloppers Mill with Habitat America, LLC for a term of two years with two one-year renewals.

**WHEREAS**, pursuant to an Agreement for Property Management Services effective July 1, 2016, Timberlawn is currently managed by Bozzuto Management Company (the “Bozzuto Contract”);

**WHEREAS**, the clubhouse at Timberlawn is currently under renovation and is not anticipated to be complete until after the expiration of the Bozzuto Contract;

**WHEREAS**, to allow the timely completion of the clubhouse renovations, staff recommends extending the Bozzuto Contract to December 31, 2019; and

**WHEREAS**, to be effective January 1, 2020, staff desires to execute a property management contract at Timberlawn with Edgewood/Vantage Management Company for a term of two years with two one-year renewals.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself on behalf of Wheaton Metro Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a contract with Bozzuto Management Company for a term of two years with two one-year renewals for property management services at MetroPointe.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Fair Hill Farm, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Fair Hill Farm.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Colesville, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Colesville.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Cloppers Mill, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Cloppers Mill.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of Timberlawn Pomander Properties LLC, that the Executive Director is hereby authorized to (1) extend the Bozzuto Contract to December 31, 2019, and (2) execute a contract with Edgewood/Vantage Management Company to be effective as of January 1, 2020, for a term of two years with two one-year renewals for property management services at Timberlawn.

**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.

**5. Approval to Extend the Use of PNC Bank, N.A., Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions Related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments**

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, 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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 19-61**

**RE:** Approval to Extend the Use of PNC Bank, N.A.

Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”) has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments (together, the “Properties”), which are currently financed through the PNC Bank N.A. Line of Credit (the “LOC”) and the PNC Bank N.A. Real Estate Line of Credit (the “RELOC”); and

**WHEREAS**, staff recommends extending, through June 30, 2020, the use of the LOC at the taxable borrowing rate of LIBOR plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 59 basis points, and the use of the RELOC at the taxable rate of LIBOR plus 58 basis points or the tax exempt rate of 68.5% of LIBOR plus 38 basis points to continue to finance Commission approved actions related to the Properties; and

**WHEREAS**, the estimated cost, as of April 1, 2019, under the LOC and RELOC is expected to be approximately \$298,516.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2020, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance various Commission actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments.

**6. Approval to Concur with the Real Property Trade or Business (RPTOB) Election Request for Greenhills Apartments Limited Partnership, Waverly House RAD Limited Partnership, and Spring Garden One Associates Limited Partnership Pursuant to the Tax Cuts and Jobs Act**

Cornelia Kent, Chief Financial Officer, was the presenter.

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, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**RESOLUTION NO: 19-62**

**RE: Approval to Concur with the Real Property Trade or Business (RPTOB) Election Request for Greenhills Apartments Limited Partnership (LP), Waverly House RAD Limited Partnership, and Spring Garden One Associates Limited Partnership Pursuant to the Tax Cuts and Jobs Act (TCJA)**

**WHEREAS**, Congress recently passed the Bipartisan Budget Act of 2015 and the Tax Cuts and Jobs Act of 2017 (“TCJA”); and

**WHEREAS**, the TCJA allows partnerships that meet certain standards to make an irrevocable election to be treated as a Real Property Trade or Business (“RPTOB”), which exempts the partnership from the business interest limitation but may require a change in the depreciation schedule; and

**WHEREAS**, PNC Real Estate Tax Credit, the Investor for Greenhills Apartments Limited Partnership has requested to make the RPTOB election, which will change their depreciation rate on the recent rehabilitation expenses from 27.5 years to 30 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income; and

**WHEREAS**, R4 WP Acquisition LLC, the Investor for Waverly House RAD Limited Partnership has requested to make the RPTOB election, which will maintain their depreciation rate at 40 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income; and

**WHEREAS**, M&T Trust Company, the Investor for Spring Garden One Associates Limited Partnership has requested to make the RPTOB election, which will change their depreciation rate from 27.5 years to 40 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills Apartments GP LLC, as its sole member, acting for itself and on behalf of Greenhills Apartments Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Waverly House RAD GP LLC, as its sole member, acting for itself and on behalf of Waverly House RAD Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Spring Garden One Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

**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 transactions and actions contemplated herein, including the execution of any documents related thereto.

## 7. Adoption of the FY 20 Agency Budget

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

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

**RESOLUTION NO.: 19-64a**

**RE: Adoption of the FY 20 Budget  
Bond Draw Downs and Transfers**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2019; and

**WHEREAS**, the Commission is required to approve the transfer of equity between Agency funds.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'20 of \$276.2 million by fund as attached.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- \$ 1,726,341 from the 1996 Multifamily Housing Development Bond (MHDB); and Indenture
- \$ 1,372,606 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

- Up to \$2,942,138 for FY'20 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'20 of \$154.3 million as attached.

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**RESOLUTION NO. 19- 64b**

**RE: Reimbursement Resolution**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "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, 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 the multifamily rental housing properties which provide a public purpose; and

**WHEREAS**, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$160,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

**WHEREAS**, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:**

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 20 Capital Budget attached, including **900 Thayer Avenue, Alexander House, Avondale Apartments, The Barclay, Bauer Park, Brooke Park, Brookside Glen, Camp Hill Square, CDBG-NSP-NCI, Chelsea Towers, Cider Mill, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square, Elizabeth House III, Fairfax Court, Georgian Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Hermitage, Jubilee Woodedge, King Farm Village Center, The Lindley (formerly Chevy Chase Lakes) Magruder's Discovery, Manchester Manor, Manor at Clopper's Mill, Manor at Colesville, Manor at Fair Hill Farm, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLV VII, MHLV VIII, MHLV IX-Pond Ridge, MHLV Scattered, MHLV X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove, Southbridge, State Rental Combined, Strathmore Court, Stewartown, Timberlawn, Upton, VPC One and VPC Two, Waverly House, Westwood Tower, and The Willows** and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** 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 Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. **Issuance of Bonds or Notes.** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$160,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. **Confirmation of Prior Acts.** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. **Repeal of Inconsistent Resolutions.** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. **Effective Date of Resolution.** This Resolution shall take effect immediately upon its passage.

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

**1. Approval to Consolidate the Ownership Structure of 900 Thayer into a Single Entity and to Execute a Limited Partnership Agreement with Wells Fargo Community Lending and Investment Approved to Serve as Low Income Housing Tax Credit Investor**

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

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

**RESOLUTION NO.: 19-65**

**RE: Approval to Consolidate the Ownership Structure of 900 Thayer into a Single Entity and to Execute a Limited Partnership Agreement with Wells Fargo Community Lending and Investment to Serve as Low Income Housing Tax Credit Investor**

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

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

**WHEREAS**, HOC is the sole member of 900 Thayer Nine GP LLC, which is the general partner of 900 Thayer Nine, and HOC is the sole member of 900 Thayer GP LLC, which is the general partner of 900 Thayer LP; and

**WHEREAS**, on January 30, 2018, 900 Thayer Nine and 900 Thayer LP entered into separate HAP contracts and RAD Use Agreements (for 62 units and 22 units, respectively) as part of the disposition of 84 units of public housing from Holly Hall and the transfer of their rental assistance to the Property; and

**WHEREAS**, on December 5, 2018, the Commission approved Wells Fargo Community Lending and Investment (“Wells Fargo”) as the LIHTC syndicator for 900 Thayer and authorized the negotiation of a Limited Partnership Agreement; and

**WHEREAS**, upon notification that 900 Thayer Nine did not receive an allocation for 9% LIHTC, staff resubmitted an application for 4% LIHTC with Income Averaging for the entire 124-unit Property in March 2019; and

**WHEREAS**, because 900 Thayer LP, 900 Thayer Nine, and the Corporation are separate entities with separate assets, liabilities, and contracts the following steps must occur in order to consolidate the ownership structure into a single entity: (1) the assets and liabilities of 900 Thayer Nine and the Corporation have to be transferred to 900 Thayer LP (including loan documents and construction contracts), and (2) the RAD documentation (including HAP contracts and RAD Use Agreements) has to be consolidated to be held solely by 900 Thayer LP; and

**WHEREAS**, following the consolidation of the ownership structure into a single entity, staff recommends that the declaration of condominium (the “Declaration of Condominium”) created to govern the previous condominiums be terminated; and

**WHEREAS**, staff has negotiated the Limited Partnership Agreement and now recommends the Commission execute the Limited Partnership Agreement with Wells Fargo; and

**WHEREAS**, as part of the Limited Partnership Agreement, Wells Fargo has requested a Master Lease Agreement that covers the Property’s three (3) retail units, with a guarantee from HOC in the event of an operating deficit.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of 900 Thayer Nine GP, LLC, the general partner of 900 Thayer Nine Limited Partnership, acting for itself and on behalf of 900 Thayer Nine Limited Partnership, hereby authorizes the transfer of all assets and liabilities of 900 Thayer Nine Limited Partnership to 900 Thayer Limited Partnership, and at an appropriate time thereafter, cause 900 Thayer Nine GP, LLC, and 900 Thayer Nine Limited Partnership to be dissolved, and at an appropriate time thereafter to be terminated.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of 900 Thayer GP LLC, the general partner of 900 Thayer Limited Partnership, acting on behalf of itself and on behalf of 900 Thayer Limited Partnership, that it hereby:

1. Accepts the transfer of all assets and liabilities from the Corporation and 900 Thayer Nine, including loan documents and construction contracts, to 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith;
2. Approves the consolidation of the 900 Thayer Nine and 900 Thayer LP HAP contracts and RAD Use Agreements into one HAP contract and one RAD Use Agreement to be held by 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith, including without limitation, termination of the existing HAP contract or RAD Use Agreement (to the extent required);
3. Approves the termination of the Declaration of Condominium, and any and all documents required in connection therewith;
4. Approves the termination of the condominium regime so that 900 Thayer Limited Partnership is the sole owner of the Property;

5. Approves the execution of a Limited Partnership Agreement with Wells Fargo Community Lending and Investing, and any and all documents required in connection therewith; and
6. Approves entering into a Master Lease Agreement for the Property's three (3) retail units and providing a guarantee to Wells Fargo Community Lending and Investing in the event of any operating deficit for the retail units.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is 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.

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

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

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

**RESOLUTION NO.: 19-67**

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

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

**WHEREAS**, the Commission has issued various series of Single Family Mortgage Revenue Bonds ("MRBs") under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended, and has issued various series of Single Family Housing Revenue Bonds ("HRBs") under the Single Family Housing Bond Resolution originally adopted on November 20, 2009, as amended, a portion of which are currently outstanding; and

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

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

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

**WHEREAS**, the Commission has a line of credit with PNC Bank, N.A. in the total amount of \$60 million ("PNC LOC"), with an unobligated balance of approximately \$24,882,376.21, as of April 30, 2019, and is a form of debt which can be used to refund MRBs and HRBs to preserve volume cap; and

**WHEREAS**, the Commission may draw on the PNC LOC based on various London Interbank Offered Rates (“LIBOR”) on a taxable basis at LIBOR plus 90 basis points or tax-exempt basis at 68.5% of LIBOR plus 59 basis points; and

**WHEREAS**, on December 5, 2018, the Commission approved an up to \$5 million allocation on the PNC LOC for the Program for use on a revolving basis in accordance with its terms for the purpose of preserving Single Family volume cap via replacement refunding of Single Family MRBs or HRBs; and

**WHEREAS**, the Commission wishes to preserve its existing bond authority.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Commission approves a \$3 million increase to the Single Family Mortgage Purchase Program’s replacement refunding allocation from \$5 million to up to \$8 million on the \$60 million PNC Bank, N.A. Line of Credit and that funds may be drawn on the PNC LOC on a taxable basis at the 30-day LIBOR plus 90 basis points for the purpose of preserving single family volume cap.

**BE IT FURTHER RESOLVED** that the Single Family Mortgage Purchase Program’s use of the PNC LOC to recycle and preserve Single Family volume cap will revert to up to \$5 million on a revolving basis upon the closing of the Single Family bond issuance in fall 2019, but that the term of the draw shall not exceed 12 months.

**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.

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

1. **None**

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 6:22 p.m. and reconvened in closed session at approximately 6:47 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 June 5, 2019 at approximately 5:47 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section(s) 3-305(b)(9) to conduct collective bargaining negotiations or consider matters that relate to the negotiations.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Commissioner Croom, with Commissioners Simon, Nelson, Priest, Croom, and Kelleher unanimously voting in approval. Commissioner Byrd 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, Linda Croom, Frances Kelleher, Stacy Spann, Shauna Sorrells, Patrick Mattingly, Cornelia Kent, Aisha Memon, Eamon Lorincz, Christina Autin, Charnita Jackson, and Patrice Birdsong.

In closed session, the Commission discussed negotiations related to the Collective Bargaining Agreement between HOC and the Municipal and County Government Employees Organization. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 19-68AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, and Frances Kelleher voting in approval, which approved the Fiscal Year 2020 wage adjustment for represented staff, subject to ratification by the bargaining unit members. Commissioner Pamela Byrd was necessarily absent and did not participate in the vote.
2. With a quorum present, the Commission duly adopted Resolution 19-69AS with Commissioners Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, and Frances Kelleher voting in approval, which approved the Fiscal Year 2020 wage adjustment for non-represented staff, subject to the ratification of the Fiscal Year 2020 wage adjustment for the represented staff by the bargaining unit members. Commissioner Pamela Byrd was necessarily absent and did not participate in the vote.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

Approved: July 10, 2019