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

EXPANDED AGENDA

June 17, 2016

3:30 p.m.	**Welcome Reception – Com. Pamela Byrd**	**Res. #**
4:00 p.m.	**A. Development Corporation Annual Meetings and Approval of FY'17-18 Budget**	
Page 4	1. Alexander House Development Corporation	Res. 16-004$_{AH}$
10	2. Barclay Apartments Development Corporation	Res. 16-001$_{BC}$
16	3. Glenmont Crossing Development	Res. 16-001$_{GC}$
22	4. Glenmont Westerly Development	Res. 16-001$_{GW}$
27	5. Magruder's Discovery Development Corporation	Res. 16-001$_{MD}$
32	6. The Metropolitan Development Corporation	Res. 16-001$_{ME}$
38	7. Montgomery Arms Development Corporation	Res. 16-001$_{MA}$
44	8. The Oaks at Four Corners Development Corporation	Res. 16-001$_{OC}$
50	9. Paddington Square Development Corporation	Res. 16-001$_{PS}$
55	10. Pooks Hill Development Corporation	Res. 16-001$_{PK}$
61	11. RAD 6 Development Corporation	Res. 16-001$_{RD6}$
74	12. Scattered Site One Development Corporation	Res. 16-001$_{SS1}$
79	13. Scattered Site Two Development Corporation	Res. 16-001$_{SS2}$
84	14. Sligo Hills Development Corporation	Res. 16-001$_{SH}$
90	15. VPC One Corporation	Res. 16-003$_{VP1}$
96	16. VPC Two Corporation	Res. 16-003$_{VP2}$
4:15 p.m.	**B. Development Corporation Annual Meetings and Other Business**	
Page 102	1. Chevy Chase Lake Development Corporation	
105	2. Damascus Gardens Development Corporation	Res. 16-001$_{DG}$
	3. Brookside Glen Apartments Development Corporation	
109	a. Approval of FY'17-18 Budget	Res. 16-001$_{BG}$
114	b. Approval of Property Management Contract for Brookside Glen Apartments	Res. 16-002$_{BG}$
	4. Diamond Square Development Corporation	
118	a. Approval of FY'17-18 Budget	Res. 16-001$_{DS}$
	5. TPM Development Corporation	
123	a. Approval of FY'17-18 Budget	Res. 16-001$_{TPM}$
134	b. Approval of Property Management Contract for Timberlawn Crescent	Res. 16-002$_{TPM}$
	6. Wheaton Metro Development Corporation	
138	a. Approval of FY'17-18 Budget	Res. 16-001$_{WM}$
144	b. Approval of Property Management Contract for MetroPointe	Res. 16-001$_{MP}$
4:30 p.m.	**Adjourn**	
	Recess	
4:35 p.m.	**I. CONSENT ITEMS**	
Page 151	A. Approval of Minutes of May 4, 2016 HOC Meeting	
160	B. Approval of Minutes May 4, 2016 Executive Session	
164	C. Approval of Minutes of May 13, 2016 Special Session	
171	D. Approval of Minutes of May 13, 2016 Executive Session	
174	E. Approval of Minutes of June 1 2016 Special Session	
177	F. Approval of Minutes of June 1 2016 Executive Session	
180	G. Ratification of Approval of up to $50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan	Res. 16-28R
182	H. Ratification of Approval of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity Authorized by Resolution 16-36ES	Res. 16-36R
184	I. Ratification of Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development Authorized by Resolution 16-37SS	Res. 16-37R

186	J. Affirmation and Ratification of Action Taken by the Executive Director to Extend the Entire $60 Million PNC Line of Credit Facility	Res. 16-39R
4:45 p.m.	**II. INFORMATION EXCHANGE**	
Page 191 195	A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
4:55 p.m.	**III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**	
	A. Budget, Finance & Audit Committee – *Com. Nelson, Chair*	
Page 200	1. Approval of Property Management Contract for MetroPointe	Res. 16-41
204	2. Acceptance of Third Quarter FY'16 Budget to Actual Statements	Res. 16-42
222	3. Acceptance of CY'15 Tax Credit Partnership Property Audits	Res. 16-43
226	4. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivables	Res. 16-44
233	5. Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2015 and as of June 30, 2015	Res. 16-45
239	6. Approval to Extend the $60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and the Purchase of 17 Agency Vehicles	Res. 16-46
244	7. Adoption of FY' 17-18 Budget, Bond Draw Downs and Transfers	Res. 16-47
	• Approval of the Reimbursement Resolution	Res. 16-48
5:55 p.m.	**IV. ITEMS REQUIRING DELIBERATION and/or ACTION**	
	V. *FUTURE ACTION ITEMS	
	VI. INFORMATION EXCHANGE (continued) A. Community Forum	
	VII. NEW BUSINESS	
Page 301	1. Authorization to Implement Voucher Payment Standards Based on HUD FY 2016 Fair Market Rents	Res. 16-49
	VIII. EXECUTIVE SESSION FINDINGS	
6:15 p.m.	**ADJOURN**	

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

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

Development Corporation
Annual Meetings
And
Approval of FY'17-18 Budget

ALEXANDER HOUSE DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $5,582,922
    - FY'18: $5,711,034

✓ Rent increases upon lease renewal budgeted at 2.9%; the County Executive's voluntary rent guideline is 2.1%.

✓ Market rents will be increased by 2.9% but upon turnover will be increased to reflect the current "market rate".

✓ Vacancy is budgeted at 6.6%.

✓ Concessions are budgeted at:

- FY'17: $153,000
- FY'18: $156,519

- Total operating expenses, including the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $2,159,565 (Operating Expenses: $1,973,635; AMF: $185,930)
    - FY'18: $2,128,139 (Operating Expenses: $2,013,499; AMF: $114,640)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Cash flow to be restricted to property for redevelopment is budgeted at:
    - FY'17: $774,645
    - FY'18: $1,327,978
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $893,795
    - FY'18: $500,000
- Capital improvements are budgeted at:
    - FY'17: $207,160
    - FY'18: $202,633

MEMORANDUM

TO:	Board of Directors of Alexander House Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Alexander House Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]	

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the Alexander House Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On November 6, 1996, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Alexander House Development Corporation (the "Development") and passed a resolution approving the Articles of Incorporation for the Development Corporation. The Board of Directors for the Development Corporation adopted the By-laws on December 11, 1996, which provide for the operations and functions of the Corporation, and elected officers.

At the Board meeting held January 22, 1997, the Corporation executed the Asset Management Agreement by and between the Alexander House Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to each fiscal year.

Alexander House was refinanced in February 1997 with the proceeds of 1996 Series B Bonds. There was a first mortgage in the amount of $25,000,000, which was insured under the FHA Risk Sharing Program under which HOC assumed 50% of the risk and FHA assumed the remaining 50%. Other debt on the property includes a loan from the State of Maryland for $1,500,000 and a loan from Montgomery County for $1,000,000. Repayment of the State loan commenced January 1, 2001 with regular amortized payments of $12,500 per month. Payments on the County loan are due after the State loan is repaid.

The balance of the first mortgage was repaid with funds from HOC's PNC Bank $90 million Real Estate Line of Credit on October 22, 2015. Subsequently, in accordance with an Interim Refinancing Plan approved by the Commission on September 2, 2015, the draw on the line was retired by a short-term (24-36 month), tax-exempt loan with BB&T Bank. Closing occurred on January 8, 2016. Real Estate is working together to secure Low Income Housing Tax Credits for permanent bond financing prior to the end of the second quarter of FY'17.

On April 23, 1997, the Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

In accordance with the above mentioned resolution, the FY'17-18 Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Real Estate expects to complete the final overall development plan on a timeline for submission for approval at the September 7, 2016 Commission Meeting. Further, during the course of the entitlement and redevelopment process there will be several instances where the Alexander House Development Corporation has and will continue to participate in the process and its operations will be impacted.

1) Alexander House has received all necessary entitlements for the project. The Project Plans that were submitted and approved addressed not only curb appeal and marketability, but are intended to increase energy efficiency and extend the property's useful life.
2) When the Plaza is redeveloped, the areas immediately adjacent to Alexander House will be impacted and will need to be integrated into the overall program. As a result, staff will need to incorporate Alexander House's property into the landscaping and Public Use plan.
3) Development staff will have to work with and coordinate construction staging and the impact on the existing Alexander House residents. The renovation construction plans include vacating two vertical "stacks" of units totaling approximately thirty units at a time in rolling two month periods in order to execute the work at the most efficient pace. Further, this renovation process results in a year-long two-month, thirty-unit loss of revenue, or over 12% economic occupancy for the year.
4) The property needs to be updated to be more competitive in the market and there are several physical improvements which need to be made. These include updating the fire system, repairing balconies, updating the kitchens and baths in each unit and updating all of the common areas. Staff will present the board of directors with options for its review and further approval.

The development in the rest of the plaza provides a unique opportunity to improve a signature property with updates to the HOC's current standards and potentially provide the HOC with additional resources to create additional affordable units in other projects, namely, the Elizabeth House replacement building planned for the Lee Development Group site.

At its February 3, 2016 meeting, the Commission approved the selection of Miner Feinstein Architects as the interior unit architect for the renovations of Alexander House. They joined the lead architect, KDG Architects, of the project design team and began the permit/construction drawings for the full renovation plan.

Alexander House is managed by Avison Young, the company that acquired McShea Management, former Property Management Company, in 2013.

ISSUES FOR CONSIDERATION:

- Cash flow restricted for redevelopment for FY'17-18 is budgeted at $774,645 and $1,327,978, respectively.
- Net cash flow for FY'17-18 is budgeted at $893,795 and $500,000, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.9%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.9% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 6.6% per year.
- Concessions for FY'17-18 are budgeted at $153,000 and $156,519, respectively.
- Capital improvements for FY'17-18 are budgeted at $207,160 and $202,633, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION & ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Alexander House Development Corporation by the Board of Directors.

RESOLUTION NO. 16-004$_{AH}$

RE: Alexander House Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Alexander House Development Corporation held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Alexander House annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for the Alexander House Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Alexander House Development Corporation

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Alexander House Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$5,711,034	$5,582,922	$5,735,552	$5,550,414	$5,546,281
Expenses:					
Operating - Admin	$516,190	$500,723	$510,931	$463,414	$457,482
Operating - Fees	$201,176	$195,592	$186,416	$182,245	$178,034
Tenant & Protective Services	$144,005	$153,661	$138,279	$149,821	$160,145
Taxes, Insurance & Utilities	$466,218	$452,843	$467,136	$452,405	$456,310
Maintenance	$685,910	$670,815	$735,400	$694,184	$761,027
Subtotal - Operating Expenses	**$2,013,499**	**$1,973,635**	**$2,038,162**	**$1,942,069**	**$2,012,998**
Net Operating Income (NOI)	**$3,697,535**	**$3,609,287**	**$3,697,390**	**$3,608,345**	**$3,533,283**
Debt Service	$450,505	$450,505	$167,605	$717,134	$1,808,517
Debt Service Reserves	$1,154,412	$1,154,412	$1,437,324	$0	$0
Replacement Reserves	$150,000	$150,000	$150,000	$300,000	$150,000
Asset Management Fees	$114,640	$185,930	$234,110	$242,510	$242,510
Development Corporation Fees	$500,000	$893,795	$1,281,263	$1,499,308	$1,281,734
Excess Cash Flow Restricted	$1,327,978	$774,645	$427,088	$849,393	$50,522
Subtotal - Expenses Below NOI	**$3,697,535**	**$3,609,287**	**$3,697,390**	**$3,608,345**	**$3,533,283**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Doors	$0	$8,500
HVAC Equipment	$26,928	$26,400
Appliance Equipment	$60,037	$58,860
HVAC Contracts	$28,764	$28,200
Flooring/Carpet Contracts	$86,904	$85,200
Total Capital Budget	**$202,633**	**$207,160**

Attachment 1

BARCLAY APARTMENTS DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $1,198,021
    - FY'18: $1,215,046
- ✓ Rent increases upon lease renewal budgeted at 2.3%; the County Executive's voluntary rent guideline is 2.1%.
- ✓ Market rents will be increased by 2.3% but upon turnover will be increased to the current "market rate".
- ✓ Vacancy is budgeted at 8% per year.
- ✓ Concessions are budgeted at:
    - FY'17: $82,536
    - FY'18: $84,434
- Total operating expenses, including the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $490,762 (Operating Expenses: $433,552; AMF: $57,210)
    - FY'18: $504,398 (Operating Expenses: $444,328; AMF: $60,070)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $4,682
    - FY'18: $9,438
- Capital improvements are budgeted at:
    - FY'17: $36,572
    - FY'18: $33,542

MEMORANDUM

TO:	Board of Directors of Barclay Apartments Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Barclay Apartments Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status [ ] Future Action [ ]	

OVERALL GOAL & OBJECTIVE:

Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

On July 7, 2004, the Housing Opportunities Commission ("HOC") authorized the establishment of Barclay One Associates Limited Partnership (the "Partnership") in which HOC is its General Partner for the purpose of owning a 157 unit apartment, subject to a Ground Lease with Montgomery County, to benefit from low income tax credits permitted by Section 42 of the Internal Revenue Code of 1986. The Partnership created a condominium known as The Barclay consisting of 157 individual units subject to a Ground Lease and performed substantial renovations on the property.

On July 7, 2004, HOC authorized the creation of a wholly controlled corporate instrumentality known as Barclay Apartments Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation and the By-laws for the Barclay Apartments Development Corporation. The Commission also approved the appointment of the seven Commissioners as the Corporation's Board of Directors (the "Board").

At its meeting of June 13, 2007, the Board approved the purchase of 76 units at The Barclay from the Partnership and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC. The Board also authorized the execution of an Asset Management Agreement by and between Barclay Apartments Development Corporation (the Owner) and HOC (the Agent). One of the duties required of the

Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to each fiscal year.

On September 1, 2007, the Corporation acquired 76 units in the condominium subject to the Ground Lease. At the same time, it assumed a portion of the existing financing which is insured under the FHA Risk Sharing Program. The Barclay consists of 157 units, which are distributed as follows:

- 81 tax credit units owned by Barclay One Associates Limited Partnership (HOC is the General Partner); and

- 76 units owned by Barclay Apartments Development Corporation.

At its meeting of June 13, 2007, the Board also approved a resolution allowing the annual budget preparation, presentation and approval process for Barclay Apartments Development Corporation to be included with the HOC budget revision. That means that the Operating and Capital Budgets are presented to the Budget, Finance and Audit Committee of the Housing Opportunities Commission for their review and approval then submitted to the full Commission, as the Board of Directors, for its final approval.

The Barclays Apartments are located in the Bethesda Central Business District (CBD) which is currently in the midst of a Master Plan revisions. This process has the potential to yield a much higher density and height for the Barclay Apartments. Staff anticipates that the plan will take 24-36 months to be approved and implemented. During the course of this plan, HOC has been participating with planning and has engaged design, legal and construction professionals to evaluate all of the Commission's options and recommend the best outcome for the site.

In March 2016, staff presented to the Bethesda CBD Planning Board a proposed plan to allow for increased density and building heights. The Planning Board was not supportive of the proposed increases. HOC plans to appeal to the Council.

The FY'17-18 Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The property transitioned from Winn Residential to Edgewood Management Corporation effective July 1, 2013.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $4,682 and $9,438, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.3%; the County Executive's voluntary rent guideline is 2.1%.

- Market rents will be increased by 2.3% but upon turnover will be raised to reflect the current “market rate”.
- Vacancy is budgeted at 8.0% per year.
- Concessions for FY’17-18 are budgeted at $82,536 and $84,434, respectively.
- Capital improvements for FY’17-18 are budgeted at $36,572 and $33,542, respectively.

BUDGET IMPACT:
The FY’17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY’17-18 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{BC}$ **RE: Barclay Apartments Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Barclay Apartments Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Barclay Apartments annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of HOC on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Barclay Apartments Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Barclay Apartments Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Barclay Apartments Development Corporation

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Barclay Apartments Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,215,046	$1,198,021	$1,302,010	$1,253,595	$1,131,980
Expenses:					
Operating - Admin	$118,091	$115,068	$85,536	$107,512	$88,135
Operating - Fees	$48,011	$47,228	$48,604	$40,384	$59,979
Tenant & Protective Services	$7,797	$7,644	$9,084	$6,730	$14,426
Taxes, Insurance & Utilities	$122,584	$119,071	$126,338	$117,432	$111,124
Maintenance	$147,845	$144,541	$120,611	$117,037	$117,576
Subtotal - Operating Expenses	**$444,328**	**$433,552**	**$390,173**	**$389,095**	**$391,240**
Net Operating Income (NOI)	**$770,718**	**$764,469**	**$911,837**	**$864,500**	**$740,740**
Debt Service	$678,410	$679,777	$681,089	$682,539	$683,726
Replacement Reserves	$22,800	$22,800	$22,800	$22,800	$24,700
Asset Management Fees	$60,070	$57,210	$57,210	$59,260	$59,260
Development Corporation Fees	$9,438	$4,682	$150,738	$99,901	$0
Subtotal - Expenses Below NOI	**$770,718**	**$764,469**	**$911,837**	**$864,500**	**$767,686**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**($26,946)**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$1,800	$1,800
Grounds/Landscaping Sup.-Cap.	$3,500	$4,120
Doors	$2,400	$1,500
Flooring and Carpeting	$11,460	$11,460
Plumbing Equipment	$1,082	$1,082
HVAC Equipment	$2,300	$4,600
Appliance Equipment	$2,900	$2,530
Miscellaneous Equipment	$1,300	$2,680
Windows/Glass Contracts	$800	$800
Asphalt/Concrete Contracts	$2,000	$6,000
Miscellaneous Contracts	$4,000	$0
Total Capital Budget	**$33,542**	**$36,572**

GLENMONT CROSSING DEVELOPMENT CORPORATION ANNUAL MEETING AND ADOPTION OF FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $2,022,889
    - FY'18: $2,069,324

✓ Rent increases upon lease renewal budgeted at 2.2%; the County Executive's voluntary rent guideline is 2.1%.

✓ Market rents will be increased by 2.2% but upon turnover will be increased to reflect the current "market rate".

✓ Vacancy is budgeted at 3.1%.

✓ Concessions are budgeted at:

- FY'17: $6,000
- FY'18: $6,138

- Total operating expenses, including the HOC Asset Management Fees ("AMF"), are budgeted at:
    - FY'17: $931,831 (Operating Expenses: $858,811; AMF: $73,020)
    - FY'18: $961,459 (Operating Expenses: $884,789; AMF: $76,670)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Cash flow to be restricted to the property for cash flow loans is budgeted at:
    - FY'17: $164,250
    - FY'18: $164,250
- Net cash flow before the HOC Development Corporation Management Fee is budgeted as:
    - FY'17: $39,696
    - FY'18: $56,503
- Capital improvements are budgeted at:
    - FY'17: $138,645
    - FY'18: $141,418

MEMORANDUM

TO:	Board of Directors of Glenmont Crossing Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Glenmont Crossing Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status [ ] Future Action [ ]	

OVERALL GOAL & OBJECTIVE:

Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Glenmont Crossing Development Corporation (the "Corporation") by the Corporation's Board of Directors (the "Board").

BACKGROUND:

At its October 3, 2012 meeting, the Housing Opportunities Commission ("HOC") exercised its Right of First Refusal and authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) and to assume two existing loans secured against the Glenmont Crossing property.

On November 20, 2012, Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as "Woodberry" and the second parcel containing 102 garden units referred to as "Westerly" was acquired by Glenmont Westerly Development Corporation.

The acquisition was funded from the assumption of an existing CBRE Fannie Mae loan, supplemental loan from CBRE, new CDBG loan from Montgomery County's DHCA, and an HOC contribution.

An initial meeting was held to adopt the bylaws and appoint the officers.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY'17-18 Operating and Capital Budgets for Glenmont Crossing was presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

In conjunction with a CDBG loan for the property, an affordability component is being gradually introduced into the property with the goal of 20% of the units at or below 50% of median income within 37 months from the time of property acquisition. Management staff is meeting this requirement through certification of existing residents and at turnover.

Immediate capital needs identified at acquisition included repair and/or replacement of decks, asphalt work, repair of concrete steps for some of the townhomes, installation of emergency and exit lights and replacing of tubs and surrounds upon turnover. Planned capital projects for the FY17-18 budgets include appliance and flooring replacements at turnover, or before, as needed; as well as, sealing and waterproofing the foundations at four units.

Glenmont Crossing is managed by Avison Young, the company that acquired McShea Management, former Property Management Company, in 2013

ISSUES FOR CONSIDERATION:

- Cash flow restricted for cash flow loans for FY'17-18 is budgeted at $164,250 for both years.
- Net cash flow for FY'17-18 is budgeted at $39,696 and $39,696, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.2%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.2% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 3.1%.
- Concessions for FY'17-18 are budgeted at $6,000 and $6,138, respectively.
- Capital improvements for FY'17-18 are budgeted at $138,645 and $141,418, respectively.

BUDGET IMPACT:

The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{GC}$

RE: Glenmont Crossing Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Glenmont Crossing Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Glenmont Crossing Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Glenmont Crossing Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Crossing Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Glenmont Crossing Development Corporation

Glenmont Crossing Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,069,324	$2,022,889	$1,998,773	$1,964,978	$2,024,252
Expenses:					
Operating - Admin	$198,065	$192,552	$242,177	$172,228	$183,767
Operating - Fees	$72,611	$71,229	$76,358	$70,403	$68,752
Tenant & Protective Services	$7,466	$7,320	$6,647	$4,294	$2,895
Taxes, Insurance & Utilities	$256,831	$246,795	$244,387	$233,620	$299,853
Maintenance	$349,816	$340,915	$284,338	$282,912	$315,864
Subtotal - Operating Expenses	**$884,789**	**$858,811**	**$853,907**	**$763,457**	**$871,131**
Net Operating Income (NOI)	**$1,184,535**	**$1,164,078**	**$1,144,866**	**$1,201,521**	**$1,153,121**
Debt Service	$828,912	$828,912	$828,914	$828,913	$828,913
Replacement Reserves	$58,200	$58,200	$58,200	$58,200	$29,100
Asset Management Fees	$76,670	$73,020	$73,020	$75,640	$75,640
Development Corporation Fees	$56,503	$39,696	$20,482	$0	$4,660
Excess Cash Flow Restricted	$164,250	$164,250	$164,250	$238,768	$214,808
Subtotal - Expenses Below NOI	**$1,184,535**	**$1,164,078**	**$1,144,866**	**$1,201,521**	**$1,153,121**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Computer Equipment	$1,836	$1,800
Doors	$1,836	$1,800
Miscellaneous Supplies	$11,832	$11,600
Appliance Equipment	$30,014	$29,425
Plumbing Contracts	$6,834	$6,700
HVAC Contracts	$5,202	$5,100
Flooring/Carpet Contracts	$55,304	$54,220
Miscellaneous Contracts	$28,560	$28,000
Total Capital Budget	**$141,418**	**$138,645**

GLENMONT WESTERLY DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY’17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY’17: $1,719,502
    - FY’18: $1,758,954

✓ Rent increases upon lease renewal budgeted at 1.7%; the County Executive’s voluntary rent guideline is 2.1%.

✓ Market rents will be increased by 1.7% but upon turnover will be increased to reflect the current “market rate”.

✓ Vacancy budgeted at 4.9%.

✓ Concessions are budgeted at:

    - FY’17: $5,880
    - FY’18: $6,015

- Total operating expenses, including the HOC Asset Management Fees (AMF), are budgeted at:
    - FY’17: $876,015 (Operating Expenses: $799,235; AMF: $76,780)
    - FY’18: $902,212 (Operating Expenses: $821,592; AMF: $80,620)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Cash flow to be restricted to the property for cash flow loans is budgeted at:
    - FY’17: $128,289
    - FY’18: $128,289
- Net cash flow before the HOC Development Corporation Management Fee is budgeted as:
    - FY’17: $115,186
    - FY’18: $128,440
- Capital improvements are budgeted at:
    - FY’17: $175,251
    - FY’18: $172,373

MEMORANDUM

TO:	Board of Directors of Glenmont Westerly Development	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Glenmont Westerly Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Glenmont Westerly Development Corporation (the "Corporation") by the Corporation's Board of Directors (the "Board").

BACKGROUND:
At its October 3, 2012 meeting, the Housing Opportunities Commission ("HOC") exercised its Right of First Refusal and authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) and to assume two existing loans secured against the property.

On November 20, 2012, Glenmont Westerly Development Corporation was formed to acquire the 102 garden unit portion of the project, referred to as "Westerly" and the second parcel containing the 97 townhome units referred to as "Woodberry" was acquired by Glenmont Crossing Development Corporation.

The acquisition was funded from the assumption of an existing CBRE Fannie Mae loan, a HIF contribution from Montgomery County's DHCA, and an HOC contribution.

On December 5, 2012, the bylaws were approved and officers were appointed.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY'17-18 Operating and Capital Budgets for Glenmont Westerly was presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Immediate capital needs identified at acquisition included repair and/or replacement of decks, asphalt work, repair of concrete steps for some of the townhomes, installation of emergency and exit lights and replacing of tubs and surrounds upon turnover. Projected capital expense budget for the FY17-18 budget includes the replacement of aging appliances, replacement cabinets and flooring at turnover, and concrete repairs in the courtyard and sidewalks throughout the property.

Glenmont Westerly is managed by Avison Young, the company that acquired McShea Management, former Property Management Company, in 2013

ISSUES FOR CONSIDERATION:

- Cash flow restricted for cash flow loans for FY'17-18 is budgeted at $128,289 for both years.
- Net cash flow for FY'17-18 is budgeted at $115,186 and $128,440, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 1.7%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 1.7% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 4.9%.
- Concessions for FY'17-18 are budgeted at $5,880 and $6,015, respectively.
- Capital improvements for FY'17-18 are budgeted at $175,251 and $172,373, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Glenmont Westerly Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{GW}$

RE: Glenmont Westerly Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Glenmont Westerly Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Glenmont Westerly Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Glenmont Westerly Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Glenmont Westerly Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Glenmont Westerly Development Corporation

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Glenmont Westerly Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,758,954	$1,719,502	$1,685,825	$1,673,856	$1,744,704
Expenses:					
Operating - Admin	$203,866	$198,157	$223,808	$167,404	$195,308
Operating - Fees	$65,292	$64,059	$68,555	$60,245	$60,136
Tenant & Protective Services	$8,670	$8,500	$8,690	$7,310	$3,916
Taxes, Insurance & Utilities	$202,490	$195,859	$181,098	$198,784	$224,320
Maintenance	$341,274	$332,660	$264,069	$281,961	$387,188
Subtotal - Operating Expenses	**$821,592**	**$799,235**	**$746,220**	**$715,704**	**$870,868**
Net Operating Income (NOI)	**$937,362**	**$920,267**	**$939,605**	**$958,152**	**$873,836**
Debt Service	$538,813	$538,812	$538,812	$538,812	$532,969
Replacement Reserves	$61,200	$61,200	$61,200	$61,200	$25,500
Asset Management Fees	$80,620	$76,780	$76,780	$79,540	$79,540
Development Corporation Fees	$128,440	$115,186	$134,524	$138,902	$161,197
Excess Cash Flow Restricted	$128,289	$128,289	$128,289	$139,698	$74,630
Subtotal - Expenses Below NOI	**$937,362**	**$920,267**	**$939,605**	**$958,152**	**$873,836**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Computer Equipment	$1,530	$1,500
Kitchen and Bath Supplies	$23,664	$23,200
Doors	$867	$850
Miscellaneous Supplies	$11,832	$11,600
Appliance Equipment	$30,014	$29,425
Plumbing Contracts	$6,834	$6,700
Flooring/Carpet Contracts	$66,072	$64,776
Asphalt/Concrete Contracts	$3,000	$9,200
Miscellaneous Contracts	$28,560	$28,000
Total Capital Budget	**$172,373**	**$175,251**

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $2,346,957
    - FY'18: $2,393,850
  - ✓ Rent increases upon lease renewal budgeted at 2.1%, which is the County Executive's voluntary rent guideline.
  - ✓ Vacancy is budgeted at 3.0%.
  - ✓ No concessions have been budgeted.
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF), are budgeted at:
    - FY'17: $604,823 (AOF: $90,050)
    - FY'18: $623,252 (AOF: $90,050)
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $775,184
    - FY'18: $803,647
- Capital improvements are budgeted at:
    - FY'17: $41,280
    - FY'18: $42,106

MEMORANDUM

TO:	Board of Directors of Magruder's Discovery Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Magruder's Discovery Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:

Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

At its August 2008 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of Magruder's Discovery Development Corporation (the "Corporation"), a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed on August 19, 2008.

At its annual meeting of June 3, 2009, the Board adopted the bylaws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010. At the same time, the property was refinanced with a new loan in the amount of $11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

The Magruder's Discovery annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

Magruder's is managed by the Housing Opportunities Commission.

The FY'17-18 Operating and Capital Budgets for the Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

A comprehensive county inspection of the property in June 2015 resulted in major expenses to the property, most notably asphalt and concrete repairs and painting of stairs, railing, doors laundry rooms and trash rooms. Landscaping to remove overgrown trees and shrubbery and the installation of benches and bicycle racks was also addressed. The proposed capital budget includes ongoing routine replacements of flooring and cabinets during unit turnover.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $775,184 and $803,647, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive's voluntary rent guideline.
- Vacancy is budgeted at 3.0%.
- There are no concessions budgeted for FY'17-18.
- Capital improvements for FY'17-18 are budgeted at $41,280 and $42,106, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{MD}$ **RE: Magruder's Discovery Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Magruder's Discovery Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Corporation 's annual budget preparation was considered in the presentation and approval process through the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Magruder's Discovery.

NOW, THEREFORE, BE IT RESOLVED by Magruder's Discovery Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Magruder's Discovery Development Corporation

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Magruder's Discovery Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,393,850	$2,346,957	$2,337,606	$2,173,362	$2,183,701
Expenses:					
Operating - Admin	$95,114	$90,802	$137,426	$135,423	$125,845
Operating - Fees	$124,019	$123,171	$120,719	$114,281	$118,839
Tenant & Protective Services	$39,738	$37,819	$35,780	$33,416	$71,393
Taxes, Insurance & Utilities	$141,993	$139,286	$133,080	$120,333	$135,505
Maintenance	$222,388	$213,745	$234,834	$192,108	$249,659
Subtotal - Operating Expenses	**$623,252**	**$604,823**	**$661,839**	**$595,561**	**$701,241**
Net Operating Income (NOI)	**$1,770,598**	**$1,742,134**	**$1,675,767**	**$1,577,801**	**$1,482,460**
Debt Service	$928,108	$929,054	$939,730	$943,483	$941,362
Replacement Reserves	$38,843	$37,896	$36,972	$36,072	$35,196
Development Corporation Fees	$803,647	$775,184	$699,065	$563,980	$469,121
Excess Cash Flow Restricted	$0	$0	$0	$34,266	$36,781
Subtotal - Expenses Below NOI	**$1,770,598**	**$1,742,134**	**$1,675,767**	**$1,577,801**	**$1,482,460**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$3,672	$3,600
Health and Safety Materials	$490	$480
Flooring and Carpeting	$6,120	$6,000
Paint and Wallcoverings	$6,120	$6,000
Appliance Equipment	$3,672	$3,600
Grounds/Landscaping Contr-Cap.	$3,672	$3,600
HVAC Contracts	$6,120	$6,000
Flooring/Carpet Contracts	$12,240	$12,000
Total Capital Budget	**$42,106**	**$41,280**

THE METROPOLITAN DEVELOPMENT CORPORATION ANNUAL MEETING AND ADOPTION OF FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
  - FY'17: $7,078,969
  - FY'18: $7,155,954

  ✓ The 3rd party management company, with HOC's concurrence, implemented a rental tool known as Yieldstar to more effectively rent vacant units and compete within its market. Rent increases upon lease renewal are based on current market conditions at that point in time; the County Executive's voluntary guideline is 2.1%.

  ✓ Market rents are anticipated to increase by 2.1% but upon turnover will be raised to reflect the current "market rate".

  ✓ Vacancy is budgeted at 6.0% per year.

  ✓ No concessions have been budgeted.
- Total operating expenses, which include the HOC Asset Management Fees (AMF), are budgeted at:
  - FY'17: $2,027,748 (Operating Expenses: $1,961,068; AMF: $66,680)
  - FY'18: $2,071,646 (Operating Expenses: $2,003,431; AMF: $68,215)
- A portion of cash flow will be restricted to cover the anticipated operating losses of The Metropolitan of Bethesda Limited Partnership (the tax credit entity) and to pay Montgomery County pursuant to the Air Rights Lease Agreement. Restricted cash flow is budgeted at:
  - FY'17: $1,594,898
  - FY'18: $1,617,273
- Net cash flow before HOC Development Corporation Management Fees and restricted cash is budgeted as:
  - FY'17: $1,047,022
  - FY'18: $1,060,903
- Capital improvements are budgeted at:
  - FY'17: $326,298
  - FY'18: $186,200

MEMORANDUM

TO:	Board of Directors of The Metropolitan Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	The Metropolitan Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status [ ] Future Action [ ]	

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for The Metropolitan Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On May 28, 1997, the Commission authorized the creation of a wholly controlled corporate instrumentality known as The Metropolitan Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation for the Development Corporation. The Commission also approved the appointment of the Corporation's Board of Directors.

At the Board of Directors meeting held on August 27, 1997, the Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC. The Board also authorized the execution of an Asset Management Agreement by and between The Corporation (the Owner) and HOC (the Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to the start of each fiscal year.

The entire Metropolitan Apartment Development consists of 308 units which are distributed as follows:

- 92 tax credit units owned by The Metropolitan of Bethesda Limited Partnership (HOC is the General Partner); and

- 216 units and five retail units owned by The Metropolitan Development Corporation.

The development was financed with loans from tax exempt bond funds insured under the FHA Risk Sharing Program (January 8, 1998 loan closing). The total amount of the two original loans on the entire property is $38,896,396. The Development Corporation's original loan amount is $31,425,878. The Limited Partnership's original loan amount is $7,470,518.

On December 10, 1997, the Board of Directors for the Corporation approved a resolution allowing the annual budget preparation, presentation and approval process for The Metropolitan to be included with the HOC budget process. That means that the Operating and Capital Budgets are presented to the Budget, Finance and Audit Committee of the Housing Opportunities Commission for their review and approval, then submitted to the full Commission, as the Board of Directors, for their final approval.

At its meeting of December 6, 2007, the Housing Opportunities Commission approved a plan for renovation of the market rate units at The Metropolitan in the amount of $4,831,000, to be funded by property cash flow. Renovation of the market rate units was completed on schedule on June 30, 2012.

The initial compliance period connected to the Low Income Housing Tax Credits that funded the Metropolitan's development expired in 2013. Some discussions with the limited partner, M&T Bank, have been held surrounding HOC's purchasing the limited partnership interest. However, no agreement has yet been reached. With the renovation on the market-rate units complete, the affordable units will require a similar level of rehabilitation. The buy-out of the limited partnership will need to be completed before such work can begin.

In accordance with the above mentioned resolution, the FY'17-18 Operating and Capital Budgets for The Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Operationally, cash flow distribution between HOC and the County is based on a formula outlined in the Air Rights Lease Agreement. The formula involves a set of criteria that includes a cash flow contingent payment of a PILOT to the County and a test of whether HOC is receiving 25% of the total cash flow. If these requirements are met, then the split is 50% to both the County and HOC. If these requirements are not met, the distribution is 80% to the County and 20% to HOC. The FY'17-18 budget restricts $1,047,022 and $1,060,903, respectively, for the anticipated cash flow contingent PILOT payment to the County. These amounts represent 50% of cash flow after funding The Metropolitan of Bethesda Limited Partnership's operating deficit.

The property has been managed by Bozzuto Management Company since October 1, 2001.

There are significant capital projects planned and budgeted for FY17-18. The property's roof will be upgraded to help prevent leaking. Additionally, the heating/cooling system will also be upgraded to maximize efficiency and extend useful life. Resurfacing of the lobby flooring is planned for FY'17, along with replacements of the loading dock and garage ceiling tiles, and painting of common area hallways. Capital projects for the common areas and systems total a little over $250,000. Other capital projects include the routine replacements of appliances and flooring due to aging, wear and tear, and at turnover.

ISSUES FOR CONSIDERATION:

- Cash flow restricted to cover the anticipated operating losses of The Metropolitan of Bethesda Limited Partnership (the tax credit entity) and to pay Montgomery County pursuant to the Air Rights Lease Agreement is budgeted at $1,594,898 and $1,617,273, respectively.
- Net cash flow for FY'17-18 is budgeted at $1,047,022 and $1,060,903, respectively, prior to the Development Corporation Management Fee and restricted cash.
- Rent increases upon lease renewal utilize Yieldstar to determine current market rents; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 6.0% per year.
- Because the Tax Credit Partnership owns all of the low-income units, that entity does not have enough funds to cover its debt service. Therefore, as allowed for in the By-laws, The Metropolitan Development Corporation has budgeted $547,877 and $556,370, respectively, for FY'17-18 to transfer to HOC so that HOC may fund The Metropolitan of Bethesda Limited Partnership's operating deficit.
- 83% of all parking income is remitted to Montgomery County, as per their Agreement.
- There are no concessions budgeted for FY'17-18.
- Capital improvements for FY'17-18 are budgeted at $326,298 and $186,200, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming financing year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for The Metropolitan Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{ME}$ **RE: The Metropolitan Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, The Metropolitan Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the December 10, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Metropolitan annual budget preparation, presentation and approval process with the Housing Opportunities Commission (HOC) budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for The Metropolitan Development Corporation; and

WHEREAS, the Corporation has budgeted to grant/transfer of $547,877 and $556,370, respectively, for FY'17-18 of the available cash flow to the Housing Opportunities Commission, as allowed for in the By-laws, so that HOC may fund The Metropolitan of Bethesda Limited Partnership's anticipated operating deficit.

NOW, THEREFORE, BE IT RESOLVED by The Metropolitan Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of The Metropolitan Development Corporation

Metropolitan Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$7,155,954	$7,078,969	$7,021,466	$6,871,639	$7,185,365
Expenses:					
Operating - Admin	$638,579	$626,058	$610,218	$634,113	$584,461
Operating - Fees	$207,265	$203,262	$201,236	$176,777	$186,740
Tenant & Protective Services	$105,444	$103,406	$116,066	$126,860	$130,168
Taxes, Insurance & Utilities	$566,267	$551,994	$637,000	$514,269	$565,523
Maintenance	$485,876	$476,348	$470,462	$504,298	$534,763
Subtotal - Operating Expenses	**$2,003,431**	**$1,961,068**	**$2,034,982**	**$1,956,317**	**$2,001,655**
Net Operating Income (NOI)	**$5,152,523**	**$5,117,901**	**$4,986,484**	**$4,915,322**	**$5,183,710**
Debt Service	$2,308,932	$2,312,101	$2,315,073	$2,317,863	$2,308,767
Replacement Reserves	$97,200	$97,200	$97,200	$97,200	$89,100
Asset Management Fees	$68,215	$66,680	$66,982	$67,950	$59,430
Development Corporation Fees	$1,060,903	$1,047,022	$946,257	$408,577	$422,699
Excess Cash Flow Restricted	$1,617,273	$1,594,898	$1,560,972	$2,023,732	$2,303,714
Subtotal - Expenses Below NOI	**$5,152,523**	**$5,117,901**	**$4,986,484**	**$4,915,322**	**$5,183,710**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Doors	$10,461	$10,256
HVAC Equipment	$24,480	$24,000
Appliance Equipment	$8,568	$8,400
Miscellaneous Equipment	$0	$2,100
Plumbing Contracts	$25,900	$8,400
Roofing/Gutter Contracts	$0	$48,807
HVAC Contracts	$14,000	$41,300
Flooring/Carpet Contracts	$33,000	$43,995
Asphalt/Concrete Contracts	$3,724	$3,651
Miscellaneous Contracts	$66,067	$117,240
Security System	$0	$18,149
Total Capital Budget	**$186,200**	**$326,298**

MONTGOMERY ARMS DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $1,900,197
    - FY'18: $1,942,123

✓ Rent increases upon lease renewal budgeted at 2.1% which is the County Executive's voluntary rent guideline.

✓ Market rents will be increased by 2.1% but upon turnover will be increased to reflect the current "market rate".

✓ Vacancy is budgeted at 3.0%.

✓ Concessions are budgeted at:

- FY'17: $3,000
- FY'18: $3,069

- Total operating expenses, which include the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $776,067 (Operating Expenses: $678,957; AMF: $97,110)
    - FY'18: $789,464 (Operating Expenses: $687,504; AMF: $101,960)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $388,408
    - FY'18: $418,400
- Capital improvements are budgeted at:
    - FY'17: $59,820
    - FY'18: $44,018

MEMORANDUM

TO:	Board of Directors of Montgomery Arms Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Montgomery Arms Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Commission meeting held on July 17, 2002, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Montgomery Arms Development Corporation ("The Corporation") and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.

On May 23, 2003, the FHA issued its Firm Approval Letter (Commitment) to provide mortgage insurance for the property. On Wednesday, May 21, 2003, the Commission priced and sold its Multi-family Housing Development Bonds, 2003 Series A to finance a mortgage in the amount of $10,400,000 for the Montgomery Arms Apartments development.

At its June 11, 2003 meeting, the Commission adopted a resolution which authorized the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and to execute any and all documents necessary to close the real estate loan for the property.

The incorporators of the Montgomery Arms Development Corporation are the Housing Opportunities Commissioners. At the initial June 4, 2003 meeting of the Board of Directors for the Montgomery Arms Development Corporation, the Board adopted a resolution which approved By-laws for the Corporation, accepted the transfer of the Montgomery Arms property, accepted the assignment of all other contracts pertaining to the property, approved the execution by the Executive Director as Secretary/Treasurer of the Commission of an HOC commitment to finance a loan in the amount of $10,400,000 and an FHA Firm Approval Letter in the same amount and authorized the financing.

On September 1, 2013, Edgewood Management Corporation was selected as the third-party property management company for the property.

Montgomery Arms Development Corporation and HOC entered into an Asset Management Agreement as part of the financing. One of the duties required of HOC under that Agreement is to submit to the Montgomery Arms Development Corporation an annual budget 90 days prior to the start of each fiscal year.

The Montgomery Arms annual budget preparation, presentation and approval process is incorporated into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

Among the capital commitments for FY'17 are the replacements of appliances and flooring in turnover units, furnishings for the community's multi-purpose room and painting of hallways in common areas, and the installation of a retaining wall to control drainage and prevent erosion.

The FY'17-18 Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $388,408 and $418,400, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive's voluntary rent guideline.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 3.0%.
- Concessions for FY'17-18 are budgeted at $3,000 and $3,069, respectively.
- Capital improvements for FY'17-18 are budgeted at $59,820 and $44,018, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{MA}$ **RE: Montgomery Arms Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Montgomery Arms Development Corporation ("The Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Montgomery Arms annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Montgomery Arms.

NOW, THEREFORE, BE IT RESOLVED by Montgomery Arms Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 17, 2016.

Secretary to the Board of Montgomery Arms Development Corporation

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Montgomery Arms Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,942,123	$1,900,197	$1,867,351	$1,858,860	$1,728,814
Expenses:					
Operating - Admin	$236,216	$229,920	$244,236	$230,441	$213,089
Operating - Fees	$79,284	$77,599	$72,420	$76,350	$68,614
Tenant & Protective Services	$2,876	$2,820	$7,292	$4,186	$6,273
Taxes, Insurance & Utilities	$130,697	$128,218	$109,630	$119,449	$112,598
Maintenance	$238,431	$240,400	$243,730	$229,496	$184,556
Subtotal - Operating Expenses	**$687,504**	**$678,957**	**$677,308**	**$659,922**	**$585,130**
Net Operating Income (NOI)	**$1,254,619**	**$1,221,240**	**$1,190,043**	**$1,198,938**	**$1,143,684**
Debt Service	$688,059	$689,522	$691,480	$702,287	$720,612
Replacement Reserves	$46,200	$46,200	$46,200	$46,200	$46,200
Asset Management Fees	$101,960	$97,110	$97,110	$100,590	$100,590
Development Corporation Fees	$418,400	$388,408	$355,253	$349,861	$273,644
Excess Cash Flow Restricted	$0	$0	$0	$0	$2,638
Subtotal - Expenses Below NOI	**$1,254,619**	**$1,221,240**	**$1,190,043**	**$1,198,938**	**$1,143,684**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$1,650	$1,500
Grounds/Landscaping Sup.-Cap.	$9,180	$9,000
Doors	$1,326	$1,300
Flooring and Carpeting	$20,465	$20,064
HVAC Equipment	$5,100	$5,000
Appliance Equipment	$5,097	$4,556
Miscellaneous Equipment	$1,200	$2,400
Paint/Wallcovering Int. Cont.	$0	$8,000
Miscellaneous Contracts	$0	$8,000
Total Capital Budget	**$44,018**	**$59,820**

THE OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $1,339,324
    - FY'18: $1,372,801

  ✓ Rent increases upon lease renewal budgeted at 2.3%; the County Executive's voluntary rent guideline is 2.1%.

  ✓ Market rents will be increased by 2.3% but upon turnover will be increased to reflect the current "market rate".

  ✓ Vacancy is budgeted at 2.5%.

  ✓ Concessions are budgeted at:
    - FY'17: $4,680
    - FY'18: $4,788
- Total operating expenses, which include the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $847,451 (Operating Expenses: $757,121; AMF: $90,330)
    - FY'18: $870,241 (Operating Expenses: $775,391; AMF: $94,850)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow to be restricted to the property is budgeted at:
    - FY'17: $35,474
    - FY'18: $46,931
- Capital improvements are budgeted at:
    - FY'17: $160,057
    - FY'18: $162,898

MEMORANDUM

TO:	Board of Directors of The Oaks at Four Corners Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	The Oaks at Four Corners Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]	

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Commission meeting held on August 21, 1996, the Commission authorized the creation of a wholly controlled corporate instrumentality known as The Oaks at Four Corners Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation for the Corporation and Bylaws. On September 3, 1996, the Housing Opportunities Commission ("HOC") executed a Contract of Sale Agreement with The Corporation, whereby The Corporation purchased the improvements known as The Oaks at Four Corners, together with a ground lease.

The Oaks at Four Corners was refinanced in August 1996. There are two Leasehold Deeds of Trust. One is in the amount of $3,695,000 and is insured under the FHA Risk Sharing Program. The other was an assumption of the Leasehold Deed of Trust between Montgomery County and HOC in the amount of $2,349,725. The latter note is a cash flow loan.

At The Oaks at Four Corners Development Corporation Board of Directors meeting held on December 11, 1996, the Board adopted the Amended and Restated Bylaws and broadened the membership on its Board to include all of the Commissioners of HOC.

At the Corporation's Board meeting of March 26, 1997, the Board approved the execution of an Asset Management Agreement by and between The Corporation ("Owner") and HOC ("Agent").

One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to the start of each fiscal year.

At the Board meeting held April 23, 1997, the Corporation approved a resolution which allowed for the incorporation of The Oaks at Four Corners annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

There are no immediate plans for recapitalization or rehabilitation of the property; however, given the age of the building (construction in 1985), it will require updates and upgrade of the units and systems very soon.

In accordance with the above mentioned resolution, the FY'17-18 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Edgewood Management Corporation has been the management company for The Oaks at Four Corners since June 1, 2006.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $35,474 and $46,931, respectively, and is restricted to the property.
- Rent increases upon lease renewal budgeted to be increased by 2.3%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.3% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 2.5%.
- Concessions for FY'17-18 are budgeted at $4,680 and $4,788, respectively.
- Capital improvements for FY'17-18 are budgeted at $160,057 and $162,898, respectively.

BUDGET IMPACT:

The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:

Adoption of the FY'17-18 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{OC}$

RE: The Oaks at Four Corners Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Oaks at Four Corners Development Corporation ("The Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Oaks at Four Corners annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for The Oaks at Four Corners.

NOW, THEREFORE, BE IT RESOLVED by The Oaks at Four Corners Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Oaks at Four Corners Development Corporation at a meeting conducted on June 17, 2016.

Secretary to the Board of The Oaks at Four Corners Development Corporation

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The Oaks at Four Corners Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,372,801	$1,339,324	$1,318,808	$1,282,369	$1,263,549
Expenses:					
Operating - Admin	$221,807	$216,783	$222,788	$208,922	$188,662
Operating - Fees	$74,892	$73,243	$74,230	$59,888	$81,383
Tenant & Protective Services	$61,645	$59,933	$56,927	$68,448	$54,075
Taxes, Insurance & Utilities	$117,418	$114,793	$121,084	$116,528	$114,024
Ground Rent	$0	$0	$0	$0	$200
Maintenance	$299,629	$292,369	$293,021	$278,179	$249,066
Subtotal - Operating Expenses	**$775,391**	**$757,121**	**$768,050**	**$731,965**	**$687,410**
Net Operating Income (NOI)	**$597,410**	**$582,203**	**$550,758**	**$550,404**	**$576,139**
Debt Service	$283,629	$284,399	$285,119	$274,743	$286,432
Replacement Reserves	$172,000	$172,000	$172,000	$157,665	$48,000
Asset Management Fees	$94,850	$90,330	$90,330	$93,570	$93,570
Excess Cash Flow Restricted	$46,931	$35,474	$3,309	$24,426	$148,137
Subtotal - Expenses Below NOI	**$597,410**	**$582,203**	**$550,758**	**$550,404**	**$576,139**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$3,856	$3,780
Electrical Supplies	$0	$5,770
Grounds/Landscaping Sup.-Cap.	$10,000	$10,000
Doors	$6,000	$6,000
Flooring and Carpeting	$26,280	$26,280
Plumbing Equipment	$2,220	$1,850
HVAC Equipment	$4,182	$4,100
Appliance Equipment	$4,975	$4,475
Miscellaneous Equipment	$1,680	$8,194
Windows/Glass Contracts	$4,905	$4,808
Roofing/Gutter Contracts	$25,000	$25,000
Asphalt/Concrete Contracts	$7,200	$4,800
Miscellaneous Contracts	$66,600	$55,000
Total Capital Budget	**$162,898**	**$160,057**

PADDINGTON SQUARE DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY’17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY’17: $2,883,281
    - FY’18: $2,892,486

  ✓ Rent increases upon lease renewal budgeted at 1.0%; the County Executive’s voluntary rent guideline is 2.1%.

  ✓ Market rents will be increased by 1.0% but upon turnover will be increased to reflect the current “market rate”.

  ✓ Vacancy is budgeted at 5.0%.

  ✓ Concessions are budgeted at:
    - FY’17: $12,000
    - FY’18: $12,276
- Total operating expenses, which includes the HOC Asset Management Fees (AMF), are budgeted at:
    - FY’17: $1,112,794 (Operating Expenses: $1,007,824; AMF: $104,970)
    - FY’18: $1,149,451 (Operating Expenses: $1,040,811; AMF: $108,640)
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY’17: $545,125
    - FY’18: $517,673
- Capital improvements are budgeted at:
    - FY’17: $92,168
    - FY’18: $94,010

MEMORANDUM

TO:	Board of Directors of Paddington Square Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Paddington Square Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the Paddington Square Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On February 4, 2004, the Articles of Incorporation for the Paddington Square Development Corporation ("The Corporation") was signed and the Board of Directors adopted the By-laws. The sole purpose and function of the Corporation was to acquire, own, operate and maintain the Paddington Square Apartments located at 8800 Lanier Drive in Silver Spring Maryland. Final settlement for the acquisition of Paddington Square Apartments took place on March 5, 2004.

Section 3 Article VII of the By-laws allowed the Corporation to enter into a Management Contract with the Housing Opportunities Commission of Montgomery County (HOC). One of the duties required of the Management Agent under that Agreement is to submit to the Owner an annual budget prior to each fiscal year.

A comprehensive renovation of Paddington Square Apartments was completed on December 6, 2011 including window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.

On December 18, 2014, Paddington Square successfully closed on a $20.7 million permanent mortgage issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of

3.60%. Since the acquisition in 2004 and the substantial renovation between 2005 and 2011, a total of $28 million was invested to reposition the property. Proceeds from the $20.7 million loan funded the repayment of $20 million in debt from various sources, including HOC's PNC Bank Line of Credit ($11.4 million), HOC's OHRF ($1.4 million), HOC's County Revolving Fund ($3 million), and DHCA's Housing Initiative Fund ($4 million). The property is now stabilized.

In accordance with the above mentioned By-laws, the FY'17-18 Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Residential One, formerly Equity Management, has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $545,125 and $517,673, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 1.0%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 1.0% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 5.0%.
- Concessions for FY'17-18 are budgeted at $12,000 and $12,276, respectively.
- Capital improvements for FY'17-18 are budgeted at $92,168 and $94,010, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION & ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Paddington Square Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{PS}$

RE: Paddington Square Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Paddington Square Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Paddington Square Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Paddington Square Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Paddington Square Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Paddington Square Development Corporation

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Paddington Square Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,892,486	$2,883,281	$2,827,557	$2,758,220	$2,641,370
Expenses:					
Operating - Admin	$275,394	$268,081	$277,623	$315,634	$346,018
Operating - Fees	$101,326	$99,382	$104,089	$100,370	$105,299
Tenant & Protective Services	$30,016	$28,654	$32,320	$30,872	$9,986
Taxes, Insurance & Utilities	$208,240	$202,495	$192,047	$233,898	$238,304
Maintenance	$425,835	$409,212	$412,364	$398,209	$457,200
Subtotal - Operating Expenses	**$1,040,811**	**$1,007,824**	**$1,018,443**	**$1,078,983**	**$1,156,807**
Net Operating Income (NOI)	**$1,851,675**	**$1,875,457**	**$1,809,114**	**$1,679,237**	**$1,484,563**
Debt Service	$1,167,606	$1,167,606	$1,165,870	$919,095	$695,005
Replacement Reserves	$57,756	$57,756	$58,104	$58,113	$58,104
Asset Management Fees	$108,640	$104,970	$104,970	$104,970	$104,970
Development Corporation Fees	$517,673	$545,125	$240,085	$273,823	$108,316
Excess Cash Flow Restricted	$0	$0	$240,085	$323,236	$518,168
Subtotal - Expenses Below NOI	**$1,851,675**	**$1,875,457**	**$1,809,114**	**$1,679,237**	**$1,484,563**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$1,836	$1,800
Electrical Supplies	$4,590	$4,500
Doors	$4,284	$4,200
Miscellaneous Supplies	$10,220	$10,020
Appliance Equipment	$3,390	$3,324
Grounds/Landscaping Contr-Cap.	$4,080	$4,000
Flooring/Carpet Contracts	$38,274	$37,524
Fencing Contracts	$4,080	$4,000
Swimming Pool Contracts	$6,120	$6,000
Asphalt/Concrete Contracts	$17,136	$16,800
Total Capital Budget	**$94,010**	**$92,168**

POOKS HILL DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $2,873,382
    - FY'18: $2,939,291

✓ Rent increases upon lease renewal budgeted at 2.5%; the County Executive's voluntary rent guideline is 2.1%.

✓ Market rents will be increased by 2.5% but upon turnover will be increased to reflect the current "market rate".

✓ Vacancy is budgeted at 4.0%.

✓ Concessions are budgeted at:

  - FY'17: $3,699
  - FY'18: $3,784

- Total operating expenses, which include the HOC Asset Management Fees ("AMF"), are budgeted at:
    - FY'17: $1,147,848 (Operating Expenses: $1,005,578; AMF: $142,270)
    - FY'18: $1,175,071 (Operating Expenses: $1,025,681; AMF: $149,390)
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $487,640
    - FY'18: $521,191
- Capital improvements are budgeted at:
    - FY'17: $113,000
    - FY'18: $262,424

MEMORANDUM

TO:	Board of Directors of Pooks Hill Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Pooks Hill Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the Pooks Hill Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
Several years ago, in 1998, when the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation ("The Corporation") to provide a separate single purpose entity to own that land condominium unit. On October 12, 2012, the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the State Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were selected and the By-laws adopted.

The sole purpose and function of The Corporation is to own, operate and maintain the Pooks Hill Apartments located at 3 Pooks Hill Road in Bethesda, Maryland. Built around 1946 as the first high-rise building in Montgomery County, HOC purchased Pooks Hill Apartments in 1992 through the issuance of tax-exempt fixed rate bonds. The property has undergone a major multi-phased renovation from June 2006 through May 2010 substantially renovating unit interiors, common areas and upgrading and replacing major systems.

The financing completed in 2012 with FHA Risk Sharing insurance provided a loan of $18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years. Fifty-seven units (30%) provide housing for persons at or below 50% of area median income (AMI). The remainder of the units provide workforce housing for persons earning between 80% and 120% of AMI.

Although the permanent financing was completed in 2012, some exterior repairs and site work continued but were completed in 2013. The work involved complete replacement of the front steps to the building to remediate water infiltration. It also included work to the site and landscape to address water flow across the property.

Several major capital projects are being undertaken at the property including replacing the roof, resurfacing the parking lot, and replacing the elevators in the community. These projects are expected to be completed by the end of 2016.

In accordance with the above-mentioned resolution, the FY'17-18 Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

On September 1, 2013, Edgewood Management/Vantage Management was selected as the third-party property management company for the property.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $487,640 and $521,191, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.5%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.5% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 4.0%.
- Concessions for FY'17-18 are budgeted at $3,699 and $3,784, respectively.
- Capital improvements for FY'17-18 are budgeted at $113,000 and $262,424, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION & ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Pooks Hill Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{PK}$ **RE: Pooks Hill Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Pooks Hill Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation owns the high rise building known as Pooks Hill high rise located at 3 Pooks Hill Road, Bethesda, Maryland (the "Property"); and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Housing Opportunities Commission provides asset management services to the Corporation for the property; and

WHEREAS, the FY'17-18 Pooks Hill Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Pooks Hill Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Pooks Hill Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 17, 2016.

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S Secretary to the Board of Pooks Hill Development Corporation
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Pooks Hill Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,939,291	$2,873,382	$2,803,057	$2,803,296	$2,681,445
Expenses:					
Operating - Admin	$329,868	$323,400	$327,145	$272,402	$243,529
Operating - Fees	$120,785	$118,191	$109,025	$115,955	$124,209
Tenant & Protective Services	$14,443	$14,160	$12,248	$11,227	$7,072
Taxes, Insurance & Utilities	$200,779	$197,075	$248,818	$186,595	$185,276
Maintenance	$359,806	$352,752	$348,585	$302,882	$295,366
Subtotal - Operating Expenses	**$1,025,681**	**$1,005,578**	**$1,045,821**	**$889,061**	**$855,452**
Net Operating Income (NOI)	**$1,913,610**	**$1,867,804**	**$1,757,236**	**$1,914,235**	**$1,825,993**
Debt Service	$1,028,814	$1,030,894	$1,032,906	$1,034,854	$1,036,742
Replacement Reserves	$161,533	$156,828	$152,262	$147,828	$141,750
Asset Management Fees	$149,390	$142,270	$142,270	$147,370	$147,370
Loan Management Fees	$52,682	$50,172	$47,779	$45,500	$45,500
Development Corporation Fees	$521,191	$487,640	$382,019	$435,591	$355,069
Excess Cash Flow Restricted	$0	$0	$0	$103,092	$99,562
Subtotal - Expenses Below NOI	**$1,913,610**	**$1,867,804**	**$1,757,236**	**$1,914,235**	**$1,825,993**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Electrical Supplies	$15,000	$0
Appliance Supplies	$6,304	$0
Plumbing Supplies	$7,500	$0
Grounds/Landscaping Sup.-Cap.	$25,000	$0
Flooring and Carpeting	$45,288	$0
Plumbing Contracts	$18,360	$0
Grounds/Landscaping Contr-Cap.	$10,404	$0
Roofing/Gutter Contracts	$0	$30,000
HVAC Contracts	$15,912	$0
Flooring/Carpet Contracts	$47,736	$0
Miscellaneous Contracts	$70,920	$83,000
Total Capital Budget	**$262,424**	**$113,000**

RAD 6 DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY’17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY’17: $3,765,358
    - FY’18: $4,070,191

✓ Rent increases upon lease renewal are budgeted at 2.1%, which the County Executive’s voluntary guideline.

✓ Market rents are budgeted to increase by 2.1%; but upon turnover will be adjusted to reflect the current “market rate”.

✓ Vacancy is budgeted as follows for the RAD 6 Properties:

	FY’17	FY’18
Washington Square	25%	5%
Seneca Ridge	20%	5%
Ken Gar	3%	3%
Parkway Woods	5%	5%
Towne Centre Place	5%	5%
Sandy Spring Meadow	8%	5%

✓ Concessions for the RAD 6 properties are budgeted as follows:

- FY’17: $11,020
- FY’18: $11,273

- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF), are budgeted at:
    - FY’17: $1,597,622 (AOF: $260,550)
    - FY’18: $1,645,071 (AOF: $260,550)
- Cash flow to be restricted to properties for renovations is budgeted as:
    - FY’17: $530,158
    - FY’18: $785,978
- Capital improvements are budgeted at:
    - FY’17: $35,000
    - FY’18: $25,250

MEMORANDUM

TO:	Board of Directors of RAD 6 Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	RAD 6 Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status [ ] Future Action [ ]	

OVERALL GOAL & OBJECTIVE:
Annual meeting and adoption of the FY'17-18 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

BACKGROUND:
At its June 4, 2014 meeting, the Housing Opportunities Commission ("HOC") of Montgomery County authorized the establishment of RAD 6 Development Corporation (the "Corporation"), a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on June 10, 2014. The Board of Directors (the "Board") for the Corporation adopted the By-laws on August 6, 2014 which provide for the operations and functions of the Corporation and elected officers.

The Corporation was established to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the "RAD 6 Development") which were undergoing conversion from Public Housing under the Rental Assistance Demonstration ("RAD") Program. The conversion was completed in December 2014.

Ken Gar Apartments consist of a 14 townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units that are principally located at 10731 Shaftsbury Street in Kensington, MD.

Parkway Woods is a 24-unit townhome community located in Rockville, MD. It was constructed in 1981 and consists of four buildings. There are nine two-bedroom units, nine three-bedroom units and six four-bedroom units. It is located on 2.0 acres at 12933 Twinbrook Parkway in Rockville, MD.

Sandy Spring Meadow is located in a small community of single family homes. It is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms. It was originally constructed in 1980 and is located on 14.2 acres at the intersection of Skymeadow Way and Olney Sandy Spring Rd. in Sandy Spring, MD.

Towne Centre Place is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site and is principally located at 3502 Morningwood Drive in Olney, MD.

Seneca Ridge is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at 19568 Scenery Drive in Germantown, MD.

Washington Square is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres at 8343 Fairhaven Drive in Gaithersburg, MD.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

On August 6, 2014, the Commission approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.

On November 6, 2014, the Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration under its (FHA) Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of $24,000,000. HOC has assumed 50% of the insurance risk. The transaction includes 209 affordable units at or below 60% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 market rate units.

The renovation commenced on February 2, 2015, and the scope entails the green renovation of 268 single-family and townhome dwellings in six (6) principal locations within Montgomery

County. The properties are being positioned to be financially sustainable and competitive within the Montgomery County rental marketplace.

The renovations include both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications. The exterior work includes the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work will also be completed on the sidewalks, stoops, fencing and concrete walks.

All exteriors to the RAD 6 properties, with the exception of some parking lot, sidewalk and privacy fencing work at Washington Square, have been completed. All remaining site work at Washington Square will conclude by June 30, 2016. The renovation upgrades to finishes remain to be completed at Seneca Ridge and will also conclude by June 30. Below is the current schedule to complete interior renovations.

Schedule:

Property	Start Date: Interiors	Substantial Compl. Date
Seneca Ridge	3/30/15	3/7/16
Washington Square	4/8/15	10/22/15
Parkway Woods	6/15/15	1/13/16
KenGar	7/6/15	4/14/16
Sandy Spring Meadow	8/18/15	4/29/16
Towne Centre Place Olney	9/9/15	3/24/16

The FY'17-18 Operating and Capital Budgets for the RAD 6 Development Corporation were presented to the Budget, Finance and Audit Committee on May 6, 2016.

The Property is managed by the Housing Opportunities Commission, with assistance from Edgewood Management/Vantage Management.

ISSUES FOR CONSIDERATION:

- 'Cash flow restricted for renovationsFY'17-18 is budgeted at $530,158 and $785,978, respectively.
- Rent increases upon lease renewal budgeted to be increased by 2.1%, which is the County Executive's voluntary rent guideline.
- Market rents will be increased by 2.1% and at turnover will be raised to the current "market rate".

- Vacancy is budgeted as follows for the RAD 6 Properties:

	FY'17	FY'18
Washington Square	25%	5%
Seneca Ridge	20%	5%
Ken Gar	3%	3%
Parkway Woods	5%	5%
Towne Centre Place	5%	5%
Sandy Spring Meadow	8%	5%

- Concessions for FY'17-18 are budgeted at $11,020 and $11,274, respectively.
- Capital improvements for FY'17-18 are budgeted at $35,000 and $25,250, respectively.

BUDGET IMPACT:
The FY'17-18 proposed Operating and Capital Budgets establish an achievable financial plan for the next two years.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND BOARD ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{RD6}$ **RE: RAD 6 Development Corporation Annual Meeting and Approval of the FY'17-18 Operating and Capital Budgets**

WHEREAS, the RAD 6 Development Corporation (the "Corporation") conducted its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its properties; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the RAD 6 Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for RAD 6 Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by RAD 6 Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of RAD 6 Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of RAD 6 Development Corporation

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RAD 6 Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$4,070,191	$3,765,358	$2,876,621	$1,253,639
Expenses:				
Operating - Admin	$203,398	$197,792	$250,248	$96,743
Operating - Fees	$381,382	$374,408	$290,123	$137,132
Tenant & Protective Services	$77,321	$73,670	$112,541	$26,531
Taxes, Insurance & Utilities	$329,686	$321,876	$275,605	$169,581
Maintenance	$653,284	$629,876	$743,445	$398,718
Subtotal - Operating Expenses	**$1,645,071**	**$1,597,622**	**$1,671,962**	**$828,705**
Net Operating Income (NOI)	**$2,425,120**	**$2,167,736**	**$1,204,659**	**$424,934**
Debt Service	$1,512,023	$1,514,164	$252,975	$0
Replacement Reserves	$127,119	$123,414	$122,499	$0
Excess Cash Flow Restricted	$785,978	$530,158	$829,185	$456,993
Subtotal - Expenses Below NOI	**$2,425,120**	**$2,167,736**	**$1,204,659**	**$456,993**
NET INCOME	**$0**	**$0**	**$0**	**($32,059)**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Miscellaneous Supplies	$0	$4,000
Grounds/Landscaping Contr-Cap.	$0	$10,000
Windows/Glass Contracts	$0	$6,000
Miscellaneous Contracts	$25,250	$15,000
Total Capital Budget	**$25,250**	**$35,000**

RAD 6 Development Corporation - Ken Gar
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$316,316	$309,030	$216,776	$95,769
Expenses:				
Operating - Admin	$8,728	$8,481	$14,848	$7,383
Operating - Fees	$27,454	$26,924	$20,793	$10,392
Tenant & Protective Services	$7,706	$7,341	$7,810	$3,326
Taxes, Insurance & Utilities	$10,898	$10,555	$12,048	$2,230
Maintenance	$46,897	$45,347	$66,422	$30,028
Subtotal - Operating Expenses	**$101,683**	**$98,648**	**$121,921**	**$53,359**
Net Operating Income (NOI)	**$214,633**	**$210,382**	**$94,855**	**$42,410**
Debt Service	$107,196	$107,350	$14,105	$0
Replacement Reserves	$9,012	$8,751	$8,685	$0
Excess Cash Flow Restricted	$98,425	$94,281	$72,065	$42,410
Subtotal - Expenses Below NOI	**$214,633**	**$210,382**	**$94,855**	**$42,410**
NET INCOME	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Grounds/Landscaping Contr-Cap.	$0	$10,000
Miscellaneous Contracts	$2,500	$0
Total Capital Budget	**$2,500**	**$10,000**

RAD 6 Development Corporation - Parkway Woods
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$351,243	$343,163	$246,567	$122,651
Expenses:				
Operating - Admin	$13,425	$12,839	$27,001	$12,747
Operating - Fees	$27,036	$26,996	$25,963	$12,090
Tenant & Protective Services	$6,598	$6,280	$9,736	$2,770
Taxes, Insurance & Utilities	$16,058	$15,541	$15,089	$6,229
Maintenance	$74,560	$72,280	$82,759	$26,880
Subtotal - Operating Expenses	**$137,677**	**$133,936**	**$160,548**	**$60,716**
Net Operating Income (NOI)	**$213,566**	**$209,227**	**$86,019**	**$61,935**
Debt Service	$135,406	$135,596	$14,991	$0
Replacement Reserves	$11,384	$11,052	$10,970	$0
Excess Cash Flow Restricted	$66,776	$62,579	$60,058	$61,935
Subtotal - Expenses Below NOI	**$213,566**	**$209,227**	**$86,019**	**$61,935**
NET INCOME	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Miscellaneous Contracts	$2,550	$2,500
Total Capital Budget	**$2,550**	**$2,500**

RAD 6 Development Corporation - Sandy Spring Meadow
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$780,428	$738,780	$550,181	$259,024
Expenses:				
Operating - Admin	$46,841	$45,606	$50,490	$22,400
Operating - Fees	$79,150	$77,835	$59,044	$28,985
Tenant & Protective Services	$13,470	$12,832	$25,212	$2,797
Taxes, Insurance & Utilities	$38,044	$37,060	$27,906	$17,452
Maintenance	$133,365	$128,819	$124,551	$75,723
Subtotal - Operating Expenses	**$310,870**	**$302,152**	**$287,203**	**$147,357**
Net Operating Income (NOI)	**$469,558**	**$436,628**	**$262,978**	**$111,667**
Debt Service	$310,303	$310,745	$49,427	$0
Replacement Reserves	$26,088	$25,329	$25,140	$0
Excess Cash Flow Restricted	$133,167	$100,554	$188,411	$111,667
Subtotal - Expenses Below NOI	**$469,558**	**$436,628**	**$262,978**	**$111,667**
NET INCOME	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Miscellaneous Contracts	$5,100	$5,000
Total Capital Budget	**$5,100**	**$5,000**

RAD 6 Development Corporation - Towne Centre Place
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$617,916	$603,768	$482,335	$244,486
Expenses:				
Operating - Admin	$40,688	$39,609	$56,136	$19,908
Operating - Fees	$70,528	$69,347	$52,609	$24,721
Tenant & Protective Services	$12,001	$11,429	$25,424	$2,495
Taxes, Insurance & Utilities	$34,037	$33,100	$30,078	$8,561
Maintenance	$110,668	$106,771	$131,211	$79,648
Subtotal - Operating Expenses	**$267,922**	**$260,256**	**$295,458**	**$135,333**
Net Operating Income (NOI)	**$349,994**	**$343,512**	**$186,877**	**$109,153**
Debt Service	$276,452	$276,844	$33,136	$0
Replacement Reserves	$23,242	$22,560	$22,397	$0
Excess Cash Flow Restricted	$50,300	$44,108	$131,344	$109,153
Subtotal - Expenses Below NOI	**$349,994**	**$343,512**	**$186,877**	**$109,153**
NET INCOME	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Miscellaneous Contracts	$5,100	$5,000
Total Capital Budget	**$5,100**	**$5,000**

RAD 6 Development Corporation - Seneca Ridge
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$1,231,892	$1,016,549	$901,839	$394,025
Expenses:				
Operating - Admin	$48,288	$46,948	$46,987	$18,184
Operating - Fees	$102,894	$101,850	$77,969	$35,753
Tenant & Protective Services	$16,698	$15,940	$19,126	$6,327
Taxes, Insurance & Utilities	$178,235	$174,440	$139,227	$92,156
Maintenance	$156,557	$150,587	$191,896	$109,777
Subtotal - Operating Expenses	**$502,672**	**$489,765**	**$475,205**	**$262,197**
Net Operating Income (NOI)	**$729,220**	**$526,784**	**$426,634**	**$131,828**
Debt Service	$400,572	$401,139	$69,294	$0
Replacement Reserves	$33,677	$32,700	$32,453	$0
Excess Cash Flow Restricted	$294,971	$92,945	$324,887	$131,828
Subtotal - Expenses Below NOI	**$729,220**	**$526,784**	**$426,634**	**$131,828**
NET INCOME	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Windows/Glass Contracts	$0	$6,000
Miscellaneous Contracts	$5,000	$2,500
Total Capital Budget	**$5,000**	**$8,500**

RAD 6 Development Corporation - Washington Square
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual (Six Months)
Total Revenue	$772,396	$754,068	$478,923	$137,684
Expenses:				
Operating - Admin	$45,428	$44,309	$54,786	$16,121
Operating - Fees	$74,320	$71,456	$53,745	$25,191
Tenant & Protective Services	$20,848	$19,848	$25,233	$8,816
Taxes, Insurance & Utilities	$52,414	$51,180	$51,257	$42,953
Maintenance	$131,237	$126,072	$146,606	$76,662
Subtotal - Operating Expenses	**$324,247**	**$312,865**	**$331,627**	**$169,743**
Net Operating Income (NOI)	**$448,149**	**$441,203**	**$147,296**	**($32,059)**
Debt Service	$282,094	$282,490	$72,022	$0
Replacement Reserves	$23,716	$23,022	$22,854	$0
Excess Cash Flow Restricted	$142,339	$135,691	$52,420	$0
Subtotal - Expenses Below NOI	**$448,149**	**$441,203**	**$147,296**	**$0**
NET INCOME	**$0**	**$0**	**$0**	**($32,059)**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Miscellaneous Supplies	$0	$4,000
Miscellaneous Contracts	$5,000	$0
Total Capital Budget	**$5,000**	**$4,000**

SCATTERED SITE ONE DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $2,528,127
    - FY'18: $2,580,722
  - ✓ Rent increases upon lease renewal budgeted at 2.1% which is the County Executive's voluntary rent guideline.
  - ✓ Vacancy is budgeted at 3.3%.
  - ✓ Concessions are budgeted at:
    - FY'17: $1,364
    - FY'18: $1,395
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF), are budgeted at:
    - FY'17: $1,323,550 (AOF: $249,670)
    - FY'18: $1,380,644 (AOF: $262,160)
- The HOC Allocated Overhead Fees based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $501,529
    - FY'18: $497,981
- Capital improvements are budgeted at:
    - FY'17: $1,418,459
    - FY'18: $1,412,508

MEMORANDUM

TO:	Board of Directors of Scattered Site One Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Scattered Site One Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Scattered Site One Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its October 5, 2011 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of Scattered Site One Development Corporation (the "Corporation"), a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed on October 11, 2011.

At its first meeting on November 2, 2011, the Board adopted the bylaws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation in early July 2012 financed with a new loan in the amount of $9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

In February 2013, a comprehensive renovation plan of Scattered Site One began. Depending on the unit, the renovation plan may include roof replacement, painting and re-carpeting, window replacement, new kitchen and bath cabinets and fixtures, and new energy efficient appliances. The renovation schedule was established before the Commission created its new renovation standards. During the course of the process and after only approximately 25% of the units were renovated under the previous and inadequate scope, staff paused the process to reconfigure the standards so that the remaining units could be completed in a similar fashion as the 669 Scattered Sites. A revised renovation plan will be brought forward for Commission approval by the Corporation.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY'17-18 Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The Property is managed by the Housing Opportunities Commission, with assistance from Edgewood Management.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $501,529 and $497,981, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive's voluntary rent guideline.
- Vacancy is budgeted at 3.3%.
- Concessions for FY'17-18 are budgeted at $1,364 and $1,395, respectively.
- Capital improvements for FY'17-18 are budgeted at $1,418,459 and $1,412,508, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{SS1}$ | **RE: Scattered Site One Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Scattered Site One Development Corporation (the "Corporation") conducted its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Corporation's annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Scattered Site One Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site One Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Scattered Site One Development Corporation

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Scattered Site One Dev Corp
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,580,722	$2,528,127	$2,402,450	$2,257,440	$2,381,948
Expenses:					
Operating - Admin	$131,591	$126,951	$215,992	$172,607	$192,615
Operating - Fees	$663,510	$639,928	$628,309	$675,092	$678,421
Tenant & Protective Services	$64,893	$61,825	$62,856	$53,302	$19
Taxes, Insurance & Utilities	$79,271	$76,860	$101,515	$107,830	$146,594
Maintenance	$441,379	$417,986	$392,505	$395,728	$384,363
Subtotal - Operating Expenses	**$1,380,644**	**$1,323,550**	**$1,401,177**	**$1,404,559**	**$1,402,012**
Net Operating Income (NOI)	**$1,200,078**	**$1,204,577**	**$1,001,273**	**$852,881**	**$979,936**
Debt Service	$565,093	$566,056	$566,993	$568,526	$568,757
Debt Service Reserves	$0	$0	$0	$0	$0
Replacement Reserves	$114,000	$114,000	$114,000	$114,000	$19,000
Loan Management Fees	$23,004	$22,992	$22,992	$23,000	$23,000
Development Corporation Fees	$497,981	$501,529	$297,288	$147,355	$236,794
Excess Cash Flow Restricted	$0	$0	$0	$0	$132,385
Subtotal - Expenses Below NOI	**$1,200,078**	**$1,204,577**	**$1,001,273**	**$852,881**	**$979,936**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$16,015	$18,650
Electrical Supplies	$2,040	$2,000
Appliance Supplies	$2,703	$2,650
Plumbing Supplies	$6,018	$5,900
Windows and Glass	$918	$900
Doors	$2,040	$2,000
Roofing Materials	$1,020	$1,000
Hardware Supplies	$255	$250
HVAC Supplies	$918	$900
Flooring and Carpeting	$2,142	$2,100
Paint and Wallcoverings	$2,754	$2,700
Miscellaneous Supplies	$1,224	$1,200
HVAC Equipment	$4,896	$4,800
Appliance Equipment	$3,213	$3,150
Electrical Contracts	$403	$395
Plumbing Contracts	$3,629	$3,558
Windows/Glass Contracts	$21,201	$23,005
Roofing/Gutter Contracts	$10,682	$10,473
HVAC Contracts	$30,161	$29,570
Flooring/Carpet Contracts	$35,008	$38,290
Paint/Wallcovering Int. Cont.	$10,208	$10,007
Paint/Wallcovering Ext. Cont	$3,530	$3,461
Asphalt/Concrete Contracts	$1,530	$1,500
Miscellaneous Contracts **	$1,250,000	$1,250,000
Total Capital Budget	**$1,412,508**	**$1,418,459**

** $1.25 million is funded by County CIP funds

SCATTERED SITE TWO DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $750,562
    - FY'18: $766,074
- ✓ Rent increases upon lease renewal budgeted at 2.1% which is the County Executive's voluntary rent guideline.
- ✓ Market rents will be increased by 2.1% but upon turnover will be increased to reflect the current "market rate".
- ✓ Vacancy is budgeted at 7.3%.
- ✓ Concessions are budgeted at:
    - FY'17: $1,674
    - FY'18: $1,713
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF), are budgeted at:
    - FY'17: $374,899 (AOF: $70,020)
    - FY'18: $388,137 (AOF: $73,530)
- The HOC Allocated Overhead Fees based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $2,503
    - FY'18: $4,860
- Capital improvements are budgeted at:
    - FY'17: $64,263
    - FY'18: $61,469

MEMORANDUM

TO:	Board of Directors of Scattered Site Two Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Scattered Site Two Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its December 5, 2012 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of Scattered Site Two Development Corporation (the "Corporation"), a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation have been executed and filed with the state of Maryland.

At its first meeting on January 9, 2013, the Board adopted the bylaws and elected Directors. The 54 scattered site units were be transferred to the Corporation in June 2013 and financed with a taxable loan from PNC Bank N.A. for $4,900,000 and guaranteed by HOC. Staff closed on the loan June 13, 2013.

While it was anticipated that a comprehensive renovation would begin with tenants in place during the first quarter of FY'14, the renovation schedule was established before the Commission developed new renovation standards. A revised renovation plan will be brought forward for the Corporation's approval.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY’17-18 Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The units will be managed by the Housing Opportunities Commission, with assistance from Edgewood Management.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY’17-18 is budgeted at $2,503 and $4,860, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive’s voluntary rent guideline.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current “market rate”.
- Vacancy is budgeted at 7.3%.
- Concessions for FY’17-18 are budgeted at $1,674 and $1,713, respectively.
- Capital improvements for FY’17-18 are budgeted at $64,263 and $61,469, respectively.

BUDGET IMPACT:
The FY’17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY’17-18 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{SS2}$ **RE: Scattered Site Two Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Scattered Site Two Development Corporation (the "Corporation") conducted its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 Corporation's annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Scattered Site Two Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site Two Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Scattered Site Two Development Corporation

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Scattered Site Two Dev Corp
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$766,074	$750,562	$729,548	$724,789	$742,208
Expenses:					
Operating - Admin	$39,502	$38,174	$56,947	$44,150	$55,368
Operating - Fees	$190,877	$184,636	$182,222	$192,374	$192,799
Tenant & Protective Services	$16,713	$15,968	$17,993	$14,921	$12
Taxes, Insurance & Utilities	$16,728	$16,412	$28,407	$27,717	$33,293
Maintenance	$124,317	$119,709	$123,449	$117,513	$78,870
Subtotal - Operating Expenses	**$388,137**	**$374,899**	**$409,018**	**$396,675**	**$360,342**
Net Operating Income (NOI)	**$377,937**	**$375,663**	**$320,530**	**$328,114**	**$381,866**
Debt Service	$298,677	$298,760	$298,789	$300,648	$286,476
Debt Service Reserves	$0	$0	$0	$0	$0
Replacement Reserves	$74,400	$74,400	$74,400	$72,936	$69,962
Development Corporation Fees	$4,860	$2,503	$0	$0	$25,433
Subtotal - Expenses Below NOI	**$377,937**	**$375,663**	**$373,189**	**$373,584**	**$381,871**
NET INCOME	**$0**	**$0**	**($52,659)**	**($45,470)**	**($5)**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$3,264	$3,200
Roofing Materials	$510	$500
Appliance Equipment	$4,871	$4,775
Appliance Contracts	$510	$500
Plumbing Contracts	$4,947	$4,850
Grounds/Landscaping Contr-Cap.	$0	$2,500
Windows/Glass Contracts	$3,672	$3,600
Roofing/Gutter Contracts	$12,546	$12,300
HVAC Contracts	$8,874	$8,700
Flooring/Carpet Contracts	$22,236	$21,800
Asphalt/Concrete Contracts	$39	$1,538
Total Capital Budget	**$61,469**	**$64,263**

SLIGO HILLS DEVELOPMENT CORPORATION (MPDU III) ANNUAL MEETING AND ADOPTION OF FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $288,011
    - FY'18: $294,002
  - ✓ Rent increases upon lease renewal budgeted at 2.1% which is the County Executive's voluntary rent guideline.
  - ✓ Market rents will be increased by 2.1% but upon turnover will be increased to reflect the current "market rate".
  - ✓ Vacancy is budgeted at 1.6%.
  - ✓ No concessions have been budgeted.
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF), are budgeted at:
    - FY'17: $205,338 (AOF: $29,720)
    - FY'18: $211,773 (AOF: $31,210)
- The HOC Allocated Overhead Fees based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Net cash flow before HOC Development Corporation Management Fees is budgeted as:
    - FY'17: $73,481
    - FY'18: $73,037
- Capital improvements are budgeted at:
    - FY'17: $63,700
    - FY'18: $45,878

MEMORANDUM

TO:	Board of Directors of Sligo Hills Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Sligo Hills Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Sligo Hills Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Housing Opportunities Commission meeting held on December 11, 1996, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.

At the Board of Directors (the "Board") meeting held on June 11, 1997, the Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding $300,000 note to Montgomery County. The Board authorized the execution of the appropriate documents necessary to consummate the purchase of the properties and the loan from HOC. The Board also authorized the execution of an Asset Management Agreement by and the Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to each fiscal year.

On August 1, 1997**,** documents were signed transferring the properties from HOC to the Sligo Hills Development Corporation. Endorsement from FHA and recordation of this transaction took place on or about August 19, 1997. The mortgage, in the amount of $3,443,568 was insured under the FHA Risk Sharing Program, where HOC assumed 90% of the risk and FHA assumed the remaining 10%. At the Board meeting held June 23, 1997, the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development

Corporation annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

On October 3 2012, a newly formed LIHTC limited partnership entity Tanglewood and Sligo LP was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The outstanding debt against the Development was paid off and the mortgage insurance cancelled at the time of purchase. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the FY'17-18 budget reflects only the operations of the 23 scattered site MPDUs.

In accordance with the above mentioned resolution, the FY'17-18 Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The properties are managed by the Housing Opportunities Commission, with assistance from Edgewood Management/Vantage Management.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $73,481 and $73,037, respectively, prior to the Development Corporation Management Fee.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive's voluntary rent guideline.
- Market rents will be increased by 2.1% and at turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 1.6%.
- There are no concessions budgeted for FY'17-18.
- Capital improvements for FY'17-18 are budgeted at $63,700 and $45,878, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:

Adoption of the FY'17-18 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

RESOLUTION NO. 16-001$_{SH}$

RE: Sligo Hills Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the Sligo Hills Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its properties; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the June 23, 1997 Board of Directors meeting, the Corporation agreed to include the Sligo Hills Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for the Sligo Hills Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Sligo Hills Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Sligo Hills Development Corporation

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Sligo Hills Development Corporation - MPDU III
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$294,002	$288,011	$271,436	$252,726	$264,154
Expenses:					
Operating - Admin	$15,867	$15,318	$28,274	$22,000	$28,379
Operating - Fees	$116,878	$113,656	$108,877	$118,873	$117,642
Tenant & Protective Services	$7,507	$7,154	$7,607	$6,349	$3
Taxes, Insurance & Utilities	$7,908	$7,734	$7,189	$6,626	$8,540
Maintenance	$63,613	$61,476	$58,645	$39,620	$37,314
Subtotal - Operating Expenses	**$211,773**	**$205,338**	**$210,592**	**$193,468**	**$191,878**
Net Operating Income (NOI)	**$82,229**	**$82,673**	**$60,844**	**$59,258**	**$72,276**
Replacement Reserves	$9,192	$9,192	$9,192	$8,004	$9,192
Development Corporation Fees	$73,037	$73,481	$51,652	$51,254	$42,282
Excess Cash Flow Restricted	$0	$0	$0	$0	$20,802
Subtotal - Expenses Below NOI	**$82,229**	**$82,673**	**$60,844**	**$59,258**	**$72,276**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$4,500	$9,800
Electrical Supplies	$816	$800
Appliance Supplies	$816	$800
Windows and Glass	$510	$500
Doors	$255	$250
HVAC Supplies	$510	$500
Flooring and Carpeting	$1,900	$0
HVAC Equipment	$1,020	$1,000
Appliance Equipment	$1,326	$1,300
Maintenance Equipment	$918	$900
Appliance Contracts	$1,020	$1,000
Plumbing Contracts	$3,366	$3,300
Windows/Glass Contracts	$2,408	$4,400
Roofing/Gutter Contracts	$0	$4,500
HVAC Contracts	$2,346	$2,300
Flooring/Carpet Contracts	$18,608	$26,900
Paint/Wallcovering Int. Cont.	$969	$950
Paint/Wallcovering Ext. Cont	$510	$500
Miscellaneous Contracts	$4,080	$4,000
Total Capital Budget	**$45,878**	**$63,700**

VPC ONE DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income for VPC One is budgeted at:
    - FY'17: $6,723,169
    - FY'18: $7,056,520
  - ✓ Rent increases upon lease renewal are budgeted at 2.1%, which is the County Executive's voluntary guideline.
  - ✓ Market rents will be increased by 2.1%; however, upon turnover will be increased to reflect the current "market rate".
  - ✓ Vacancy for FY'17-18 is budgeted at 10% and 8%, respectively.
  - ✓ Concessions are budgeted at:
    - FY'17: $10,068
    - FY'18: $10,300
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF) are budgeted at:
    - FY'17: $2,608,890 (AOF: $528,650)
    - FY'18: $2,703,434 (AOF: $555,080)
- The HOC Allocated Overhead Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Cash flow to be restricted to property for renovations is budgeted at:
    - FY'17: $234,434
    - FY'18: $256,405
- Net cash flow before HOC Development Corporation Management Fee is budgeted as:
    - FY'17: $1,229,984
    - FY'18: $1,367,693
- Capital improvements are budgeted at:
    - FY'17: $99,220
    - FY'18: $101,205

MEMORANDUM

TO:	Board of Directors of VPC One Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	VPC One Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the VPC One Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its July 18, 2012 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of VPC One Development Corporation (the "Corporation"), a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on July 25, 2012.

At this time, all of the originally planned 390 units, plus an additional nine units, have been transferred to the Corporation from HUD for a total of 399 units. The property is operational. As of May 31, 2016, 199 units (50%) have been fully renovated and the remaining units are under contract to complete renovations by the end of 2016.

Some of these units have been designated receiver units for the permanent relocation of some residents at HOC's multifamily former Public Housing properties. There has been a transfer of assistance for 55 units of former Public Housing of RAD Project Based Voucher Subsidies. As part of this Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.

On June 5, 2013, the Commission approved a rehabilitation plan for VPC One and VPC Two (the "Corporations"), formerly known as the 669 Scattered Sites. The plan included an allocation of

$20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.

On March 2, 2016, HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time, and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A. (the "PNC LOC").

On May 13, 2016, the Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with EagleBank, located in Bethesda, Maryland (the "EagleBank LOC") to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC, currently totaling approximately $22 million. The EagleBank LOC would also provide the option to issue Sub-Notes under the facility, which would have a term of five years with the option to extend another five years. The final loan amount is subject to a 50% loan to value ratio. It is anticipated that VPC One would qualify for a $37 million facility and VPC Two, $27.5 million, based upon a 30-year amortization, 4.75% interest and a 1.25 Debt Service Coverage Ratio. Staff anticipates returning to the Corporation with a Final Financing Plan in the first quarter of FY17 to affect a closing in the second quarter of FY17.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY'17-18 Operating and Capital Budgets for the VPC One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

ISSUES FOR CONSIDERATION:

- Cash flow restricted for renovations for FY'17-18 is budgeted at $234,434 and $256,405, respectively.
- Net cash flow for FY'17-18 is budgeted at $1,229,984 and $1,367,693, respectively, prior to the HOC Development Corporation Management Fee.
- Rent increases upon lease renewal are budgeted at 2.1%, which is the County Executive's voluntary guideline.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current "market rate".
- Vacancy for FY'17-18 is budgeted at 10% and 8%, respectively.

- Concessions for FY’17-18 are budgeted at $10,068 and $ 10,300, respectively.
- Capital improvements for FY’17-18 are budgeted at $99,220 and $101,205, respectively.

BUDGET IMPACT:
The FY’17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Adoption of the FY’17-18 Operating and Capital Budgets for VPC One Development Corporation by the Board of Directors.

RESOLUTION NO. 16-003$_{VP1}$

RE: VPC One Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the VPC One Development Corporation (the "Corporation") conducted its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 VPC One Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for VPC One Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by VPC One Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of VPC One Development Corporation

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VPC One Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$7,056,520	$6,723,169	$6,147,733	$4,424,467	$1,776,437
Expenses:					
Operating - Admin	$301,768	$291,524	$352,858	$332,305	$141,213
Operating - Fees	$1,396,939	$1,351,887	$1,250,830	$1,299,964	$339,813
Tenant & Protective Services	$129,859	$123,697	$129,097	$112,842	$9,025
Taxes, Insurance & Utilities	$162,961	$158,688	$135,138	$240,113	$57,606
Maintenance	$711,907	$683,094	$654,412	$508,274	$104,125
Subtotal - Operating Expenses	**$2,703,434**	**$2,608,890**	**$2,522,335**	**$2,493,498**	**$651,782**
Net Operating Income (NOI)	**$4,353,086**	**$4,114,279**	**$3,625,398**	**$1,930,969**	**$1,124,655**
Debt Service	$2,611,088	$1,696,791	$0	$61,661	$0
Debt Service Reserves	$0	$835,170	$1,704,149	$0	$0
Replacement Reserves	$117,900	$117,900	$147,300	$117,000	$0
Development Corporation Fees	$1,367,693	$1,229,984	$1,330,463	$893,063	$0
Excess Cash Flow Restricted	$256,405	$234,434	$443,486	$859,245	$1,124,655
Subtotal - Expenses Below NOI	**$4,353,086**	**$4,114,279**	**$3,625,398**	**$1,930,969**	**$1,124,655**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$2,550	$2,500
Appliance Supplies	$510	$500
Plumbing Supplies	$1,836	$1,800
Hardware Supplies	$2,693	$2,640
HVAC Supplies	$2,938	$2,880
Appliance Equipment	$6,732	$6,600
Appliance Contracts	$6,120	$6,000
Plumbing Contracts	$7,344	$7,200
Windows/Glass Contracts	$5,712	$5,600
Roofing/Gutter Contracts	$7,956	$7,800
HVAC Contracts	$18,666	$18,300
Flooring/Carpet Contracts	$13,668	$13,400
Miscellaneous Contracts	$24,480	$24,000
Total Capital Budget	**$101,205**	**$99,220**

VPC TWO DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY’17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income for VPC Two is budgeted at:
    - FY’17: $4,650,524
    - FY’18: $4,770,755

  ✓ Rent increases upon lease renewal are budgeted at 2.1%, which is the County Executive’s voluntary guideline.

  ✓ Market rents will be increased by 2.1% but upon turnover will be increased to reflect the current “market rate”.

  ✓ Vacancy for FY’17-18 is budgeted at 12% and 8%, respectively.

  ✓ Concessions are budgeted at:
    - FY’17: $4,090
    - FY’18: $4,184
- Total operating expenses, which includes the HOC Allocated Overhead Fees (AOF)are budgeted at:
    - FY’17: $1,714,695 (AOF: $346,190)
    - FY’18: $1,781,845 (AOF: $363,064)
- The HOC Allocated Overhead Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Cash flow to be restricted to property for renovations is budgeted at:
    - FY’17: $178,380
    - FY’18: $173,460
- Net cash flow before HOC Development Corporation Management Fee is budgeted as:
    - FY’17: $896,664
    - FY’18: $899,109
- Capital improvements are budgeted at:
    - FY’17: $62,100
    - FY’18: $63,342

MEMORANDUM

TO:	Board of Directors of VPC Two Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	VPC Two Development Corporation 2016 Annual Meeting Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the VPC Two Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its August 7, 2013 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of VPC Two Development Corporation (the "Corporation"), a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on August 20, 2013.

At this time, all of the originally planned 279 units, plus one additional acquisition, have been transferred to the Corporation from HUD for a total of 280 units. The property is operational. As of May 31, 2016, 194 units (69%) have been fully renovated and the remaining units are under contract to be completed by year-end 2016.

Some of the units have been designated as receiver units for the permanent relocation of some residents at HOC's multifamily former Public Housing properties. There has been a transfer of assistance for 58 units of former Public Housing of RAD Project Based Voucher subsidies. As part of the Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The FY’17-18 Operating and Capital Budgets for the VPC Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

ISSUES FOR CONSIDERATION:

- Cash flow restricted for renovations for Fy’17-18 is budgeted at $178,380 and $173,4605, respectively.
- Net cash flow for FY’17-18 is budgeted at $896,664 and $899,109, respectively, prior to the HOC Development Corporation Management Fee.
- Rent increases upon lease renewal are budgeted at 2.1%. The County Executive’s voluntary guideline is 2.1%.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current “market rate”.
- Vacancy for FY’17-18 is budgeted at 12% and 8%, respectively.
- Concessions for FY’17-18 are budgeted at $4,090 and $ 4,184, respectively.
- Capital improvements for FY’17-18 are budgeted at $62,100 and $63,342, respectively.

BUDGET IMPACT:
The FY’17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY’17-18 Operating and Capital Budgets for VPC Two Development Corporation by the Board of Directors.

RESOLUTION NO. 16-003$_{VP2}$ **RE:** **VPC Two Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the VPC Two Development Corporation (the "Corporation")conducted its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 VPC Two Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for VPC Two Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by VPC Two Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of VPC Two Development Corporation

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VPC Two Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$4,770,755	$4,650,524	$4,285,042	$2,691,747	$224,889
Expenses:					
Operating - Admin	$178,779	$174,013	$223,834	$174,878	$30,212
Operating - Fees	$832,622	$800,370	$758,304	$779,331	$31,352
Tenant & Protective Services	$90,997	$86,691	$92,512	$76,825	$1,737
Taxes, Insurance & Utilities	$105,375	$103,790	$97,030	$205,123	$6,169
Maintenance	$574,072	$549,831	$632,247	$396,300	$27,565
Subtotal - Operating Expenses	**$1,781,845**	**$1,714,695**	**$1,803,927**	**$1,632,457**	**$97,035**
Net Operating Income (NOI)	**$2,988,910**	**$2,935,829**	**$2,481,115**	**$1,059,290**	**$127,854**
Debt Service	$1,832,341	$962,021	$0	$5,286	$0
Debt Service Reserves	$0	$814,764	$1,216,004	$0	$0
Replacement Reserves	$84,000	$84,000	$83,700	$83,700	$0
Transfers	$0	$0	$0	$0	$0
Development Corporation Fees	$899,109	$896,664	$886,059	$680,759	$0
Excess Cash Flow Restricted	$173,460	$178,380	$295,352	$289,545	$127,854
Subtotal - Expenses Below NOI	**$2,988,910**	**$2,935,829**	**$2,481,115**	**$1,059,290**	**$127,854**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$2,550	$2,500
Windows and Glass	$6,120	$6,000
HVAC Supplies	$10,200	$10,000
Paint and Wallcoverings	$714	$700
Plumbing Equipment	$714	$700
Appliance Equipment	$1,632	$1,600
Plumbing Contracts	$4,386	$4,300
Windows/Glass Contracts	$8,976	$8,800
Roofing/Gutter Contracts	$4,590	$4,500
HVAC Contracts	$14,382	$14,100
Flooring/Carpet Contracts	$3,978	$3,900
Miscellaneous Contracts	$5,100	$5,000
Total Capital Budget	**$63,342**	**$62,100**

Attachment 1

Development Corporation Annual Meetings And Other Business

CHEVY CHASE LAKE DEVELOPMENT CORPORATION
ANNUAL MEETING
June 17, 2016

- The By-laws require an Annual Meeting.

- There is no operating budget for FY’17-18, as the property is undergoing redevelopment.

- The Capital Development Budget of $73.5 million includes $31,154,920 and $39,181,615 for FY’17 and FY’18, respectively, for a complete redevelopment of the project with new construction starting in FY’17.

MEMORANDUM

TO:	Board of Directors of Chevy Chase Lake Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Chevy Chase Lake Development Corporation Annual Meeting	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting of the Chevy Chase Lake Development Corporation.

BACKGROUND:
On August 4, 2004, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Chevy Chase Lake Development Corporation (the "Corporation" or "CCL DC") and passed a resolution approving the Articles of Incorporation for the Development. The Board of Directors for the Development adopted the By-laws on September 1, 2004 which provide for the operations and functions of the Corporation and elected officers.

The Corporation executed the Asset Management Agreement by and between the CCL DC (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to the start of each fiscal year; however, due to the systematic decommissioning of the property, there is no operating budget for the property, therefore, only and annual meeting is being held to satisfy requirements of Corporation.

At the October 2013 Commission meeting, the Commission approved the Executive Director's authority to enter into a Purchase and Sale Agreement ("PSA") with Eakin Youngentob Associates ("EYA") to sell approximately 3.3 acres of the site to be redeveloped into 62 townhomes (52 market rate units, 10 MPDUs). The remaining land (approx. 1.41 acres) will continue to be owned by the Corporation or an affiliate which will be redeveloped into a high-rise, multifamily building (the "Multifamily Property") that will include 200 rental apartment units (120 market rate, 40 workforce, 40 affordable) and a public park. The Multifamily Property will be contributed to a new ownership entity, CCL Multifamily LLC in which HOC will have a 50% ownership stake.

After the Commission entered into the PSA with EYA, staff informed residents of the potential redevelopment of the community. Some residents elected to move on their own timetables into new accommodations, prior to any issuance of notices to vacate. All other relocation procedures were in accordance with County requirements and, in January 2016, the final unit was vacated. Demolition was completed in February 2016.

Due to the decommissioning of the building, operations ceased as of January 2016. CCL DC will be dissolved once all of its real assets are transferred to the new owner.

The first mortgage of $6,975,000 was prepaid on October 15, 2015 using a draw on the $60 million Line of Credit with PNC Bank, N.A.—the loan will be repaid from proceeds from the sale of the townhome parcels when received. Staff has analyzed several financing structures to optimize the funding outcome for the redevelopment project, using a combination of conventional debt and private equity during the construction followed by an HUD/FHA Risk Share product in conjunction with the Federal Financing Bank for the permanent financing.

As a consequence of the current redevelopment, Operating and Capital Budgets were not developed for FY'17-18. However, the Capital Development Budget totaling $73.5 million projects $31,154,920 and $39,181,615 for FY'17 and FY'18, respectively, for the Multifamily Property.

ISSUES FOR CONSIDERATION:

- Operating and Capital Budgets were not developed for FY'17-18 because the project has been decommissioned and demolished in anticipation of complete redevelopment beginning in the first quarter of FY'17.

- Capital Development Budget is $31,154,921 and 39,181,615 for FY'17 and FY'18, respectively, and will seek spending approval through the designated stages of development and financing through the Committees and recommended to the Commission for approval, as appropriate for the Multifamily Property.

BUDGET IMPACT:
None for FY'17-18.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION & BOARD ACTION NEEDED:
None.

Annual Meeting for Damascus Gardens Development Corporation

June 17, 2016

- **Damascus Gardens Development Corporation was formed in August 1979.**
- **The purpose of the Corporation is "to engage in and assist in the development of low income housing and will be determined by HUD to constitute a "Public Housing Agency" within the meaning of Section 3(6) of the United States Housing Act of 1937".**
- **By-laws of the Corporation state that an annual meeting and election of officers must be held each year.**

MEMORANDUM

TO: Board of Directors of Damascus Gardens Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Jim Atwell, Internal Auditor ext. 9426

RE: Annual Meeting for Damascus Gardens Development Corporation

DATE: June 17, 2016

STATUS: Consent_____ Deliberation X___Status Report_Future Action____________________

OVERALL GOAL & OBJECTIVE:
Conduct the Annual Meeting for Damascus Gardens Development Corporation.

BACKGROUND:
On August 29, 1979, HOC formed Damascus Gardens Development Corporation (Corporation), a nonprofit, non-stock corporation. As stated in the By-laws, the purpose of the Corporation is "to engage in and assist in the development of low income housing and will be determined by HUD to constitute a "Public Housing Agency" within the meaning of Section 3(6) of the United States Housing Act of 1937".

In October of 1979, the Corporation issued, sold and delivered $4,090,700 aggregate principal amount of construction mortgage revenue limited obligation notes for the Damascus Gardens Project. Additionally, $4,439,400 aggregate principal amount of mortgage revenue limited obligation bonds was issued. The purpose of these transactions was to make a mortgage loan to provide interim and permanent financing of the cost of constructing a 104-unit housing project for persons and families of low income to be owned by Damascus Gardens Associates.

On December 3, 1980, a HAP contract was entered into between the Housing Opportunities Commission (HOC) and Damascus K Partnership (Owner), with a contract term of 20 years.

In 1981, the Corporation refinanced the original issuance resulting in the Corporation issuing a Mortgage Revenue Limited Obligation Bond ($4,090,700).

On October 6, 1998, the Corporation defeased the mortgage and purchased an instrument which is pledged to the bonds. The result of the defeasance was that Mortgage Revenue Limited Obligation was issued in the amount of $3,810,000 and the Corporation received 100% of the bond fund residuals, which totaled $1,049,095. The Mortgage Revenue Limited Obligation was issued in Damascus Gardens Development Corporation's name. Therefore, the Corporation must remain active until the Obligation's retirement in August 2017. The defeasance account funds are currently maintained in HOC's Opportunity Housing Reserve Fund. The balance as of March 31, 2016 was $619,913.

ISSUES FOR CONSIDERATION:
The By-laws of the Damascus Gardens Development Corporation state that an annual meeting and election of officers must be held.

PRINCIPALS:
The Board of Directors of Damascus Gardens Development Corporation.

BUDGET IMPACT:
None.

TIME FRAME:
For Board action at the June 17, 2016 annual meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends the Board of Directors conduct an annual meeting and elect officers for FY'17.

RESOLUTION: 16-001DG **RE: Annual Meeting for Damascus Gardens Development Corporation**

WHEREAS, Damascus Gardens Development Corporation was formed in August 1979; and

WHEREAS, the purpose of the Corporation is to engage in and assist in the development of low income housing; and

WHEREAS, the By-laws of the Corporation state that an annual meeting and election of officers must be held each year.

NOW, THEREFORE, BE IT RESOLVED by the Damascus Gardens Development Corporation, that:

1. The Corporation has held an annual meeting on June 17, 2016.
2. Election of officers was held at the annual meeting on June 17, 2016.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Damascus Gardens Development Corporation at a meeting conducted on Friday, June 17, 2016.

Secretary to the Board of Damascus Gardens Development Corporation

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BROOKSIDE GLEN APARTMENTS DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS
FOR BROOKSIDE GLEN LIMITED PARTNERSHIP

June 17, 2016

- Brookside Glen Apartments Development Corporation is the general partner of Brookside Glen Limited Partnership, which owns the Brookside Glen (the "Property").
- The Development Corporation By-laws require an Annual Meeting.
- Total operating income for the Property is budgeted at:
  - FY'17: $1,569,890
  - FY'18: $1,584,690

✓ Rent increases upon lease renewal are budgeted at 2.8%; the County Executive's voluntary rent guideline is 2.1%.

✓ Market rents will be increased by 2.8% but upon turnover will be increased to reflect the current "market rate".

✓ Vacancy is budgeted at 4.0%.

✓ Concessions are budgeted at:

  - FY'17: $5,150
  - FY'18: $5,268

- Total operating expenses for the Property, including the HOC Asset Management Fees (AMF), are budgeted at:
  - FY'17: $718,283 (Operating Expenses: $650,533; AMF: $67,750)
  - FY'18: $728,650 (Operating Expenses: $657,510; AMF: $71,140)
- Net cash flow to be restricted to the property is budgeted at:
  - FY'17: $243,852
  - FY'18: $244,789
- Capital improvements are budgeted at:
  - FY'17: $113,165
  - FY'18: $95,429

MEMORANDUM

TO:	Board of Directors of Brookside Glen Apartments Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Brookside Glen Apartments Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Brookside Glen Limited Partnership	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]	

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Partnership's Board of Directors (the "Board").

BACKGROUND:
Brookside Glen Apartments Development Corporation established Brookside Glen Limited Partnership (the "Partnership") to own Brookside Glen Apartments. HOC is the limited partner owning 99.9% of the partnership interest. Brookside Glen Apartments Development Corporation is the general partner owning .1% of the interest in the Partnership. The Development Corporation was established to own this property because the Maryland Department of Housing and Community Development ("DHCD") would not make a loan secured against the property to a corporation, under its regulations, even if controlled by HOC. As a result, the Development Corporation was created and the development corporation is used as the general partner.

The Partnership requires an annual budget which provides a sound financial and operating plan for operation of the property. The Partnership has entered into an Asset Management Agreement with the Housing Opportunities Commission and desires to include the annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process.

A comprehensive renovation of Brookside Glen was approved by CDA in March 2009, then approved by the Brookside Glen Apartments Development Corporation Board of Directors in June 2009. The scope of the project included interior renovations of all units, roof replacement, repair and sealing of the parking lot and replacement of mechanical systems. The project was funded through Operating Cash, Replacement Reserves and the Operating Reserve held by DHCD. The renovation was managed by Bozzuto Management's Division of Maintenance and Technical Service competed in 2015.

The FY'17-18 Operating and Capital Budgets for Brookside Glen Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Bozzuto Management Company has been the management agent for the property since October 1, 2001.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $243,852 and $244,789, respectively, and is restricted to the property.
- Rent increases upon lease renewal are budgeted to be increased by 2.8%; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 2.8% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 4.0%.
- Concessions for FY'17-18 are budgeted at $5,150 and $5,268, respectively.
- Capital improvements for FY'17-18 are budgeted at $113,165 and $95,429, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets for Brookside Glen Limited Partnership establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Brookside Glen Apartments Development Corporation by the Board of Directors of the Brookside Glen Apartments Development Corporation, acting on behalf of the Brookside Glen Limited Partnership as its general partner.

Resolution No. 16-001$_{BG}$

RE: Adoption of FY'17-18 Operating and Capital Budgets for Brookside Glen

WHEREAS, Brookside Glen Apartments Development Corporation ("Corporation") serves as the general partner of Brookside Glen Limited Partnership ("Partnership"), which owns and operates Brookside Glen ("Property"); and

WHEREAS*,* the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") is the limited partner of the Partnership; and

WHEREAS*,* the Partnership must approve an annual budget which provides a sound financial and operating plan for operation of the Property; and

WHEREAS, the Corporation, in its capacity as the Partnership's general partner, has reviewed the FY'17-18 Operating and Capital Budgets for Brookside Glen and wishes to approve them on behalf of the Partnership; and

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that it hereby approves the FY'17-18 Operating and Capital Budgets for the Property.

BE IT FURTHER RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that the Commission's Executive Director, as the Corporation's Secretary, is authorized and directed, 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.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, at an annual meeting conducted on Friday, June 17, 2016.

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Secretary to the Board of Directors
of Brookside Glen Apartments
Development Corporation

Brookside Glen Limited Partnership
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,584,690	$1,569,890	$1,529,210	$1,459,181	$1,486,383
Expenses:					
Operating - Admin	$223,280	$224,974	$211,644	$226,282	$193,557
Operating - Fees	$84,360	$82,511	$80,795	$71,855	$78,003
Tenant & Protective Services	$15,405	$15,234	$15,721	$14,077	$12,985
Taxes, Insurance & Utilities	$145,083	$142,547	$156,514	$150,114	$149,984
Maintenance	$189,382	$185,267	$184,800	$207,954	$177,234
Subtotal - Operating Expenses	**$657,510**	**$650,533**	**$649,474**	**$670,282**	**$611,763**
Net Operating Income (NOI)	**$927,180**	**$919,357**	**$879,736**	**$788,899**	**$874,620**
Debt Service	$499,889	$500,929	$501,921	$502,863	$503,919
Operating Reserves	$16,250	$16,250	$16,250	$16,250	$16,250
Replacement Reserves	$95,112	$90,576	$86,262	$78,420	$45,917
Asset Management Fees	$71,140	$67,750	$67,750	$70,180	$70,180
Excess Cash Flow Restricted	$244,789	$243,852	$207,553	$121,186	$238,354
Subtotal - Expenses Below NOI	**$927,180**	**$919,357**	**$879,736**	**$788,899**	**$874,620**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
HVAC Equipment	$5,059	$4,960
Appliance Equipment	$13,058	$21,625
Grounds/Landscaping Contr-Cap.	$10,710	$10,500
Flooring/Carpet Contracts	$21,502	$21,080
Asphalt/Concrete Contracts	$5,100	$5,000
Miscellaneous Contracts	$40,000	$50,000
Total Capital Budget	**$95,429**	**$113,165**

BROOKSIDE GLEN APARTMENTS DEVELOPMENT CORPORATION

APPROVAL OF PROPERTY MANAGEMENT CONTRACT FOR BROOKSIDE GLEN (“The Glen”)

June 17, 2016

- **Brookside Glen, located in Wheaton and built in 1995, is a 90 unit mixed income community consisting of 84 town homes and six 2-bedroom flats. The property was fully renovated from 2013 - 2015.**

- **A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Brookside Glen.**

- **Responses to the RFP were received from three property management companies.**

- **Staff reviewed submitted materials and scored the three respondents in accordance with the RFP criteria.**

- **Staff determined that Avison Young is the best candidate for the management of Brookside Glen.**

- **Staff recommends that the Board of Directors of Brookside Glen Apartments Development Corporation authorize a management contract with Avison Young for property management services at Brookside Glen.**

M E M O R A N D U M

TO: Brookside Glen Apartments Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Bobbie Dacosta Division: Property Management Ext. 9524

RE: Approval of Property Management Contract for Brookside Glen ("The Glen")

DATE: June 17, 2016

STATUS: Consent [ ] Deliberation [X] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Approval to execute a management contract with Avison Young for property management services at Brookside Glen.

BACKGROUND:
Brookside Glen "The Glen", is a 90-unit garden style apartment community built in 1995. The property consists of 84 town home style units and six 2-bedroom flats. Located on six acres in the revitalized area of Wheaton, The Glen is within walking distance of two major highways and fully accessible to public transportation. Unit interiors were fully renovated in 2013 – 2015. Funding through the Department of Housing and Community Development restricts 20 units to households earning at or below 40% of the state median income and an additional 25 units are affordable under the HOME program. The remaining units are market-rate.

A Request for Proposal (RFP) was issued in accordance with HOC's Procurement Policy for management of The Glen. Staff received responses from three management companies.

Responding Company	Proposed Fee
• Avison Young	$41 PUPM
• Bozzuto Management	$58 PUPM or 4% of monthly rent receipts
• Vantage Management	$42 PUPM or 3% of monthly rent receipts

Staff from Property Management, Real Estate Development, Finance and Compliance reviewed and scored the submissions. Proposals from each of the respondents were evaluated in accordance with the scoring criteria, which included:

- Firm's Past Experience with the management of similar multi-family communities in Montgomery County
- Experience and Qualifications of Personnel
- Managing Capital Improvements
- Experience in Compliance and Audits
- Certification as a Section 3 Business Concern or incorporation of a Section 3 Opportunities Plan
- References
- Review of Submitted Materials

- Management Fee

Avison Young, at $41 per unit per month, offered the most competitive fee and was considered to be best suited to manage the property. Bozzuto, the current management agent, has managed the property at a high level; however, their proposed management fee of $58 per unit per month appears unreasonably high for a property that is relatively small, stabilized and recently renovated. Formerly operating as McShea Management, Avison Young has an 18-year track record of successfully managing mixed income properties on behalf of the Commission. They currently manage seven HOC properties, including Glenmont Crossing, a property less than a mile from The Glen.

Staff is proposing a management contract with Avison Young for a term of one year, with two possible one-year renewals.

ISSUES FOR CONSIDERATION:
Does the Board of Directors of Brookside Glen Apartments Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Brookside Glen Apartments Development Corporation, to execute a management contract with Avison Young for property management services at Brookside Glen?

BUDGET IMPACT:
Avison Young proposed a management fee of $41.00 per unit per month.

TIME FRAME:
For Brookside Glen Apartments Development Corporation action at its meeting of June 17, 2016

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Board of Directors of Brookside Glen Apartments Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Brookside Glen Apartments Development Corporation, to execute a management contract with Avison Young for property management services at Brookside Glen.

BROOKSIDE GLEN APARTMENTS DEVELOPMENT CORPORATION

RESOLUTION NO. 16-002 BG **RE: Approval of Property Management Contract for Brookside Glen ("The Glen")**

WHEREAS, Brookside Glen Apartments Development Corporation ("Corporation") is the general partner of Brookside Glen Limited Partnership ("Partnership"), which owns Brookside Glen located in Wheaton, Maryland; and

WHEREAS, the Corporation, acting on behalf of the Partnership, issued a Request for Proposals (RFP) for management of Brookside Glen; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of staff from Property Management, Finance, Compliance and Real Estate scored the results and determined that Avison Young is the most qualified to manage Brookside Glen.

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of the Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Brookside Glen Apartments Development Corporation, is hereby authorized and directed to execute a management contract for Brookside Glen for one year.

BE IT FURTHER RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of the Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Brookside Glen Apartments Development Corporation, is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of the Brookside Glen Limited Partnership, at an annual meeting conducted on June 17, 2016.

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Secretary to the Board of Directors of the Brookside Glen Apartments Development Corporation

DIAMOND SQUARE DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS
FOR DIAMOND SQUARE LIMITED PARTNERSHIP

June 17, 2016

- Diamond Square Development Corporation is the general partner of Diamond Square Limited Partnership, which owns the Diamond Square (the "Property").
- The Development Corporation By-laws require an Annual Meeting.
- Total operating income for the Property is budgeted at:
    - FY'17: $1,284,868
    - FY'18: $1,314,768

  ✓ Rent increases upon lease renewal budgeted at 2.1% which is the County Executive's voluntary rent guideline.

  ✓ Market rents will be increased by 2.1% but upon turnover will be increased to reflect the current "market rate".

  ✓ Vacancy is budgeted at 1.0%.

  ✓ Concessions are budgeted at:
    - FY'17: $1,200
    - FY'18: $1,228
- Total operating expenses for the Property, including the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $786,791 (Operating Expenses: $764,331; AMF: $22,460)
    - FY'18: $801,607 (Operating Expenses: $778,477; AMF: $23,130)
- Net cash flow to be restricted to the property is budgeted at:
    - FY'17: $260,127
    - FY'18: $271,494
- Capital improvements are budgeted at:
    - FY'17: $270,050
    - FY'18: $193,851

MEMORANDUM

TO:	Board of Directors of Diamond Square Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Diamond Square Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Diamond Square Limited Partnership	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for Diamond Square Development Corporation by the Partnership's Board of Directors (the "Board").

BACKGROUND:
On June 6, 1990, an Agreement was executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission ("HOC") wherein they agreed to jointly acquire the Quality Inn Motel located at 80 Bureau Drive in Gaithersburg. Per this Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City agreed to contribute $500,000 in cash for its share of the Purchase Price. The parties have operated the property under the terms of the Agreement through a Board of Governance with title to the property held by HOC.

Diamond Square Development Corporation established Diamond Square Development Corporation (the "Partnership") to own Diamond Square Apartments in order to refinance the property in 2003. HOC is the limited partner owning 99.9% of the partnership interest. Diamond Square Development Corporation is the general partner owning 0.1% of the interest in the Partnership. The Development Corporation was established to own this property because the Maryland Department of Housing and Community Development ("DHCD") would not make a loan secured against the property to a corporation, under its regulations, even if controlled by HOC. As a result, the Development Corporation was created and the development corporation used as the general partner.

The Partnership requires an annual budget which provides a sound financial and operating plan for operation of the property. The Partnership has entered into an Asset Management Agreement with HOC and desires to include the annual budget preparation, presentation and approval process with the HOC budget process.

The FY'17-18 Operating and Capital Budgets for Diamond Square Development Corporation were presented to the Budget, Finance and Audit Committee on May 6, 2016, precedent to which, it was approved by the Diamond Square Board of Governance on April 28, 2016.

Diamond Square is managed by Avison Young, the company that acquired McShea Management, former Property Management Company, in 2013.

Current capital projects include redesign of the vestibule due to water infiltration in the Plexiglas overhang. The project is expected to start in June 2016 and will include additional seating and redesign of handicapped parking. All work will be funded from reserves.

ISSUES FOR CONSIDERATION:

- Net cash flow for FY'17-18 is budgeted at $260,127 and $271,494, respectively, and is restricted to the property.
- Rent increases upon lease renewal budgeted to be increased by 2.1% which is the County Executive's voluntary rent guideline.
- Market rents will be increased by 2.1% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 1.0%.
- Concessions for FY'17-18 are budgeted at $1,200 and $1,228, respectively.
- Capital improvements for FY'17-18 are budgeted at $270,050 and $193,851, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets for the Diamond Square Limited Partnership establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION & ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Diamond Square Development Corporation by the Board of Directors of the Diamond Square Development Corporation, acting on behalf of the Diamond Square Limited Partnership as its general partner.

Resolution No. 16-001$_{DS}$

RE: Adoption of FY'17-18 Operating and Capital Budgets for Diamond Square

WHEREAS, Diamond Square Development Corporation ("Corporation") serves as the general partner of Diamond Square Limited Partnership ("Partnership"), which owns and operates Diamond Square ("Property"); and

WHEREAS*,* the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") is the limited partner of the Partnership; and

WHEREAS*,* the Partnership requires an annual budget which provides a sound financial and operating plan for operation of the Property; and

WHEREAS, the Corporation, in its capacity as the Partnership's general partner, has reviewed the FY'17-18 Operating and Capital Budgets for Diamond Square and wishes to approve them on behalf of the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that it hereby approves the FY'17-18 Operating and Capital Budgets for the Property.

BE IT FURTHER RESOLVED by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that the Commission's Executive Director, as the Corporation's Secretary, is authorized and directed, 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.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, at an annual meeting conducted on Friday, June 17, 2016.

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Secretary to the Board of Directors
of Diamond Square Apartments Development
Corporation

Diamond Square Limited Partnership
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,314,768	$1,284,868	$1,247,978	$1,186,371	$1,144,253
Expenses:					
Operating - Admin	$202,592	$196,373	$215,379	$190,487	$197,391
Operating - Fees	$66,690	$64,555	$62,935	$60,871	$60,483
Tenant & Protective Services	$7,594	$14,960	$92,443	$88,134	$95,927
Taxes, Insurance & Utilities	$253,120	$245,782	$240,806	$187,532	$178,659
Maintenance	$248,481	$242,661	$229,327	$222,456	$187,546
Subtotal - Operating Expenses	**$778,477**	**$764,331**	**$840,890**	**$749,480**	**$720,006**
Net Operating Income (NOI)	**$536,291**	**$520,537**	**$407,088**	**$436,891**	**$424,247**
Debt Service	$118,184	$118,450	$118,704	$118,944	$119,175
Operating Reserves	$19,920	$19,920	$19,920	$19,920	$19,920
Replacement Reserves	$103,563	$99,580	$95,752	$92,071	$88,530
Asset Management Fees	$23,130	$22,460	$22,460	$21,810	$21,170
Excess Cash Flow Restricted	$271,494	$260,127	$150,252	$184,146	$175,452
Subtotal - Expenses Below NOI	**$536,291**	**$520,537**	**$407,088**	**$436,891**	**$424,247**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$122,400	$120,000
Doors	$1,938	$1,900
Miscellaneous Supplies	$20,318	$19,920
HVAC Equipment	$10,588	$10,380
Appliance Equipment	$23,562	$23,100
Grounds/Landscaping Contr-Cap.	$5,100	$5,000
Flooring/Carpet Contracts	$9,945	$9,750
Asphalt/Concrete Contracts	$0	$80,000
Total Capital Budget	**$193,851**	**$270,050**

TPM DEVELOPMENT CORPORATION (TIMBERLAWN CRESCENT, POMANDER COURT & MPDU II) ANNUAL MEETING AND ADOPTION OF FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income for TPM Development Corporation (the "Corporation") is budgeted at:
    - FY'17: $3,198,324
    - FY'18: $3,254,151

  ✓ Rent increases upon lease renewal are budgeted at 3.9% for Timberlawn Crescent as a result of renovations and 2.1% for Pomander Court and MPDU II, which is the County Executive's voluntary rent guideline.

  ✓ Market rents will be increased by 3.9% for Timberlawn Crescent, 2.1% for Pomander Court and MPDU II; but upon turnover will be increased to reflect the current "market rate".

  ✓ Vacancy for FY'17-18 is budgeted at 6.2% and 6.0%, respectively, for Timberlawn Crescent, 10.0% and 9.2%, respectively, for Pomander Court, and 4.0% per year for MPDU II.

  ✓ Concessions are budgeted at:
    - FY'17: $4,500 for Timberlawn Crescent and $2,412 for MPDU II
    - FY'18: $4,604 for Timberlawn Crescent and $2,467 for MPDU II
    - There are no concessions budgeted for Pomander Court for FY'17-18.
- Total operating expenses (OPEX), including the HOC Asset Management Fee (AMF) for Timberlawn Crescent and includes the Allocated Overhead Fees (AOF) for MPDU II and Pomander Court, are budgeted at:
    - FY'17: OPEX: $1,233,320; AMF: $80,550; AOF: $102,790
    - FY'18: OPEX: $1,256,320; AMF: $84,570; AOF: $107,930
- The HOC Asset Management Fees are based on the indirect cost study and reflect the impact of fully allocating the overhead of the Agency.
- Allocated Overhead Fees are budgeted at $78,670 for MPDU II and $24,120 for Pomander Court for FY'17. For FY'18, Allocated Overhead Fees are budgeted at $82,610 and $25,320 for MPDU II and Pomander Court, respectively.

- Cash flow to be restricted for renovations to the properties is budgeted at:
    - FY’17: $385,303
    - FY’18 has no budgeted restrictions for the Corporation.
- Net cash flow before the HOC Development Corporation Management Fee is:
    - FY’17: $690,424
    - FY’18: $494,951
- Capital improvements are budgeted at:
    - FY’17: $100,370
    - FY’18: $119,086

MEMORANDUM

TO:	Board of Directors of TPM Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	TPM Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and Adoption of the FY'17-18 Operating and Capital Budgets for the TPM Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Housing Opportunities Commission ("HOC") meeting held on November 4, 1998, the Commission authorized the creation of a wholly controlled corporate instrumentality known as TPM Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation of the Development.

On February 24, 1999, By-laws were adopted by the TPM Development Corporation Board of Directors (the "Board"). Those By-laws provide for the operations and functions of the Corporation and the election of officers. At the same meeting, the Board also approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission. The Board assumed loans from HOC in the amount of $10,824,525, such loans were insured by FHA under its Risk Sharing Program. The Board also assumed two subordinate loans from the State of Maryland and Montgomery County and authorized the execution of the appropriate documents necessary to consummate the purchase of the properties from HOC.

Final endorsement from FHA and recordation of the transaction took place on March 17, 1999. The mortgage, in the original principal amount of $10,824,525, was insured under the FHA Risk Sharing Program. HOC assumed 90% of the insurance risk and FHA assumed the remaining 10%. At least 40% of the households (76 units) at the three properties must have incomes at or below 60% of the Washington Metropolitan Statistical Area Median Income.

Additionally, the Board authorized the execution of an Asset Management Agreement by and between the Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget ninety days prior to the start of each fiscal year.

On October 22, 2015, HOC drew funds from its PNC $90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage, as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board regarding permanent financing in the first quarter of FY'17 that will include a loan from the Federal Financing Bank (FFB), insured by the FHA Risk Share Program, in an approximate amount of $18 million, which will retire all existing interim debt for all three properties.

Timberlawn Crescent consists of 107 townhouses and flats. Phase I was built by HOC in 1989, and Phase II was constructed in 1991. The community building houses the rental office and daycare facilities. The property is located on Luxembourg Street in Bethesda, just off Tuckerman Lane.

A comprehensive renovation of Timberlawn Crescent started in FY 2016 and is estimated to be completed in FY 2017. The renovation plan, approved by the Commission on May 6, 2015 and amended on April 6, 2016, includes new siding, decks and fencing, exterior and interior painting, window replacement, bathroom and kitchen upgrades with new flooring and appliances, replacement of individual unit HVAC systems, club house redesign, sprinkler system update, parking lot improvements, rerouting of Verizon wires, and landscape upgrades to be completed by the end of December 2016. The anticipated financial impact to operations from the renovations is reflected in the proposed FY'17-18 Operating Budget.

Pomander Court, built in 1967, was acquired by HOC in late 1975 to prevent its conversion to condominiums. It has 24 townhouse units, each unit having three bedrooms. The property is located on University Boulevard in Silver Spring.

A comprehensive interior renovation of Pomander Court, also approved by the Commission on May 6, 2015, was executed in FY'16. The renovation plan, which was amended on April 6, 2016, includes bathroom and kitchen upgrades with new flooring and appliances, replacement of individual unit HVAC systems (as needed), interior painting, parking lot improvements, stormwater management upgrades, exterior work to include gutter, downspout and wood trim replacement, and removal of aged entry-door wooden canopies. Renovation work is anticipated to be substantially complete in the summer of 2016. The anticipated financial impact to operations from the renovations is reflected in the proposed FY'17-18 Operating Budget.

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units during FY'17.

At the Board meeting of June 23, 1999, the Corporation approved a resolution that allowed for the incorporation of the Corporation's annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

In accordance with the aforementioned resolution, the FY'17-18 Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Timberlawn Crescent has been managed by Bozzuto Management since October 1, 2001. MPDU and Pomander Court are managed by HOC, with assistance from Edgewood Management.

ISSUES FOR CONSIDERATION:

- Cash flow restricted for renovations to the properties for FY'17 is budgeted at $385,320. There are no cash flow restrictions budgeted for FY'18.
- Net cash flow for FY'17-18 is budgeted at $690,424 and $494,951, respectively, before the HOC Development Corporation Fee.
- Rent increases upon lease renewal are budgeted at 3.9% for Timberlawn Crescent as a result of renovations and 2.1% for Pomander Court and MPDU II, which is the County Executive's voluntary rent guideline.
- Market rents will be increased by 3.9% for Timberlawn Crescent, 2.1% for Pomander Court and MPDU II; but upon turnover will be increased to reflect the current "market rate".
- Vacancy for FY'17-18 is budgeted at 6.2% and 6.0%, respectively, for Timberlawn Crescent, 10.0% and 9.2%, respectively, for Pomander Court, and 4.0% per year for MPDU II.
- Concessions for FY'17-18 are budgeted at $4,500 and $4,604, respectively, for Timberlawn Crescent and at $2,412 and $2,467, respectively, for MPDU II. There are no concessions budgeted for Pomander Court.
- Capital improvements for FY'17 and FY'18 are budgeted at $100,370 and $119,086, respectively.

BUDGET IMPACT:

The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION:
Adoption of the FY'17-18 Operating and Capital Budgets for the TPM Development Corporation by the Board of Directors.

RESOLUTION NO.16-001TPM

RE: TPM Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets

WHEREAS, the TPM Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the June 23, 1999 Board of Directors meeting, the Corporation agreed to include the TPM Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for TPM Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the TPM Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of TPM Development Corporation

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TPM Development Corporation
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$3,254,151	$3,198,324	$3,105,147	$3,020,205	$3,105,147
Expenses:					
Operating - Admin	$332,369	$334,112	$296,342	$332,675	$296,342
Operating - Fees	$303,026	$296,119	$296,916	$287,975	$296,916
Tenant & Protective Services	$46,277	$44,627	$11,456	$39,320	$11,456
Taxes, Insurance & Utilities	$164,391	$159,818	$186,330	$164,285	$186,330
Maintenance	$410,936	$398,644	$381,389	$427,545	$381,389
Subtotal - Operating Expenses	**$1,256,999**	**$1,233,320**	**$1,172,433**	**$1,251,800**	**$1,172,433**
Net Operating Income (NOI)	**$1,997,152**	**$1,965,004**	**$1,932,714**	**$1,768,405**	**$1,932,714**
Debt Service	$1,377,489	$372,384	$750,825	$276,021	$750,825
Debt Service Reserves	$0	$384,696	$0	$0	$0
Replacement Reserves	$51,648	$51,648	$51,648	$47,192	$51,648
Asset Management Fees	$84,570	$80,550	$83,430	$83,430	$83,430
Development Corporation Fees	$494,951	$690,424	$994,426	$465,004	$994,426
Excess Cash Flow Restricted	$0	$385,302	$52,385	$896,758	$52,385
Subtotal - Expenses Below NOI	**$2,008,658**	**$1,965,004**	**$1,932,714**	**$1,768,405**	**$1,932,714**
NET INCOME	**($11,506)**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$11,639	$14,250
Appliance Supplies	$3,315	$3,250
Plumbing Supplies	$1,224	$1,200
Doors	$1,530	$1,500
HVAC Supplies	$4,896	$4,800
Flooring and Carpeting	$510	$500
HVAC Equipment	$765	$750
Appliance Equipment	$2,122	$2,080
Appliance Contracts	$1,530	$1,500
Plumbing Contracts	$3,264	$3,200
Grounds/Landscaping Contr-Cap.	$2,550	$2,500
Windows/Glass Contracts	$6,080	$8,800
Roofing/Gutter Contracts	$4,590	$4,500
HVAC Contracts	$15,810	$15,500
Flooring/Carpet Contracts	$34,925	$34,240
Paint/Wallcovering Int. Cont.	$1,836	$1,800
Fencing Contracts	$20,000	$0
Miscellaneous Contracts	$2,500	$0
Total Capital Budget	**$119,086**	**$100,370**

TPM Development Corporation - Timberlawn
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$1,977,644	$1,947,756	$1,767,561	$1,857,174	$1,906,908
Expenses:					
Operating - Admin	$261,018	$265,027	$234,061	$229,072	$208,352
Operating - Fees	$100,441	$98,430	$92,281	$84,374	$93,232
Tenant & Protective Services	$14,916	$14,770	$14,829	$13,144	$11,452
Taxes, Insurance & Utilities	$107,010	$104,882	$133,110	$107,173	$127,575
Maintenance	$198,298	$193,396	$195,309	$242,741	$241,464
Subtotal - Operating Expenses	**$681,683**	**$676,505**	**$669,590**	**$676,504**	**$682,075**
Net Operating Income (NOI)	**$1,295,961**	**$1,271,251**	**$1,097,971**	**$1,180,670**	**$1,224,833**
Debt Service	$1,125,125	$297,090	$22,517	$178,395	$471,399
Debt Service Reserves	$0	$243,378	$322,932	$0	$0
Replacement Reserves	$26,748	$26,748	$26,748	$22,290	$26,748
Asset Management Fees	$84,570	$80,550	$80,550	$83,430	$83,430
Development Corporation Fees	$59,518	$311,743	$322,612	$227,204	$643,251
Excess Cash Flow Restricted	$0	$311,742	$322,612	$669,352	$0
Subtotal - Expenses Below NOI	**$1,295,961**	**$1,271,251**	**$1,097,971**	**$1,180,671**	**$1,224,828**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Appliance Supplies	$2,550	$2,500
Flooring/Carpet Contracts	$10,751	$10,540
Fencing Contracts	$20,000	$0
Miscellaneous Contracts	$2,500	$0
Total Capital Budget	**$35,801**	**$13,040**

TPM Development Corporation - Pomander Court
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$407,974	$399,679	$344,324	$356,763	$377,489
Expenses:					
Operating - Admin	$21,384	$20,863	$41,754	$38,396	$28,518
Operating - Fees	$32,520	$33,770	$31,864	$36,329	$36,625
Tenant & Protective Services	$9,764	$9,301	$9,880	$8,959	$0
Taxes, Insurance & Utilities	$31,030	$29,432	$35,202	$29,515	$33,249
Maintenance	$65,218	$63,136	$71,861	$57,988	$43,283
Subtotal - Operating Expenses	**$159,916**	**$156,502**	**$190,561**	**$171,187**	**$141,675**
Net Operating Income (NOI)	**$248,058**	**$243,177**	**$153,763**	**$185,576**	**$235,814**
Debt Service	$252,364	$66,636	$2,232	$19,300	$46,908
Debt Service Reserves	$0	$22,221	$32,092	$0	$0
Replacement Reserves	$7,200	$7,200	$7,200	$7,200	$7,200
Development Corporation Fees	$0	$73,560	$56,120	$58,291	$181,706
Excess Cash Flow Restricted	$0	$73,560	$56,119	$100,785	$0
Subtotal - Expenses Below NOI	**$259,564**	**$243,177**	**$153,763**	**$185,576**	**$235,814**
NET INCOME	**($11,506)**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Grounds/Landscaping Contr-Cap.	$2,550	$2,500
Total Capital Budget	**$2,550**	**$2,500**

TPM Development Corporation - MPDU II 59
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$868,533	$850,889	$820,365	$806,267	$820,755
Expenses:					
Operating - Admin	$49,967	$48,222	$71,312	$65,207	$59,472
Operating - Fees	$170,065	$163,919	$147,515	$167,272	$167,059
Tenant & Protective Services	$21,597	$20,556	$20,782	$17,217	$4
Taxes, Insurance & Utilities	$26,351	$25,504	$27,012	$27,597	$25,506
Maintenance	$147,420	$142,112	$135,921	$126,816	$96,642
Subtotal - Operating Expenses	**$415,400**	**$400,313**	**$402,542**	**$404,109**	**$348,683**
Net Operating Income (NOI)	**$453,133**	**$450,576**	**$417,823**	**$402,158**	**$472,072**
Debt Service	$0	$8,658	$11,088	$78,326	$232,518
Debt Service Reserves	$0	$119,097	$159,228	$0	$0
Replacement Reserves	$17,700	$17,700	$17,700	$17,702	$17,700
Development Corporation Fees	$435,433	$305,121	$229,807	$179,509	$169,469
Excess Cash Flow Restricted	$0	$0	$0	$126,621	$52,385
Subtotal - Expenses Below NOI	**$453,133**	**$450,576**	**$417,823**	**$402,158**	**$472,072**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Kitchen and Bath Supplies	$11,639	$14,250
Appliance Supplies	$765	$750
Plumbing Supplies	$1,224	$1,200
Doors	$1,530	$1,500
HVAC Supplies	$4,896	$4,800
Flooring and Carpeting	$510	$500
HVAC Equipment	$765	$750
Appliance Equipment	$2,122	$2,080
Appliance Contracts	$1,530	$1,500
Plumbing Contracts	$3,264	$3,200
Windows/Glass Contracts	$6,080	$8,800
Roofing/Gutter Contracts	$4,590	$4,500
HVAC Contracts	$15,810	$15,500
Flooring/Carpet Contracts	$24,174	$23,700
Paint/Wallcovering Int. Cont.	$1,836	$1,800
Total Capital Budget	**$80,735**	**$84,830**

TPM DEVELOPMENT CORPORATION

APPROVAL OF PROPERTY MANAGEMENT CONTRACT FOR TIMBERLAWN CRESCENT

June 17, 2016

- Timberlawn Crescent is a 107-unit mixed income community located in North Bethesda.

- Exterior renovations of the property were completed in 2015 and interior renovations are currently underway, with an expected completion date of September 30, 2016.

- A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Timberlawn Crescent.

- Responses to the RFP were received from three property management companies.

- Staff reviewed submitted materials and scored the three respondents in accordance with the RFP criteria.

- Staff determined that Bozzuto, who currently manages Timberlawn Crescent, is best qualified to retain management of the property.

- The Budget, Finance and Audit Committee recommends that the Commission authorize the Executive Director of HOC, who serves as the Secretary of TPM Development Corporation, to execute a management contract with Bozzuto for property management services at Timberlawn Crescent.

MEMORANDUM

TO: TPM Development Corporation

VIA: Stacy L. Spann, Secretary

FROM: Staff: Bobbie Dacosta Division: Property Management Ext. 9524

RE: Approval of Property Management Contract for Timberlawn Crescent

DATE: June 17, 2016

STATUS: Consent [ ] Deliberation [X] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Approval to execute a management contract with Bozzuto for property management services at Timberlawn Crescent.

BACKGROUND:
Timberlawn Crescent is a 107-unit garden style community built in 1988. The property consists of 103 town home style units and four 1-bedroom flats. Located on 4.32 acres in North Bethesda, Timberlawn Crescent is close to shops, restaurants, theatres, art galleries and golf courses, and within walking distance of the Metro system's red line. Exterior renovations of Timberlawn Crescent were completed in 2015 and included installation of new balconies, patios, siding, gutters and downspouts. The property is currently undergoing interior renovations, involving relocation of residents, both off-site and within the property. Residents are receiving new flooring, fully renovated kitchen and baths with updated appliances. Completion of interior renovations is targeted for September 30, 2016.

A Request for Proposal (RFP) was issued in accordance with HOC's Procurement Policy for management of Timberlawn Crescent. HOC received responses from three management companies.

Responding Company	Proposed Fee
• Avison Young	$42 PUPM
• Bozzuto Management	$60 PUPM or 4% of monthly rent receipts
• Vantage Management	$42 PUPM or 2.85% of monthly rent receipts

Staff from Property Management, Real Estate Development, Finance and Compliance reviewed and scored the submissions. Proposals from each of the respondents were evaluated in accordance with the scoring criteria, which included:

- Firm's Past Experience with the management of similar multi-family communities in Montgomery County
- Experience and Qualifications of Personnel

- Managing Capital Improvements
- Experience in Compliance and Audits
- Certification as a Section 3 Business Concern or incorporation of a Section 3 Opportunities Plan
- References
- Review of Submitted Materials
- Management Fee

Staff is recommending that Bozzuto, the current management agent, retain management of Timberlawn Crescent. Although their proposed management fee was higher than the other respondents, a property in mid-renovation does not lend itself well to a change in management. Staff believes that properties in the competitive North Bethesda sub-market require the brand and expertise Bozzuto offers.

Bozzuto's marketing team has significant knowledge and experience in North Bethesda, managing seven properties within five miles of Timberlawn Crescent, including Strathmore Court. Staff is confident that Bozzuto's brand will be instrumental in securing a 7% increase in rents on market units post-renovation, which will allow the property to sustain affordability in a submarket with few options for low and moderate income families. Bozzuto has managed well through the renovation process, supervised all aspects of the resident relocations, established productive relationships with both HOC's Real Estate Development team and the contractor, and been responsive to residents' needs.

As such, staff is proposing a management contract with Bozzuto for a term of one year, with two possible one-year renewals.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director of HOC, who serves as the Secretary of TPM Development Corporation, to execute a management contract with Bozzuto for property management services at Timberlawn Crescent?

PRINCIPALS:

HOC
Bozzuto

BUDGET IMPACT:

Bozzuto proposed a management fee of $60.00 per unit per month or 4% of monthly rent receipts.

TIME FRAME:

The approval to enter into Management Agreement with Bozzuto for Timberlawn Crescent was discussed with The Budget, Finance and Audit Committee at its meeting on May 18, 2016. For action by the Board of Directors of TPM Development Corporation at its meeting of June 17, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Authorization for the Executive Director of HOC, who serves as the Secretary of TPM Development Corporation, to execute a management contract with Bozzuto for property management services at Timberlawn Crescent.

TPM DEVELOPMENT CORPORATION

RESOLUTION NO. 16-002 TPM **RE: Approval of Property Management Contract for Timberlawn Crescent**

WHEREAS, the TPM Development Corporation ("Corporation"), owns the development known as Timberlawn Crescent located in North Bethesda, Maryland; and

WHEREAS, the Corporation issued a Request for Proposals (RFP) for management of Timberlawn Crescent; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of staff from Property Management, Finance, Compliance and Real Estate reviewed the submissions and determined that Bozzuto is the most qualified to manage Timberlawn Crescent.

NOW, THEREFORE, BE IT RESOLVED by TPM Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as Secretary of TPM Development Corporation, is hereby authorized and directed to execute a management contract for Timberlawn Crescent for one year.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at its annual meeting conducted on June 17, 2016.

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Secretary to the Board of Directors of TPM Development Corporation

WHEATON METRO DEVELOPMENT CORPORATION
ANNUAL MEETING AND ADOPTION OF
FY'17-18 OPERATING AND CAPITAL BUDGETS

June 17, 2016

- The By-laws require an Annual Meeting.
- Total operating income is budgeted at:
    - FY'17: $2,519,919
    - FY'18: $2,583,162
  - ✓ The Property Management Company, with HOC's concurrence, implemented a rental tool known as Yieldstar in 2012 to more effectively lease vacant units and compete within the market. Rent increases upon lease renewal are based on current market conditions at that point in time; the County Executive's voluntary guideline is 2.1%.
  - ✓ Market rents will be increased by 1.1% but upon turnover will be increased to reflect the current "market rate".
  - ✓ Vacancy budgeted at 4.6%.
  - ✓ No concessions have been budgeted.
- Total operating expenses, including the HOC Asset Management Fees (AMF), are budgeted at:
    - FY'17: $779,851 (Operating Expenses: $771,171; AMF: $8,680)
    - FY'18: $790,619 (Operating Expenses: $781,939; AMF: $8,680)
- Net cash flow deficit for FY'17-18 will be funded by a draw from the General Fund Operating Reserve (GFOR). Net cash flow is budgeted at:
    - FY'17: ($243,339)
    - FY'18: ($188,683)
- Capital improvements are budgeted at:
    - FY'17: $61,800
    - FY'18: $63,036

MEMORANDUM

TO:	Board of Directors of Wheaton Metro Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Real Estate and Investment Officer	Ext. 9589
RE:	Wheaton Metro Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets	
DATE:	June 17, 2016	
STATUS:	Consent [ ] Deliberation [X] Status [ ] Future Action [ ]	

OVERALL GOAL & OBJECTIVE:

Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

At its May 2005 meeting, the Housing Opportunities Commission ("HOC") authorized the establishment of Wheaton Metro Limited Partnership (the "Partnership") under the low income housing tax credit program permitted by Section 42 of the Internal Revenue Code of 1986. HOC is the General Partner for the purpose of constructing and owning a 173-unit apartment facility, certain retail space and a parking garage above the Wheaton Metro station. The Partnership financed the construction with a bond loan in the amount of $36,350,000 credit enhanced by the County's full faith and credit as well as loans from the County Housing Initiative Fund, the State of Maryland and HOC.

In 2003, HOC authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation and later, the By-laws for the Corporation. The Commission also approved the appointment of the seven Commissioners as the Corporation's Board of Directors (the "Board"). The Commission has made it a policy to have the officers of the development corporations be the Chair, Vice Chair and Chair Pro Tem of the Commission. To follow that format, the President, Secretary and Treasurer of the Corporation are the Chair, Vice-Chair and Chair Pro-Tem of the Commission, respectively pursuant to a Resolution adopted at its meeting of June 11, 2008.

As planned, a condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale dated March 1, 2007. Prior to the sale, long-term bonds in the amount of $36,350,000 were issued to retire the County backed construction financing with credit enhancement provided under the FHA Risk Sharing Program. A portion of that loan financing, $33,380,000, was assumed by the Corporation along with a portion of the other indebtedness as part of the acquisition, pursuant to Resolutions of the Corporation.

Following completion of construction, the property achieved initial lease-up on May 16, 2009.

The Board of Directors approved a resolution that allowed for the incorporation of the Wheaton Metro Development Corporation (for the property known as "MetroPointe") annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

In accordance with the above mentioned resolution, the FY'17-18 Operating and Capital Budgets for the Corporation were presented to the HOC Budget, Finance and Audit Committee on May 6, 2016.

Bozzuto Management Company has been the management agent for the property since June 1, 2008. Since 2014, there has been active construction in the rental market in the Wheaton area. Several new properties, within minutes of MetroPointe, are in active lease-up. Despite the robust competition in the rental market, MetroPointe has remained competitive and retained stabilized occupancy. Bozzuto utilizes Yieldstar revenue management system to inform its decision on rental rate adjustments up or down to allow it to remain competitive.

ISSUES FOR CONSIDERATION:

- Net cash flow deficit for FY'17-18 is budgeted at ($243,339) and ($188,683), respectively, and will be funded by a draw from the General Fund Operating Reserve (GFOR).
- Rent increases upon lease renewal utilize Yieldstar to determine current market rents; the County Executive's voluntary rent guideline is 2.1%.
- Market rents will be increased by 1.1% but upon turnover will be raised to reflect the current "market rate".
- Vacancy is budgeted at 4.6%.
- There are no concessions budgeted for FY'17-18.
- Capital improvements for FY'17-18 are budgeted at $61,800 and $63,036, respectively.

BUDGET IMPACT:
The FY'17-18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 17, 2016.

STAFF RECOMMENDATION AND ACTION NEEDED:
Adoption of the FY'17-18 Operating and Capital Budgets for the Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO. 16--001$_{WM}$ **RE: Wheaton Metro Development Corporation Annual Meeting and Adoption of FY'17-18 Operating and Capital Budgets**

WHEREAS, the Wheaton Metro Development Corporation (the "Corporation") held its Annual Meeting on June 17, 2016; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'17-18 the Corporation's annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'17-18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 6, 2016 and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'17-18 Operating and Capital Budgets for Wheaton Metro Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Wheaton Metro Development Corporation that:

1. The Corporation approves the FY'17-18 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 17, 2016.

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Secretary to the Board of Wheaton Metro Development Corporation

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MetroPointe (Wheaton Metro Development Corporation)
FY 2017 - FY 2018 Operating and Capital Budgets

	FY 2018 Adopted Budget	FY 2017 Adopted Budget	FY 2016 Operating Budget	FY 2015 Actual	FY 2014 Actual
Total Revenue	$2,583,162	$2,519,919	$2,601,232	$2,577,999	$2,620,968
Expenses:					
Operating - Admin	$254,915	$257,008	$241,526	$218,174	$212,560
Operating - Fees	$98,697	$96,535	$102,058	$103,725	$84,323
Tenant & Protective Services	$27,807	$27,354	$23,449	$30,460	$23,454
Taxes, Insurance & Utilities	$145,846	$141,062	$107,792	$126,873	$100,167
Maintenance	$254,674	$249,212	$249,470	$233,894	$208,564
Subtotal - Operating Expenses	**$781,939**	**$771,171**	**$724,295**	**$713,126**	**$629,068**
Net Operating Income (NOI)	**$1,801,223**	**$1,748,748**	**$1,876,937**	**$1,864,873**	**$1,991,900**
Debt Service	$1,951,226	$1,953,407	$1,955,492	$1,957,482	$1,959,387
Replacement Reserves	$30,000	$30,000	$30,000	$30,000	$38,724
Asset Management Fees	$8,680	$8,680	$8,680	$8,680	$8,680
Subtotal - Expenses Below NOI	**$1,989,906**	**$1,992,087**	**$1,994,172**	**$1,996,162**	**$2,006,791**
NET INCOME	**($188,683)**	**($243,339)**	**($117,235)**	**($131,289)**	**($14,891)**

	FY 2018 Adopted Capital Budget	FY 2017 Adopted Capital Budget
Flooring and Carpeting	$5,100	$5,000
HVAC Equipment	$1,836	$1,800
Appliance Equipment	$3,570	$3,500
Miscellaneous Equipment	$3,060	$3,000
Flooring/Carpet Contracts	$15,300	$15,000
Asphalt/Concrete Contracts	$5,100	$5,000
Miscellaneous Contracts	$29,070	$28,500
Total Capital Budget	**$63,036**	**$61,800**

WHEATON METRO DEVELOPMENT CORPORATION

APPROVAL OF PROPERTY MANAGEMENT CONTRACT FOR METROPOINTE

June 17, 2016

- MetroPointe is a 173-unit high-rise apartment community situated in the heart of Wheaton.

- This mixed-income community consists of 53 Low Income Housing Tax Credit (LIHTC) units and 120 market-rate units. Wheaton Metro Development Corporation ("Corporation") owns the market rate units at MetroPointe.

- In accordance with the HOC Procurement Policy, a Request for Proposals (RFP) was issued for the management of MetroPointe.

- Responses to the RFP were received from three property management companies.

- Staff reviewed submitted materials and scored the three respondents in accordance with the RFP criteria.

- Staff determined that Bozzuto, who currently manages MetroPointe, is best qualified to retain management of the property.

- The Budget, Finance and Audit Committee recommends that the Corporation authorize the Executive Director of the Commission, who serves as the Secretary of the Corporation, to execute a management contract with Bozzuto for property management services for the market-rate units at MetroPointe.

M E M O R A N D U M

TO: Wheaton Metro Development Corporation

VIA: Stacy L. Spann, Secretary

FROM: Staff: Bobbie Dacosta Division: Property Management Ext. 9524

RE: Approval of Property Management Contract for MetroPointe

DATE: June 17, 2016

STATUS: Consent [ ] Deliberation [X] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Approval to execute a management contract with Bozzuto for property management services for the market-rate units and retail space at MetroPointe.

BACKGROUND:
MetroPointe Apartments is a 173-unit, high-rise community located in an established area of Wheaton. Constructed in 2008, the community is situated over top of a metro station and close to shopping and restaurants. Fifty-three units are affordable under the Low Income Housing Tax Credit (LIHTC) program and 120 units are market-rate. The property also includes retail leasing. Wheaton Metro Development Corporation owns the market-rate units and the retail space.

A Request for Proposal (RFP) was issued in accordance with HOC's Procurement Policy for management of MetroPointe. HOC received responses from three management companies.

Responding Company	Proposed Fee
• Avison Young	$42 PUPM or 2.75 % of monthly rent receipts
• Bozzuto Management	$55.74 PUPM and 3.5% adjusted gross receipts on retail
• Vantage Management	$42 PUPM or 3.75% of monthly rent receipts

Staff from Property Management, Real Estate Development, Finance and Compliance reviewed and scored the submissions. Proposals from each of the respondents were evaluated in accordance with the scoring criteria, which included:

- Firm's Past Experience with the management of similar multi-family communities in Montgomery County
- Experience and Qualifications of Personnel
- Managing Capital Improvements
- Experience in Compliance and Audits
- Certification as a Section 3 Business Concern or incorporation of a Section 3 Opportunities Plan

- References
- Review of Submitted Materials
- Management Fee

Staff is recommending that Bozzuto, the management agent since 2008, retain management of MetroPointe. Although their proposed management fee was higher than the other respondents, Bozzuto's experience in retail leasing, exemplary compliance record in Low Income Housing Tax Credit properties and expertise in marketing made them the preferred choice.

MetroPointe is situated in an area of Wheaton surrounded by new rental product. Eleven rental properties are located within a two mile radius of MetroPointe, four have been built since 2014 and offer high-end features and property amenities. Despite the intense competition of the surrounding rental properties, Bozzuto has maintained occupancy of 95% in the market units and 98% in the tax credit units for the past 16 months. Bozzuto's aggressive and innovative marketing team has made possible the high levels of occupancy in an extremely competitive sub-market. Further, retail space is 100% leased and the property received a score of 93 in the 2015 REAC inspection.

As such, staff is proposing a management contract between Wheaton Metro Development Corporation and Bozzuto for a term of one year, with two possible one-year renewals.

ISSUES FOR CONSIDERATION:

Does the Wheaton Metro Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Wheaton Metro Development Corporation, to execute a Management Agreement with Bozzuto for the market-rate units and retail space at MetroPointe for a one year term?

BUDGET IMPACT:

Bozzuto proposed a management fee of $55.74 per unit per month and 3.5% of adjusted gross receipts on the retail.

PRINCIPALS:

Wheaton Metro Development Corporation

TIME FRAME:

The term of the Management Agreement for MetroPointe was discussed with The Budget, Finance and Audit Committee at its meeting on May 18, 2016. For Wheaton Metro Development Corporation action at its annual meeting of June 17, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Authorization for the Executive Director of the Commission, who serves as the Secretary of Wheaton Metro Development Corporation, to execute a management contract between Wheaton Metro Development Corporation and Bozzuto for property management services at MetroPointe.

WHEATON METRO DEVELOPMENT CORPORATION

RESOLUTION NO. 16-001 MP

RE: Approval of Property Management Contract for MetroPointe

WHEREAS, the Wheaton Metro Development Corporation ("Corporation") owns the market-rate units and retail space at a development known as MetroPointe (the "Property"); and

WHEREAS, the Corporation issued a Request for Proposals (RFP) for management of MetroPointe; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of staff from Property Management, Finance, Compliance and Real Estate reviewed the submissions and determined that Bozzuto is the most qualified to manage MetroPointe.

NOW, THEREFORE, BE IT RESOLVED by the Wheaton Metro Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, who serves as the Secretary of Wheaton Metro Development Corporation, is hereby authorized and directed to execute a management contract for MetroPointe for one year.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Wheaton Metro Development Corporation at its annual meeting conducted on June 17, 2016.

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Secretary to the Board of Directors of the Wheaton Metro Development Corporation

Adjourn

Recess

Consent

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
May 4, 2016

16-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 4, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:10 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
Pamela Byrd

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Kayrine Brown
Shauna Sorrells
Gina Smith
Bobbie DaCosta
Fred Swan
Patrick Mattingly
Lynn Hayes
Arthur Tirsky
Ian Williams
Jim Atwell
Gail Gunod-Green
Belle Seyoum
Ugonna Ibebuchi
Susan Smith
Gio Kaviladze
Mary Ellen Ewing

Kelly McLaughlin, General Counsel
Zachary Marks
Erin Bradley
Gail Willison
Paul Vinciguerra
Rita Harris
Ethan Cohen
Bonnie Hodge
Sheryl Hammond
Deidra Harris
Mei Li
Saundra Boujai
Jennifer Arrington
Wilson Choi
Brian Kim
Angela McIntosh
Jay Shepherd

Commission Support
Patrice Birdsong, Spec. Asst. to Comm.

IT Support
Dominique Laws

Guest
Laura Murray, Landlord

Chair Roman opened the meeting welcoming Pamela Byrd, newly appointed Commissioner to the Board of the Housing Opportunities Commission. The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted with a motion made by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Nelson, Hatcher, Croom and Byrd. Vice Chair Simon abstained. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. **Approval of Revised Minutes of March 2, 2016** – The minutes were approved as submitted.
B. **Approval of Minutes of April 6, 2016** – The minutes were approved as submitted.

II. INFORMATION EXCHANGE

A. **Report of the Executive Director** –Stacy Spann, Executive Director, expressed his appreciation to the Commissioners and staff for taking care of things while he was away for the Casey training. During this period of the agenda Mr. Spann requested that the Development and Finance Committee – IV-A3, *"Approval to Increase the Investment in Victory Crossing to Complete the RAD Conversion of Senior Multifamily Properties and Authorization for the Executive Director to Execute a Revised Grant Agreement to Reflect the Increased Investment"* be removed from the current agenda for discussion. Discussion with Victory Crossings regarding the financing is ongoing.

B. **Calendar and Follow-up Action** – None

C. **Commissioner Exchange** – Commissioner Hatcher reported that he and a few of the Commissioners and staff attended the NAACP Freedom Fund Dinner on Sunday, May 1, 2016. He mentioned that it was a very nice event and that there was good representation from HOC. Erin Bradley, newly hired Community Partnership Manager, posted tweets during the event.

Mr. Spann introduced new employees, Erin Bradley, Community Partnership Manager with the Legislative and Public Affairs Office, and Arthur Tirsky, Chief Maintenance Officer.

Chair Roman announced that the Westbard Sector Plan was approved by the County Council on May 3, 2016. The Bethesda Plan will be coming up soon.

D. <u>Resident Advisory Board (RAB)</u> – None

E. <u>Community Forum</u> – Laura Murray, an HOC Landlord, addressed the Board complimenting the following staff that assisted her in resolving a landlord issue she was having: Bonnie Hodge, Lynn Hayes, Aisha Thompson, Charnita Robinson, Shala Rafiq, Tara Whicker, Gina Smith, Darcel Cox, and Stacy Spann.

F. <u>Status Report</u> – None

III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>

A. <u>Development and Finance Committee – *Com. Simon, Chair*</u>

1. Approval to Select and Add New Firms to Expand the Construction Management Pool Pursuant to RFP #1981

Zachary Marks, Asst. Director of New Development, was the presenter.

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

RESOLUTION: 16-25 **RE: Approval to Select and Add New Firms to Expand the Construction Management Pool Pursuant to RFP #1981**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operations support to augment its current staff; and

WHEREAS, to ensure efficient, effective, and timely execution of the Commission's goal of providing safe, high quality, amenity rich, affordable housing, staff recommends the use of Construction Management professionals to continue to support management in the renovation process to provide pre-construction services as needed; and

WHEREAS, on May 7, 2014, the Commission approved the creation of a pool of construction management professionals consisting of four firms to provide such services but now only two firms are actively providing the intended services while the pipeline of rehabilitation and redevelopment projects continues to expand, placing greater demand for predevelopment and construction oversight which cannot practically be provided within the HOC staffing complement; and

WHEREAS, to augment the current pool of construction management professionals consisting of four firms, staff issued a request for proposal (RFP) #1981 to qualify additional firms to the pool and as a consequence received five proposals; and

WHEREAS, four firms were determined to have submitted complete proposals and were evaluated based on the established qualification criteria including construction management qualifications, showing experience with similar project types, price (hourly rate), experience with government agencies and housing authorities, construction management approach and references; and

WHEREAS, applying the criteria described above, the two highest overall scores were received by CBP Constructors LLC and Hess Builders.

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

1. Authorizes the selection of CBP Constructors LLC and Hess Builders as qualified for inclusion in a single pool of Construction Management services firms, expanding the total in the pool to six qualified firms;

2. Authorizes the use of these firms for pre-development activities as well as construction managers on Commission-authorized development projects;

3. Authorizes an initial one-year term of each contract with optional renewals as may be permitted under the Commission's procurement policy.

2. **Authorization for the Executive Director to Execute a Letter Agreement with the Maryland Department of Housing and Community Development ("DHCD") Outlining the Terms for Satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Wheaton-University Boulevard Limited Partnership (the "Ambassador Apartment")**

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Asst. Director of New Development, were presenters.

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

RESOLUTION: 16-26

RE: Authorization for the Executive Director to Execute a Letter Agreement with the Maryland Department of Housing and Community Development ("DHCD") Outlining the Terms for Satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Wheaton-University Boulevard of Limited Partnership (the "Ambassador Apartment")

WHEREAS, Ambassador Apartments (the "Property") consists of 162 apartments that are 100% income restricted within the residential condominium components of a seven-story high rise, mixed-use condominium building located in Wheaton (the "Building"); and

WHEREAS, the Property is owned by Wheaton-University Boulevard Limited Partnership ("WUBLP") and the retail condominium components of the Building are owned by Wheaton Commercial Center Associates Limited Partnership, an affiliate of Willco Development; and

WHEREAS, in December 1992, the WUBLP financed the renovation of the Property using Low Income Housing Tax Credits (LIHTC) and the use of that capital source came with a 15-year initial compliance period ("Initial Compliance Period") and a subsequent 15-year extended compliance period ("Extended Compliance Period") during which time the Property is to be operated as a moderate income housing project;

WHEREAS, in 2005, HOC Ambassador, Inc. (the "General Partner"), a corporation whose stock is wholly-owned by the Housing Opportunities Commission of Montgomery County ("HOC"), acquired the general partnership interest in WUBLP; and

WHEREAS, in June 2010, HOC approved a feasibility/predevelopment budget of up to $75,000 to consider options for redevelopment of the Property and Building site; and

WHEREAS, in July 2010, after the expiration of the Property's 15-year tax-credit compliance period, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to HOC; and

WHEREAS, the Property's Initial Compliance Period expired in 2008, and the Extended Compliance Period ends in 2023; and

WHEREAS, over the past 18 months, the physical viability of the Property has been called into question through events of systems failure and a discovery of structural deficiencies which required the evacuation of the building and temporary relocation of residents; and

WHEREAS, on June 3, 2015, HOC approved a relocation plan aimed at relocating the remaining residents at the Property to housing that is safe and more appropriate; and

WHEREAS, given the need to relocate residents from the Property, HOC has worked with DHCD and DHCD's Community Development Administration ("CDA") to draft a letter of agreement ("Letter Agreement") that outlines an alternative means of satisfying the remaining period of the Extended Compliance Period; and

WHEREAS, in order to satisfy the Extended Use Covenant, the Letter Agreement requires (i) the restriction of approximately 100 units of the redeveloped Ambassador Property for a period equal to the sum of the number of months the 100 units remain vacant plus the seven years of the remaining Extended Compliance Period, and (ii) an immediate restriction of 62 units to be vacated at other HOC-controlled properties for a period equal to the remaining seven years of the Extended Compliance Period; and

WHEREAS, in addition to the LIHTC equity proceeds, the Property was also financed with State Rental Housing Production Program (RHPP) funds and is subject to an Equity Participation Agreement ("EPA") between the Partnership and DHCD which must also be satisfied; and

WHEREAS, the Letter Agreement requires the prepayment of the State's RHPP loan, which has a balance of $210,360 as of May 1, 2016, and the payment of any amount that may be due under the EPA; and

WHEREAS, the Property's remaining replacement reserve fund, which had a current balance of $714,000 as of March 31, 2016, has been identified as a source for the prepayment of the State RHPP loan and the payment of any amounts due under the EPA.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that the Executive Director is authorized to negotiate and execute a Letter Agreement with the Maryland Department of Housing and Community Development outlining the terms for satisfaction of the Low Income Housing Tax Credit Extended Use Covenants for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that the Executive Director is authorized to use the balance in the Property's replacement reserve fund to prepay the State RHPP loan and make a payment towards any amounts that may be due under the Equity Participation Agreement.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of HOC Ambassador, Inc., acting for itself and for and on behalf of Wheaton-University Boulevard Limited Partnership, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2

Ethan Cohen, Housing Program Coordinator, was the presenter.

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

RESOLUTION: 16-29

RE: Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Add the Required Provisions for the Rental Assistance Demonstration Program in Accordance with HUD Notice PIH-2012-32 (HA), REV-2

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add the required provisions for the Rental Assistance Demonstration (RAD) Program to HOC's Administrative Plan, in accordance with HUD Notice PIH-2012-32 (HA), REV-2; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add the required provisions for the Rental Assistance Demonstration (RAD) Program to HOC's Administrative Plan, in accordance with HUD Notice PIH-2012-32 (HA), REV-2.

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.

B. Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to add Clarifying Language to HOC's Project Based Voucher Policies

Lynn Hayes, Director of Housing Resources, was the presenter.

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

RESOLUTION: 16-30

RE: Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Add Clarifying Language to HOC's Project-Based Voucher Policies

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarifying language to HOC's Project-Based Voucher policies; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarifying language to HOC's Project-Based Voucher policies.

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.

C. Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Provide Clarification on Providing Wait List Priority Consideration to Applicants Formerly on the Agency's Public Housing Wait List

Gina Smith, Chief Operating Officer, was the presenter.

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

RESOLUTION: 16-31

RE: Authorization to Revise HOC's Administrative Plan for the Housing Choice Voucher Program to Provide Clarification on Providing Wait List Priority

**Consideration to Applicants Formerly on
the Agency's Public Housing Waiting List**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarification on HOC's obligation to provide wait list priority consideration to applicants formerly on the Agency's public housing waiting list; and

WHEREAS, a public comment period for these proposed revisions began on April 5, 2016 and concluded on May 4, 2016 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program to add clarification on HOC's obligation to provide wait list priority consideration to applicants formerly on the Agency's public housing waiting list.

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.

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 4:45 p.m. to convene an Executive Session. According to Section 10-508(a) of the State Government Articles of the Annotated Code of the State of Maryland, the item relating to contract negotiation strategy and/or the contents of a bid or proposal *{pursuant to subsection (14)}*.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Executive Session Minutes

May 4, 2016

An Executive Session of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 4, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 5:00 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
Pamela Byrd

Absent
Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel
Shauna Sorrell
Kayrine Brown
Brian Kim
Jim Atwell
Jennifer Arrington
Mei Li
Gail Willison
Zachary Marks

Commission Support
Patrice Birdsong

Chair Sally Roman opened the meeting by stating the purpose of the Executive Session was pursuant to subsection (14), Contract negotiation strategy and/or the contents of a bid or proposal.

A. Approval to Loan up to $50,000 as Loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan

Kayrine Brown, Chief Real Estate Investments Officer, introduced Jennifer Arrington, Asst. Director of Bond Management, as the presenter. The discussion was based on a recommendation to approve a proposed Financing Plan for the VPC One and VPC Two Corporations and authorize the funding of $50,000 for due diligence costs, which would be reimbursed from loan proceeds at closing.

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

RESOLUTION 16-28ES	**RE:**	**Approval to Loan up to $50,000 as Loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan**

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, in November 2015, HOC completed its disposition of 669 scattered site Public Housing properties ("669 Sites") under Section 18 of the US Housing Act of 1937, as amended ("Section 18") and transferred the Scattered Sites to VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations"), both of which are wholly controlled corporate instrumentalities of HOC; and

WHEREAS, VPC One owns 399 of the 669 Sites and an additional nine (9) units that were acquired between December 2014 and December 2015 (collectively, the "VPC One Units") and VPC Two owns 280 of the 669 Sites and one (1) additional unit that was acquired in April 2016 (collectively, the "VPC Two Units" and together with the VPC One Units, the "Scattered Sites"); and

WHEREAS, on March 2, 2016, HOC approved a revised development budget of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time to be funded, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A. (the "PNC LOC") that were advanced to the Corporations, and the Corporations now wish to refinance the Scattered Sites in order to repay the interim funding; and

WHEREAS, due to the truly scattered nature of the portfolio, the reduced appetite by FHA to insure scattered site properties, and the oversight challenges such portfolio pose to a conventional lender, after several discussions by HOC staff with potential lenders, only one lender has returned a viable term sheet; and

WHEREAS, EagleBank, located in Bethesda, Maryland, has provided a term sheet which is under review, to offer a working capital non-revolving Line of Credit (the "EagleBank LOC") with the option to issue Sub-Notes under the facility for up to an estimated $75 million, subject to a 50% loan-to-value ratio ceiling (the "Financing Plan"); and,

WHEREAS, the Scattered Sites are currently 80% occupied and the renovations are 57% complete (or 381 units) but are estimated to be 100% complete by December 2016; and,

WHEREAS, HOC Staff has completed a review of the transaction and has determined that, given the financial terms proposed by EagleBank, the preliminary underwriting and the proforma operating projections, this transaction is believed to be feasible;

WHEREAS, EagleBank requires a $50,000 application deposit for the EagleBank LOC, which will be applied towards preliminary due diligence costs, which are estimated to be approximately $50,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, that it approves a loan of $50,000 from its Real Estate Working Capital Fund to the Corporations to fund an application deposit that EagleBank will apply towards due diligence costs in advance of a loan commitment, which costs shall be reimbursed at closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes and directs 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.

There was a brief recess and adjourned at 5:20 p.m. to convene the VPC One Development Corporation and VPC Two Development Corporation.

The meeting reconvened at 5:28 p.m. to discuss the remaining item presented before the Executive Session.

B. Approval of the Executive Director to Negotiate and Execute a Letter of Intent and Term Sheet to Accept (i) Private Equity Capital and (ii) Terms of a Construction Loan to Complete the Financing of the Chevy Chase Lakes Multifamily Development

Kayrine Brown, Chief Real Estate Investments Officer, introduced Brian Kim, Development Associate, as the presenter. The discussion was based on staff's updating the Board on its recommendation of The Morris and Gwendolyn Cafritz Foundation as private equity investor. No action was required. Based on the discussion, Commissioners Roman, Simon, Hatcher, Croom, and Byrd were in agreement to move forward. Commissioner Nelson needed to leave and could not stay for the remainder of discussion. Commissioner McFarland was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this Executive Session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 5:41 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

And

Seneca Ridge Apartments
19588 Scenery Drive, Germantown, Maryland

Special Session Minutes

May 13, 2016

Because time was of the essence for the matters to be discussed, Chair Roman approved a special teleconference session convened via electronic communication on Friday, May 13, 2016. The meeting was called to order at 12:30 p.m. to obtain approval to adopt the following resolutions: Approval to Select Moving Companies for Senior Properties Pursuant to IFB #1986 and Authorization for the Executive Director to Execute Contracts Related Thereto, and Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2016 Series A and 2016 Series B Mortgage Revenue Bonds for the Purpose of Refunding Various Single Family Mortgage Revenue Bonds:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Margaret McFarland
Linda Croom

Absent

Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel
Gail Willison
Paulette Dudley
Ellen Goff
Jim Atwell
Jennifer Arrington

Kayrine Brown
Zachary Marks
Silky Hawkins

IT Support
Karlos Taylor
Irma Rodriguez
Arthur Owens

Commission Support

Patrice Birdsong

A. Approval to Select Moving Companies for Senior Properties Pursuant to IFB #1986 and Authorization for the Executive Director to Execute Contracts Related Thereto

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

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

RESOLUTION: 16-32 **RE: Approval to Select Moving Companies for Senior Properties Pursuant to IFB #1986 and Authorization for the Executive Director to Execute Contracts Related Thereto**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operational support as well as assistance with resident relocation; and

WHEREAS, two of the properties currently undergoing comprehensive renovations are Arcola Towers and Waverly House (the "Senior Properties") that are occupied by senior and are former Public Housing developments which recently converted under the Rental Assistance Demonstration program; and

WHEREAS, due to the extensive renovation scopes, tenant in-place renovation is not feasible, requires permanent or temporary tenant relocation within the building, and there is sufficient funding for resident relocation in each project's development budget; and

WHEREAS, to ensure the availability of adequate moving services to facilitate timely and cost-effective resident relocation within the Senior Properties, staff issued and Invitation for Bid (IFB) #1986 to select moving companies targeted for relocation at Senior Properties; and

WHEREAS, eight companies submitted bids and were evaluated based on the established qualification criteria including experience with similar residential relocation, price (packing materials and hourly rates), qualification of staff, size and scope of operations, and references; and

WHEREAS, applying the criteria described above, Allen and Sons Moving and Storage is the lowest bidder and Swiftway Services LLC is the second lowest.

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

1. Authorizes the selection of Allen and Sons Moving and Storage and Swiftway Services LLC to provide moving and relocation services at HOC Senior Properties; and

2. Authorizes the Executive Director to execute contracts with Allen and Sons Moving and Storage and Swiftway Services LLC and to incur expenses thereunder not to exceed $240,000 in the aggregate amount of for both movers, for an initial one year term with optional renewals in accordance with HOC's Procurement Policy; and

3. BE IT FURTHER RESOLVED by the HOCOM that the Executive Director is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to effectuate the transactions contemplated herein.

B. Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2016 Series A and 2016 Series B Mortgage Revenue Bonds for the Purpose of Refunding Various Single Family Mortgage Revenue Bonds

Kayrine Brown, Chief Real Estate Investments Officer, introduced Jennifer Arrington, Asst. Director of Bond Management as the presenter.

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

RESOLUTION: 16-33 **Re: Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2016 Series A and 2016 Series B Mortgage Revenue Bonds for the Purpose of Refunding Various Single Family Mortgage Revenue Bonds**

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

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

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, MD first time homebuyers; and

WHEREAS, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

WHEREAS, the Commission has determined to carry out the Single Family Program by issuing its 2016 Single Family Mortgage Revenue Bonds in one or more series beginning with 2016 Series A and 2016 Series B, with each subsequent series, if any, to follow in alphabetical order (collectively, the "2016 Bonds") in a total aggregate principal amount not to exceed $60,000,000; and

WHEREAS, the use of Private Activity Volume Cap for new debt and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will be required; and

WHEREAS, in connection with the proposed issuance of the 2016 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution to be adopted prior to the issuance of the 2016 Bonds (the "Series Resolution").

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

1. ***The 2016 Bonds***. The 2016 Bonds are authorized to be issued in a principal amount not to exceed $60,000,000 (i) to refund and redeem certain bonds outstanding under the Single Family Program, (ii) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, to fund certain required reserves.

2. ***Approval of the Series Resolution and the Structure of the 2016 Bonds***. The 2016 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution which has been provided to the Commission. The Commission hereby approves the structure of the 2016 Bonds and authorizes the Executive Director to approve the final form of the Series Resolution.

3. ***Commission Documents***. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2016 Bonds (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 Representative (defined below), is hereby

authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same

4. ***Authorizing Ongoing Determinations under Commission Documents***. The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2016 Bonds as shall be set forth in the Commission Documents.

5. ***Other Action***. The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2016 Bonds, (ii) for the refunding and redemption or repayment of prior bonds (the "Prior Bonds"), (iii) for the financing of new Mortgage Loans under the Single Family Program, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS, the Official Statement and any other financing documents relating to the issuance of the 2016 Bonds, and (v) for the entire period during which the 2016 Bonds are outstanding following the issuance thereof.

6. ***Approval of Allocation of Volume Cap.*** The Commission approves the allocation of approximately $29,000,000 of Private Activity Volume Cap to complete the transaction.

7. ***Approval of Cost of Issuance***. The Commission approves the cost of issuance budget in an amount up to $737,000 to be incurred by the Commission in connection with the issuance of the 2016 Bonds to be funded from revenue in the Bond Resolution.

8. ***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.

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

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Resolution No. 16-34

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE

OF

$__________ PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2016 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

$__________ PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2016 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2016

Based upon this report and there being no further business to come before this Special Session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 12:59 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Executive Session Minutes

May 13, 2016

An Executive Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, May 13, 2016 via electronic communication from 10400 Detrick Avenue, Kensington, Maryland and Seneca Ridge Apartments, 19588 Scenery Drive, Germantown, Maryland. The meeting began at 12:37 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Margaret McFarland
Linda Croom

Absent

Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel
Gail Willison
Kayrine Brown
Zachary Marks
Jim Atwell

IT Support
Karlos Taylor
Arthur Owens
Irma Rodriguez

Commission Support
Patrice Birdsong

Chair Sally Roman opened the meeting by stating the purpose of the Executive Session was pursuant to subsection (3), the acquisition of real property.

A. Approval of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibility Due Diligence Related to an Acquisition Opportunity

Kayrine Brown, Chief Investment and Real Estate Officer, introduced Zachary Marks, Asst. Director of New Development, as the presenter.

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

RESOLUTION: 16-36ES **RE: Approval of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibility Due Diligence Related to an Acquisition Opportunity**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the state of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act")*,* to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, the Commission, from time to time, acquires land within Montgomery County for future development of affordable housing; and

WHEREAS, the Commission has identified a potential acquisition opportunity in Montgomery County (the "Acquisition Site") that it wishes to explore further; and

WHEREAS, the Acquisition Site is a parcel zoned for multifamily housing; and

WHEREAS, to determine the scope and feasibility of the development of the Acquisition Site for the expansion of affordable housing supply in Montgomery County, services provided by certain third-party consultants such as architects and engineers are required.

WHEREAS, the Commission wishes to make funding available for such feasibility and predevelopment expenditures with the expectation that the Commission will be reimbursed such funds from future construction and/or permanent financing for the property in the event the development moves forward.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves predevelopment expenditures of up to $200,000 from the Opportunity Housing Reserve Fund (OHRF) to pay for feasibility due diligence related to an acquisition opportunity within Montgomery County, provided that the funding is reimbursed to the OHRF from future construction and/or permanent financing for the property in the event the Commission later determines to move forward with the acquisition opportunity.

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

Based upon this report and there being no further business to come before this Executive Session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 12:59 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Special Session Minutes

June 1, 2016

Because time was of the essence for the matters to be discussed, Chair Roman approved a special teleconference session convened via electronic communication on Wednesday, June 1, 2016. The meeting was called to order at 3:00 p.m. to obtain approval to adopt the following resolution: Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development:

Present

Jackie Simon, Vice Chair
Margaret McFarland

Via Teleconference
Richard Y. Nelson, Jr., Chair Pro Tem
Linda Croom

Absent
Sally Roman, Chair
Christopher Hatcher
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel
Jay Shepherd
Jim Atwell
Kayrine Brown
Zachary Marks
Hynsuk Choi
Shauna Sorrells

IT Support
Dominique Laws

Commission Support
Patrice Birdsong

A. Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development

Brian Kim, Development Associate, was the presenter.

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

RESOLUTION: 16-37SS **RE**: **Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has had an ongoing relationship with Holy Cross Health and Senior Source in Silver Spring, Maryland since 2004; and

WHEREAS, the Commission is currently completing designs for the new Elizabeth House III building located at current Fenwick Business Park that will include 8,176 net square feet for an integrated senior wellness center including Senior Source and a primary care practice to be operated by Holy Cross Health; and

WHEREAS, the Holy Cross Health Integrated Senior Health project will provide an integrated care model to enhance the physical, spiritual and emotional health of Elizabeth House III residents and the larger Silver Spring community; and

WHEREAS, the Hospital Bond Project requires that if one or more organizations are involved in a project for which capital funding is requested that each organization is required to indicate its support of the planned project; and

WHEREAS, the Commission wishes to demonstrate its support for this project.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County supports the Holy Cross Integrated Senior Health project as part of its Elizabeth House III redevelopment project.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to transmit this resolution to Holy Cross Health for use solely in connection with obtaining and implementing funding from the State Hospital Bond Project.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs 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.

Based upon this report and there being no further business to come before this Special Session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 3:05 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Executive Session Minutes

June 1, 2016

An Executive Session of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 1, 2016 via electronic communication from 10400 Detrick Avenue, Kensington, Maryland. The meeting began at 3:10 p.m. Those in attendance were:

Present

Jackie Simon, Vice Chair
Margaret McFarland

Via Teleconference
Richard Y. Nelson, Jr., Chair Pro Tem
Linda Croom

Absent
Sally Roman, Chair
Christopher Hatcher
Pamela Byrd

Also Attending

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel
Jay Shepherd
Jim Atwell

Kayrine Brown
Zachary Marks
Hynsuk Choi
Shauna Sorrells

IT Support
Dominique Laws

Commission Support
Patrice Birdsong

Vice Chair Jackie Simon opened the meeting by stating the purpose of the Executive Session was pursuant to subsection (14), contract negotiation strategy and/or the contents of a bid or proposal.

A. Authorization to Enter Into Option Contract with Rosaria Communities, Inc. for its Acquisition of Four Single-Family Properties Serving Adults with Developmental Disabilities in Accordance with a Plan Approved by the Commission

Jay Shepherd, Senior Financial Analyst, was the presenter.

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

RESOLUTION: 16-40ES

RE: Authorization to Enter Into Option Contract with Rosaria Communities, Inc. for its Acquisition of Four Single-Family Properties Serving Adults with Developmental Disabilities In Accordance with a Plan Approved by the Commission

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") acquired, owns and operates four (4) single family homes located at 2305 Hermitage Avenue in Wheaton, MD, 2408 Falling Creek Road and 2715 Woodedge Road in Silver Spring, MD, and 10 Horizon Court in Derwood, MD ("Properties") that house developmentally-disabled persons; and

WHEREAS, the residents of the Properties receive social services from Jubilee Association of Maryland, Inc. ("Jubilee"); and

WHEREAS, the Properties were acquired and rehabilitated through one or more grants from the Maryland Department of Health and Mental Hygiene (DHMH) and matching funds from the Montgomery County Department of Housing and Community Affairs (DHCA); and

WHEREAS, the Commission remains interested in supporting the expansion of housing affordably and suitably available for developmentally-disabled citizens, but must also address concerns raised by both its staff and Commissioners regarding the Commission's role in the acquisition, renovation, operation, and asset management of these types of properties; and

WHEREAS, Jubilee is prohibited by charter from owning the homes it serves and does not have staff to perform acquisition and construction work; and

WHEREAS, on February 20, 2015, the Commission approved a commitment of funding to Rosaria Communities, Inc. ("Rosaria"), a local nonprofit organization, as an ideal organization to take up the Commission's obligations with respect to the acquisition of a fifth property; and

WHEREAS, the Commission wishes to offer Rosaria an opportunity to acquire the Properties in accordance with a final transfer plan to be approved by the Commission, which transfer plan will require Rosaria to satisfy the obligations and covenants made for the benefit of DHMH and DHCA and permit Jubilee's continued provision of social services to the residents of the Properties owned by Rosaria; and

WHEREAS, the Commission's staff intends to present a final transfer plan to the Commissioners for approval at the Commission's July 2016 meeting; and

WHEREAS, in order to apply in June 2016 for other financing resources for the operation and long-term maintenance of the Properties, Rosaria must present some level of site-control over the Properties and has requested an option to purchase the Properties pursuant to the Commission's to-be-approved final transfer plan.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director to enter into a three month Option Contract with Rosaria for its acquisition of the Properties in accordance with a final transfer plan to be approved by the Commission.

BE IT FURTHER 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 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.

Based upon this report and there being no further business to come before this Executive Session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 3:10 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON MAY 4, 2016: APPROVAL OF UP TO $50,000 AS LOANS TO VPC ONE CORPORATION AND VPC TWO CORPORATION (TOGETHER, THE "CORPORATIONS") TO FUND DUE DILIGENCE COSTS RELATED TO THE PROPOSED FINANCING PLAN

June 17, 2016

- At a closed Executive Session on May 4, 2016, the Commission adopted Resolution 16-28ES which approved up to $50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to fund due diligence costs related to the proposed financing plan.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the May 4, 2016 closed Executive Session and any action taken since then with respect to the approved transaction.

RESOLUTION: 16-28R

Re: Ratification of Approval of up to $50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and 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, at a closed Executive Session duly called and held on May 4, 2016, with a quorum present, the Commission duly adopted Resolution 16-28ES titled: "Approval of up to $50,000 as loans to VPC One Corporation and VPC Two Corporation (together, the "Corporations") to Fund Due Diligence Costs Related to the Proposed Financing Plan"; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 16-28ES and any action taken since May 4, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-28ES and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 17, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION ON MAY 13, 2016: APPROVAL OF PREDEVELOPMENT FUNDS OF UP TO $200,000 FROM THE OPPORTUNITY HOUSING RESERVE FUND FOR FEASIBLY DUE DILIGENCE RELATED TO AN ACQUISITION OPPORTUNITY AUTHORIZED BY RESOLUTION 16-36ES

June 17, 2016

- At a closed Executive Session on May 13, 2016, the Commission adopted Resolution 16-36ES which approved of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity.

- The Commission wishes to ratify and affirm, in an open meeting, the action undertaken at the May 13, 2016 closed Executive Session and any action taken since then with respect to the approved transaction.

RESOLUTION: 16-36R

RE: Ratification of Approval of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity Authorized by Resolution 16-36ES

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and 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, at a closed Executive Session duly called and held on May 13, 2016, with a quorum present, the Commission duly adopted Resolution 16-36ES titled: "Approval of Predevelopment Funds of up to $200,000 from the Opportunity Housing Reserve Fund for Feasibly Due Diligence Related to an Acquisition Opportunity"; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 16-36ES and any action taken since May 13, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-36ES and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 17, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN SPECIAL SESSION ON JUNE 1, 2016: ADOPTION OF RESOLUTION IN SUPPORT OF HOLY CROSS HEALTH'S APPLICATION FOR FUNDING FROM MARYLAND HOSPITAL ADMINISTRATION FOR ITS PARTICIPATION IN THE ELIZABETH HOUSE III DEVELOPMENT AUTHORIZED BY RESOLUTON 16-37SS

June 17, 2016

- At an open Special Session on June 1, 2016, the Commission adopted Resolution 16-37SS which supported the Holy Cross Integrated Senior Health Project ("Holy Cross") as Part of the Elizabeth House III Redevelopment Property in connection with Holy Cross' Application for Funding from the Maryland Hospital Association Bond Project.

- Two (2) Commissioners were physically present at the Special Session and two (2) Commissioners participated via teleconference call. Pursuant to the Commission's Amended and Restated Bylaws, the Commission must ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the June 1, 2016 open Special Session and any action taken since then with respect to the approved transaction.

RESOLUTION: 16-37R

RE: Ratification of Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development Authorized by Resolution 16-37SS

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and 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, at an open Special Session duly called and held on June 1, 2016, with a quorum present, the Commission duly adopted Resolution 16-37SS titled: "Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development"; and

WHEREAS, two (2) Commissioners were physically present at the Special Session and two (2) Commissioners participated via teleconference call; and

WHEREAS, pursuant to the Commission's Amended and Restated Bylaws, the Commission must ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 16-37SS and any action taken since June 1, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-37SS and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 17, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

AFFIRMATION AND RATIFICATION OF ACTION TAKEN BY EXECUTIVE DIRECTOR TO EXTEND THE ENTIRE $60 MILLION PNC LINE OF CREDIT FACILITY

JUNE 17, 2016

- The Commission entered into a Third Amendment to Loan Documents and an Amended and Restated Line of Committed Line of Credit Note with PNC Bank with respect to the $60 Million Line of Credit with PNC Bank (the "$60 Million LOC") as of June 30, 2014. The maturity date on the $60 Million LOC was May 31, 2016, as such date might be amended by PNC upon the Commission's request.

- The Commission executed loan documents relating to the $90 Million Real Estate Line of Credit with PNC Bank (the "RELOC") as of July 29, 2014. The maturity date on the RELOC is June 30, 2017.

- Notwithstanding the Commission staff's intent to extend the $60 Million LOC's term and maturity date to be conterminous with the RELOC at the time of the execution of the RELOC loan documents, the maturity date on the $60 Million LOC was not extended.

- Upon PNC Bank's notification of the impending termination of the $60 Million LOC, the Commission staff took action to extend the $60 Million LOC to June 30, 2017, to be coterminous with the RELOC. On May 26, 2016, the Executive Director executed a Fourth Amendment to Loan Documents dated as of May 1, 2016.

- The Commission wishes to ratify and affirm all actions taken by the Executive Director and the Commission staff to extend the term of the $60 Million LOC prior to the expiration of its term on May 31, 2016.

RESOLUTION: 16-39R

RE: Affirmation and Ratification of Action Taken by Executive Director to Extend the Entire $60 Million PNC Line of Credit Facility

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and effectuate the purpose of providing affordable housing including providing for the financing of rental housing properties which provide a public purpose; and

WHEREAS, on June 30, 2014, the Commission entered into a Third Amendment to Loan Documents and an Amended and Restated Line of Committed Line of Credit Note with PNC Bank with respect to the $60 Million Line of Credit with PNC Bank ("$60 Million LOC"); and

WHEREAS, on July 29, 2014, the Commission executed loan documents for a $90 Million Real Estate Line of Credit from PNC Bank ("RELOC"); and

WHEREAS, at the time of the execution of the RELOC loan documents, the Commission's staff intended to extend the $60 Million LOC's May 31, 2016 maturity date to be conterminous with the RELOC's June 30, 2017 maturity date; and

WHEREAS, the $60 Million LOC's maturity date was not extended at the time of the RELOC closing; and

WHEREAS, after receipt of notice from PNC Bank of the imminent maturity of the $60 Million LOC, in order to prevent the expiration of the $60 Million LOC in the best interest of the Commission, the Executive Director executed a Fourth Amendment to Loan Documents on May 26, 2016, thereby amending and extending the $60 Million LOC's maturity date through June 30, 2017; and

WHEREAS, the Commission wishes to ratify and affirm all the actions undertaken by the Commission staff and the Executive Director heretofore in extending the maturity date of the $60 Million LOC to June 30, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the actions undertaken by the Commission staff and the Executive Director heretofore in extending the maturity date of the $60 Million LOC are hereby ratified and affirmed, including but not limited to the execution of the Fourth Amendment to Loan Documents.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 17, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Information Exchange

<u>HOC</u>

Agency welcomes new commissioner

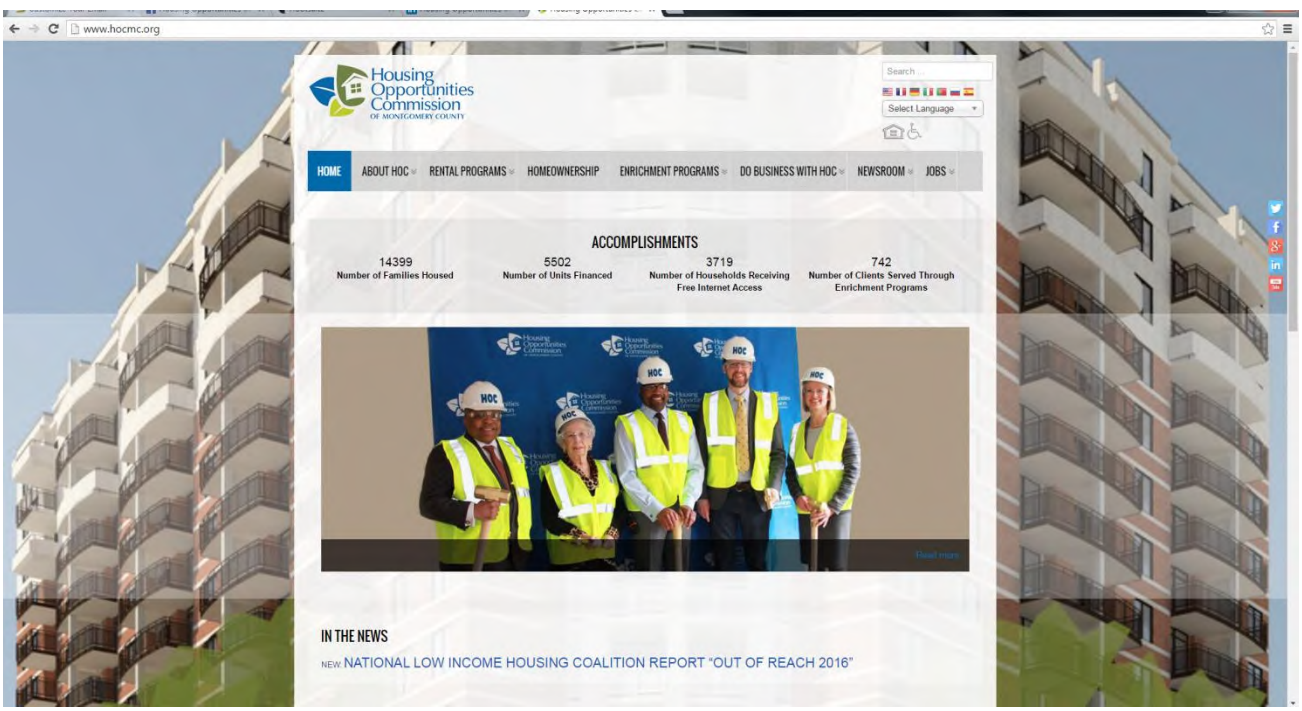
Pamela Byrd was sworn in to the Commission in April 2016 and attended her first meeting on Wednesday, May 4, 2016.

Commissioner Byrd is a longtime volunteer in Montgomery County and has served with the American Red Cross, Board of Elections and the Potomac Valley Alumnae Chapter of the Delta Sigma Theta Sorority.

Commissioner Byrd is an IT consultant who works for a company that manages and protects information and communications infrastructure for government agencies and commercial companies.

Her term will expire on August 31, 2018.

HOC launches new website



On Monday, June 6, 2016, HOC launched its new website which you can view at the same address: **www.hocmc.org**. The new site has a modern look and enables HOC to highlight agency news, events and information in larger volumes. Visitors will have an easier time navigating webpages because the layout is more user-friendly. The new format also allows HOC to frequently update content so there will be a constant flow of new information, pictures and videos. The home page features upcoming events, news, HOC-TV videos and a running scroll of the latest posts on HOC's social media sites.

The new site was designed with our customer in mind. I wanted a website that would stand out to visitors and showcase our programs, initiatives and accomplishments. HOC is a fast-paced agency that, just like technology, is constantly evolving and our internet presence should reflect that.

The IT and LPA divisions spent several months on the website and they continue to make improvements every day. I thank the teams for their hard work in creating a fantastic product for our customers and visitors.

MAHRA 2016 Spring Conference

Commissioners Linda Croom and Pamela Byrd were among hundreds of people who attended the MAHRA 2016 Spring Conference in Ocean City, MD from May 18 to May 20, 2016. The conference was a three-day event featuring sessions to inspire and update housing authorities in Maryland on HUD programs, new initiatives and teach best practices.

This year, several HOC staff members participated as speakers. Zachary Marks was a speaker for the 'Rental Assistance Demonstration (RAD) Update' session, Susan Smith (pictured below) led a session on 'Reasonable Accommodation for Service and Support Animals', and Brian Kim had a presentation during the 'Development for Small and Mid-Sized PHAs' session. MAHRA is a great opportunity for HOC staff to share our successes and experience and learn from others in the housing industry.

HOC also used social media to promote MAHRA's 2016 Spring Conference. HOC's Twitter, Facebook, LinkedIn and YouTube pages featured multiple posts detailing MAHRA speakers and events. To view and follow HOC's social media pages.

I want to thank the HOC team for their hard work behind the scenes. For the past few months, staff members have worked with MAHRA staff to promote the conference, recruit sponsors and vendors, create print and online materials, and encourage participation from housing agencies and community partners across Maryland.

HOC broadcasts live from Ocean City

If you were unable to attend MAHRA's 2016 Spring Conference in Ocean City, you could, for the first time, watch it online. HOC's Legislative & Public Affairs, Information Technology and Special Events Teams broadcasted the keynote speakers live from the Clarion Hotel on Wednesday, May 18, 2016 and Thursday, May 19, 2016.

The teams spent weeks reviewing plans and doing test runs to ensure the broadcast went smoothly, and their hard work paid off. I'm proud of our team for stepping up and seizing an opportunity to do something innovative for an event like this.

__Finance Division__

Division earns certificate of achievement

HOC's Finance division received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR).

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management. I thank Gail Willison, Chief Financial Officer, and her team for a great job.

__HOC Academy__

Girls Got IT! closing ceremony

On Saturday, April 30, 2016, HOC Academy celebrated the agency's first ever girls only information technology program, Girls Got IT!, with a closing ceremony and awards presentation at HOC's Kensington location. This group of HOC middle and high school girls worked together throughout the school year to develop a mobile app to educate people about homelessness and provide resources to assist those in need.

The instructor, Deja Lindsey, a Georgetown University student, taught participants how to design, create and implement an app. GGIT! received funding from the National Center for Women and Information Technology (NCWIT). HOC Academy is adding two more GGIT! programs this summer at Magruder's Discovery in Bethesda and Stewartown in Gaithersburg.

Mortgage Finance

HOC hosts a Homeownership Workshop for clients

HOC hosted a Homeownership Workshop for clients on Saturday, June 11, 2016 from 9:30 a.m. to 1:30 p.m. at our East Deer Park location in Gaithersburg. This meeting provided clients great tips on how to improve their credit, make a budget plan, manage finances, understand the mortgage and settlement process, and detailed what they need to achieve the goal of homeownership.

HOC's East Deer Park Office

Office receives recycling achievement award

HOC's East Deer Park was honored by Montgomery County on Wednesday, May 25, 2016 for its success with recycling. Operations Manager, Matt Husman, accepted the award on behalf of HOC. In 2015, the office recycled:

- 46,228 pounds of mixed paper
- 142,140 pounds of trash
- 3,120 pounds of commingled materials.

I appreciate all their hard work and congratulate the EDP team for its success. It's important that everyone practice the three Rs: reduce, reuse and recycle to help preserve the beauty of our community and environment.

Housing Resources

20th Annual FSS Family Fun Day

On Saturday, May 7, 2016, HOC held its 20th Annual FSS Family Fun Day at Wheaton Regional Park. The event featured a barbecue lunch, face painting, games and music. It was a great opportunity for families to spend the day together. Montgomery County Councilmember Craig Rice presented a proclamation and shared some words with families in attendance.

The event was sponsored by the Greater Washington Foundation of Insurance and Financial Advisors (GWFIFA) and the Greater Washington Association of Insurance and Financial Advisors (GWAIFA).

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

June 2016

~~1~~	~~HOC Special Session *(All)(Teleconference)*~~	~~3:00 p.m.~~
~~2~~	~~HOC Staff Appreciation Day *(All)* – High Point Farms, 23730 Frederick Rd., Clarksburg, MD 20871~~	~~11:00 a.m.~~
~~2~~	~~National Housing Gala *(All)*~~	
~~3~~	~~HOC Day of Services~~	
~~10~~	~~Tony Davis Scholarship Committee Meeting *(Simon)*~~	~~10:00 a.m.~~
~~10~~	~~Status/Lunch Meeting w/Executive Director *(All)*~~	~~12:00 noon~~
~~11~~	~~Fatherhood Initiative (All) – (Shady Grove Middle School, 8100 Midcounty Hwy., G'burg, MD 20877)~~	~~11-2 p.m.~~
13	Town Hall Meeting (All) – Montgomery Village Middle School, 19300 Watkins Mill Rd., Montgomery Village, MD 20866	6:30 p.m.
17	Welcome Reception for New Commissioner	3:30 p.m.
17	HOC Regular Meeting	4:00 p.m.
20	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	3:00 p.m.
20	Resident Advisory Board Meeting (*Croom*)	6:00 p.m.
21	2016 HAND Annual Meeting & Housing Expo (All) (Crystal Gateway Marriott, 1700 Jefferson Davis Hwy, Arlington, VA 22202)	8:00 a.m.
28	Agenda Formulation *(Roman, McFarland)*	10:00 a.m.

July 2016

4	Independence Day (HOC Offices Closed)	
13	Tony Davis Award Reception *(All)* – Kensington Atrium	3:00 p.m.
13	HOC Regular Meeting *(All)*	4:00 p.m.
15-17	NAHRO 2016 Summer Conference *(All)* (Hilton Portland & Exec. Tower, 921 SW Sixth Ave., Portland, OR 97204)	
18	Resident Advisory Board Meeting (*Croom*)	6:00 p.m.
19	Legislative and Regulatory Committee Meeting *(Byrd, Croom, Simon)*	3:30 p.m.
22	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
26	Agenda Formulation *(Roman, McFarland)*	10:00 a.m.

August 2016

2	National Night Out *(All)*	5:00 p.m. – 9:00 p.m.
3	HOC Regular Meeting *(All)*	4:00 p.m.
8	Town Hall Meeting – (All) Brookhaven Elementary School, 4610 Renn St., Rockville, MD 20853	6:00 p.m. – 7:30 p.m.
9	Budget, Finance and Audit Committee Meeting *(Nelson, Roman, Hatcher)*	10:00 a.m.
19	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
19	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon
29	Agenda Formulation *(Roman, Hatcher)*	12:00 noon

September 2016

5	Labor Day Holiday (HOC Offices Closed)	
7	HOC Regular Meeting *(All)*	4:00 p.m.
16	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
19	Legislative and Regulatory Committee Meeting *(Byrd,, Croom, Simon)*	3:30 p.m.
19	Resident Advisory Board Meeting *(Croom)*	6:00 p.m.

22	Budget, Finance and Audit Committee Meeting *(Nelson, Roman, Hatcher)*		10:00 a.m.
26	Agenda Formulation *(Roman, Hatcher)*		12:00 noon

October 2016

5	HOC Regular Meeting *(All)*	4:00 p.m.
11	Budget, Finance and Audit Committee Meeting *(Nelson, Roman, Hatcher)*	10:00 a.m.
14-16	NAHRO 2016 National Conference *(All)* (Hyatt Regency, 601 Loyola Ave., New Orleans, LA 70113)	
21	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
24	Agenda Formulation *(Roman, Croom)*	12:00 noon

November 2016

2	Budget, Finance and Audit Committee Meeting *(Nelson, Roman, Hatcher)*	2:00 p.m.
2	HOC Regular Meeting *(All)*	4:00 p.m.
11	Veteran’s Day (HOC Offices Closed)	
15	Legislative and Regulatory Committee Meeting *(Byrd, Croom, Simon)*	3:30 p.m.
18	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
24-25	Thanksgiving Holiday (HOC Offices Closed)	
28	Agenda Formulation *(Roman, Croom)*	12:00 noon

Activities of Interest

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring 2016	Procurement Policy	Willison	In Progress
TD-15-01	May 13 2016	Property Tour Part II – RAD 6 Properties	Brown/Birdsong	Complete
TD-15-02	Spring 2016	Update Administrative Guide for Commissioners and Staff	Spann	In Progress
TD-15-03	Spring 2016	Worksession – Assisted Housing and Family Self-Sufficiency Program	Sorrells	In Progress
TD-15-04	Spring 2016	Mortgage Finance: Research Items • Loan Limit Testing • FHA Troubled Access Recovery	Brown	To Be Scheduled
TD 16-02	Fall 2016	Personnel Policy	Mattingly	In Progress

Committee Reports and Recommendations for Action

Budget Finance and Audit Committee

APPROVAL OF PROPERTY MANAGEMENT CONTRACT FOR METROPOINTE

June 17, 2016

- MetroPointe is a 173-unit high-rise apartment community situated in the heart of Wheaton.

- This mixed-income community consists of 53 Low Income Housing Tax Credit (LIHTC) units and 120 market-rate units. Wheaton Metro Limited Partnership ("Partnership") owns the 53 LIHTC units ("Property").

- The Commission, as the general partner for the Partnership, is authorized to act on behalf of the Partnership to engage a third party to manage the Property.

- In accordance with the HOC Procurement Policy, a Request for Proposals (RFP) was issued for the management of the Property.

- Responses to the RFP were received from three property management companies.

- Staff reviewed submitted materials and scored the three respondents in accordance with the RFP criteria.

- Staff determined that Bozzuto, who currently manages MetroPointe, is best qualified to retain management of the Property.

- The Budget, Finance and Audit Committee recommends that the Commission, acting for itself and for and on behalf of the Partnership, authorize the Executive Director of the Commission to execute a management contract with Bozzuto for property management services for the LIHTC units at MetroPointe.

M E M O R A N D U M

TO: The Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Bobbie Dacosta Division: Property Management Ext. 9524

RE: Approval of Property Management Contract for MetroPointe

DATE: June 17, 2016

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Approval to execute a management contract with Bozzuto for property management services at MetroPointe.

BACKGROUND:
MetroPointe Apartments is a 173-unit, high-rise community located in an established area of Wheaton. Constructed in 2008, the community is situated over top of a metro station and close to shopping and restaurants. Fifty-three units are affordable under the Low Income Housing Tax Credit (LIHTC) program and 120 units are market-rate. The property also includes retail leasing. Wheaton Metro Limited Partnership owns the LIHTC units.

A Request for Proposal (RFP) was issued in accordance with HOC's Procurement Policy for management of MetroPointe. HOC received responses from three management companies.

Responding Company	Proposed Fee
• Avison Young	$42 PUPM or 2.75 % of monthly rent receipts
• Bozzuto Management	$55.74 PUPM and 3.5% adjusted gross receipts on retail
• Vantage Management	$42 PUPM or 3.75% of monthly rent receipts

Staff from Property Management, Real Estate Development, Finance and Compliance reviewed and scored the submissions. Proposals from each of the respondents were evaluated in accordance with the scoring criteria, which included:

- Firm's Past Experience with the management of similar multi-family communities in Montgomery County
- Experience and Qualifications of Personnel
- Managing Capital Improvements
- Experience in Compliance and Audits
- Certification as a Section 3 Business Concern or incorporation of a Section 3 Opportunities Plan

- References
- Review of Submitted Materials
- Management Fee

Staff is recommending that Bozzuto, the management agent since 2008, retain management of MetroPointe. Although their proposed management fee was higher than the other respondents, Bozzuto's experience in retail leasing, exemplary compliance record in Low Income Housing Tax Credit properties and expertise in marketing made them the preferred choice.

MetroPointe is situated in an area of Wheaton surrounded by new rental product. Eleven rental properties are located within a two mile radius of MetroPointe, four have been built since 2014 and offer high-end features and property amenities. Despite the intense competition of the surrounding rental properties, Bozzuto has maintained occupancy of 95% in the market units and 98% in the tax credit units for the past 16 months. Bozzuto's aggressive and innovative marketing team has made possible the high levels of occupancy in an extremely competitive sub-market. Further, retail space is 100% leased and the property received a score of 93 in the 2015 REAC inspection.

As such, staff is proposing a management contract with Bozzuto for a term of one year, with two possible one-year renewals.

ISSUES FOR CONSIDERATION:
Does the Commission, acting on behalf of Wheaton Metro Limited Partnership as its general parter, wish to authorize the Executive Director to approve a Management Agreement with Bozzuto for the LIHTC units at MetroPointe for a one year term?

BUDGET IMPACT:
Bozzuto proposed a management fee of $55.74 per unit per month and 3.5% of adjusted gross receipts on the retail.

PRINCIPALS:
HOC
Wheaton Metro Limited Partnership

TIME FRAME:
The term of the Management Agreement for MetroPointe was discussed with The Budget, Finance and Audit Committee at its meeting on May 18, 2016. For Commission action, on behalf of Wheaton Metro Limited Partnership, at its meeting of June 17, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Authorization for the Executive Director of the Commission to execute a management contract between Wheaton Metro Limited Partnership and Bozzuto for property management services at MetroPointe.

RESOLUTION NO. 16-41 **RE: Approval of Property Management Contract for MetroPointe**

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

WHEREAS, the Commission, as the general partner for the Partnership, acting for and on behalf of the Partnership, is authorized to engage a third party to manage the Property; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for management of MetroPointe; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of HOC staff from Property Management, Finance, Compliance and Real Estate reviewed the submissions and determined that Bozzuto is the most qualified to manage the LIHTC units at MetroPointe.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Wheaton Metro Limited Partnership, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a management contract for the LIHTC units at MetroPointe for one year.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Wheaton Metro Limited Partnership, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Wheaton Metro Limited Partnership, at its meeting conducted on June 17, 2016.

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Patrice Birdsong
Special Assistant to the Commission

ACCEPTANCE OF THIRD QUARTER FY'16 BUDGET TO ACTUAL STATEMENTS

June 17, 2016

- **The Agency ended the third quarter with a net cash deficit of $384,920 which resulted in a third quarter budget to actual negative variance of $651,375.**

- **The primary contributor to this negative variance is lower recognizable income in the Opportunity Housing portfolio due to higher than budgeted vacancy rates.**

- **A renewed focus on leasing has resulted in increased occupancy since March 31, 2016 and staff expects to significantly reduce vacancy and stabilize occupancy by October 2016.**

- **The Public Housing Program ended the quarter with a surplus primarily as a result of greater than anticipated subsidy due to a higher pro-ration factor coupled with the continued receipt of Asset Repositioning Fees for some of the converted scattered site units. The surplus will be restricted to the program.**

- **The Housing Choice Voucher (HCV) Program experienced higher administrative fees coupled with savings in expenses which resulted in an administrative surplus through March 31, 2016. The surplus will be restricted to the program.**

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Tiffany Jackson Ext. 9512
Terri Fowler Ext. 9507

RE: Acceptance of Third Quarter FY'16 Budget to Actual Statements

DATE: June 17, 2016

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Acceptance of the Third Quarter FY'16 Budget to Actual Statements.

BACKGROUND:
In accordance with the Commission's budget policy, the Executive Director will present budget to actual statements and amendments to the Budget, Finance and Audit Committee on a quarterly basis. The Budget, Finance and Audit Committee will review any proposed budget amendments and make a recommendation to the full Commission.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the third quarter of FY'16.

BUDGET IMPACT:
None for FY'16. Future amendments will be presented to the Commission as necessary.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the Third Quarter Budget to Actual Statements at the May 18, 2016 Committee meeting. Action is requested at the June 17, 2016 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the Third Quarter FY'16 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'16 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to how other governmental organizations present their budgets. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'16 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the third quarter with a net cash deficit of $384,920. This deficit resulted in a third quarter budget to actual negative variance of$ 651,375. The primary contributor to this negative variance was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund). The negative variance in the properties were largely offset by lower than anticipated expenses in the General Fund (see General Fund) as well as additional Housing Choice Voucher (HCV) administrative fees, based on a higher pro-ration factor, coupled with savings in the administrative costs of the program which eliminated the projected deficit in the program (see Public Fund).

Staff is continuing to monitor the property performance to determine any potential negative year-end impact on the Agency. During the development of the FY'16 Amended budget, various properties were budgeted to reflect vacancy levels that typically occur during redevelopment and/or preparation for redevelopment. In some instances, the impact of renovations on occupancy was mitigated through partial restriction of cash flow and will be reflected at year-end as a reduction of the restricted cash thus minimizing the negative impact to the Agency. It is believed at this time that the partial cash flow restrictions that have been established at the properties not meeting budgeted expectations will aid in mitigating the severity of the affect on the Agency's year-end financial position. In addition, the FY'16 Amended Budget anticipated the use of approximately $345,000 in General Fund Operating Reserves (GFOR) that will not be reflected until the fourth quarter once it is determined whether they will be needed.

The following chart depicts the total cash flow and corresponding cash flow restrictions for those properties experiencing significant negative variances through the third quarter:

	Total Cash Flow	Restricted	Unrestricted
Alexander House	$1,708,351	$427,088	$1,281,263
VPC One Dev. Corp.	$1,773,949	$443,486	$1,330,463
VPC Two Dev. Corp.	$1,181,411	$295,352	$886,059
	$4,663,711	$1,165,926	$3,497,785

Lease Up Efforts

As indicated throughout this memorandum, lower than budgeted revenues stem principally from higher vacancy rates. Staff recognizes this enhanced vacancy and its deleterious impact on revenue. Although some portion of this vacancy is attributable to anticipated rehabilitation or redevelopment, the vacancy in the VPCs can be addressed with focused lease up efforts. To that end, staff will develop and execute a robust marketing and leasing effort to include scheduling a series of "pop up" leasing events using Housing Path to match interested renters on the waitlist with opportunities and working with third party property management companies to employ best practices.

VPC leasing activity throughout the current fiscal year has been strong. Since July 2015, there have been 167 VPC leases signed or about 18 leases per month; this includes residents transferring to facilitate renovations and new applicants. During this same period, there were also 88 residents that vacated their units, again, some to facilitate renovations and some are no longer residing in HOC housing. This divided focus, transferring residents to facilitate renovations and leasing to new clients, has resulted in a slower climb in overall occupancy than originally projected. Occupancy increased 5% and 11% from July 2015 through April 2016, respectively, for VPC One and Two. With a renewed focus on leasing to new applicants, staff expects to significantly reduce vacancy and stabilize occupancy in the pool of renovated units by October 2016.

Explanations of major variances by fund

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $6,516,591, which resulted in a positive variance of $1,201,664 when compared to the projected deficit of $7,718,255.

As of March 31, 2016, income in the General Fund was $155,456 less than budget. The primary contributors to the negative income variance were delays in the receipt of anticipated Development Fees for both Tanglewood and Waverly House. Staff believes that fees from both properties will be received in the fourth quarter. The negative variance was partially offset by the receipt of a 2% financing fee on both Arcola Towers and Waverly House that was originally budgeted conservatively at 1%.

Expenses in the General Fund were $1,357,120 less than budget. The positive variance was primarily the result of savings in administrative salaries and benefits as well as maintenance contract expenses. A portion of these savings are the result of timing issues and staff does not anticipate the full savings to be realized at year end.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Both income (the bond draw downs that finance the operating costs for these funds) and expenses are in line with the budget.

The Opportunity Housing Fund
Attachment B is a chart of the Development Corporation properties. This chart divides the properties into two groups.

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'16 Operating Budget. This group ended the quarter with cash flow of $5,207,923 or $1,972,180 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Several properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is $5,063,685 or $2,116,418 below budget.

Unrestricted Development Corporations

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
Alexander House	$1,328,628	$1,149,853	($178,775)		$1,149,853
The Barclay	$101,764	$26,118	($75,646)		$26,118
Chevy Chase Lake	($60,581)	($230,371)	($169,790)		$0
Glenmont Westerly	$210,247	$252,413	$42,166	(1)	$210,247
Magruder's Discovery	$450,379	$361,471	($88,908)		$361,471
The Metropolitan	$1,349,609	$1,559,609	$210,000	(1)	$1,349,609
Montgomery Arms	$280,222	$210,097	($70,125)		$210,097
TPM - 59 MPDUs	$164,916	$195,973	$31,057	(1)	$164,916
Paddington Square	$364,711	$342,008	($22,703)		$342,008
TPM - Pomander Court	$66,312	$52,740	($13,572)		$52,740
Pooks Hill High-Rise	$318,855	$280,597	($38,258)		$280,597
Scattered Site One Dev. Corp. ..	$184,916	$195,778	$10,862	(1)	$184,916
Scattered Site Two Dev. Corp. .	($24,081)	($24,642)	($561)		($24,642)
Sligo Development Corp.	$36,771	$54,614	$17,843	(1)	$36,771
TPM - Timberlawn	$489,147	$551,828	$62,681	(1)	$489,147
VPC One Dev. Corp.	$1,160,165	$256,766	($903,399)		$256,766
VPC Two Dev. Corp.	$758,123	($26,929)	($785,052)		($26,929)
Subtotal	**$7,180,103**	**$5,207,923**	**($1,972,180)**		**$5,063,685**
			Recognizable Cash Flow		**($2,116,418)**

Notes:
(1) - Properties exceeding budgeted cash flow.

- Cash flow for **Alexander House** was $178,775 lower than anticipated primarily due to higher than anticipated vacancy as units were not released in anticipation of the upcoming renovations. This loss in revenue was partially offset by savings in administrative, utility and maintenance expenses. **The Barclay** had a negative variance of $75,646 driven primarily by higher than projected concessions offered at the property to maintain occupancy coupled with lower than anticipated retail income. **Chevy Chase Lake** was budgeted to have a deficit for FY’16 that was to be covered by existing cash at the property. Through March 31, 2016, the property experienced a negative variance of $169,790. The FY’16 Amended Budget assumed that the mortgage would be prepaid in July. The authorization to prepay the existing mortgage was not approved until October 2015; therefore, the property continued to bear the full cost of the mortgage through October with less than a 30% average occupancy as tenants vacated the property in anticipation of the impending development plans. Although the deficit was higher than anticipated, there is sufficient cash at the property to cover the loss. Cash flow at **Magruder’s Discovery** was $88,908 less than budget as a result of lower gross rental income and higher vacancies coupled with higher than anticipated maintenance expenses resulting from required repairs based on the County inspection. **The Metropolitan** had a positive cash flow variance of $210,000. Although gross rental income was lower as a result of using Yieldstar to determine the current rents in the submarket, the resulting vacancy at the property was lower than anticipated. In addition, the property experienced savings in utility and maintenance costs coupled with a lower than anticipated loss from the tax credit units that is covered by the market units. Cash flow for **Montgomery Arms** was $70,125 lower than anticipated as a result of lower gross rents and slightly higher vacancies coupled with higher than anticipated utility costs. In addition, mold remediation in a few units caused maintenance expenses to exceed budget through the third quarter. The cash flow from both **VPC One** and **VPC Two Development Corporations** was less than anticipated primarily as a result of higher vacancies at both properties coupled with higher than anticipated overall expenses. Cash flow for the quarter at **VPC One** was $256,766 resulting in a negative variance of $903,399. **VPC Two** experienced a deficit of $26,929 for the quarter resulting in a negative variance of $785,052. During the development of the FY'16 Budget Amendment, a Debt Service Reserve was established in the Opportunity Housing Bond Fund for those properties that are temporarily funding debt on the PNC Lines of Credit (LOC). While the draws on the LOCs bear interest only at rates tied to LIBOR, the respective property's debt service is stressed at a fully amortizing 6.5% rate over a 30-year term to demonstrate that they can support a full debt service payment. The difference between the actual interest cost and the stressed scenario is being set aside in the established Debt Service Reserve. This practice is being applied to both **VPC One** and **VPC Two**. If you were to remove the amounts being contributed to the Debt Service Reserve from the expenses, the properties would show cash flow of $1,354,203 and $872,863 respectively.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'16 Operating Budget. Cash flow from this group of Development Corporation properties was $503,220 less than budgeted. Cash flow at **Glenmont Crossing** exceeded budget by $94,040 primarily as a result of savings in administrative salary and benefits, utility, and maintenance costs. The anticipated deficit at **MetroPointe** was $72,225 more than anticipated as a result of lower gross rent due to Yieldstar pricing adjustments made to maintain residential occupancy coupled with the erroneous exclusion of the budget for property insurance. The **RAD 6** Properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), which are currently under renovation, experienced a combined deficit of $34,610 through quarter-end largely due to higher than anticipated vacancies coupled with higher utility costs. The development budget for the RAD 6 properties has money set aside for operational deficits during renovations should the properties experience a deficit at year-end.

Attachment C is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'16 Operating Budget. This group ended the quarter with cash flow of $1,249,767 or $37,188 more than budget. As noted above for the Development Corporations, we can only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter's recognizable cash flow for this group is $1,071,592 or $140,987 below budget.

Unrestricted Opportunity Housing Properties

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
64 MPDUs	$41,083	$53,412	$12,329	(1)	$41,083
Chelsea Towers	$24,693	$18,911	($5,782)		$18,911
Fairfax Court	$86,491	$88,389	$1,898	(1)	$86,491
Holiday Park	$4,575	$24,196	$19,621	(1)	$4,575
Jubilee Falling Creek	$7,799	$10,901	$3,102	(1)	$7,799
Jubilee Hermitage	$5,775	$15,134	$9,359	(1)	$5,775
Jubilee Horizon Court	$7,988	$2,186	($5,802)		$2,186
Jubilee Woodedge	$7,019	$12,518	$5,499	(1)	$7,019
McHome	$74,567	$99,402	$24,835	(1)	$74,567
McKendree	$13,299	$31,237	$17,938	(1)	$13,299
MHLP III	$0	($2,131)	($2,131)		($2,131)
MHLP VII	$68,409	$98,467	$30,058	(1)	$68,409
MHLP VIII	$196,662	$141,255	($55,407)		$141,255
MPDU 2007 Phase II	$22,832	$25,118	$2,286	(1)	$22,832
Pooks Hill Mid-Rise	$141,936	$171,714	$29,778	(1)	$141,936
Southbridge	$49,789	$71,260	$21,471	(1)	$49,789
Strathmore Court	$459,662	$387,797	($71,865)		$387,797
Subtotal	**$1,212,579**	**$1,249,767**	**$37,188**		**$1,071,592**
		Recognizable Cash Flow			**($140,987)**

Notes:
(1) - Properties exceeding budgeted cash flow.

- Several properties in this portfolio experienced small negative income variances that were almost entirely offset by savings in expenses. Where this is not the case, explanations follow. Although the remaining two units in **MHLP III** were sold last November, the financials reflect tax bills that were issued to and paid by the Agency in error. Staff is working on securing refunds for the payments. **MHLP VIII** experienced a negative cash flow variance of $55,407 primarily due to higher maintenance expenses resulting from unit turnover and higher tax expenses. The negative variance was further impacted by slightly higher vacancies at the property. Cash flow for **Strathmore Court** was $71,865 lower than anticipated as a result of lower gross rent due to Yieldstar pricing adjustments made to maintain residential occupancy. The loss in revenue was partially offset by savings in administrative and maintenance expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'16 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $558,258 higher than budget for the quarter. The FY'16 Amended Budget assumed that the

Agency would absorb the anticipated deficit at **The Ambassador**. Through March 31, 2016, the property generated $72,348 in cash flow which resulted in a positive cash flow variance of $202,526 mainly due to lower than projected vacancies coupled with savings in maintenance expenses. Should the property not end the year with a deficit, the Agency would benefit from not having to cover the shortfall; however, any cash flow at year would remain restricted to the property. **Brookside Glen** experienced a positive cash flow variance of $46,247 as a result of lower vacancies coupled with savings in utility and maintenance expenses through quarter-end. **Dale Drive** experienced a small deficit of $2,689 through the third quarter as a result of approximately $15,500 in restoration costs resulting from a fire in one of the units. An insurance claim has been filed to recover the cost of the restoration. Cash flow for **Diamond Square** was $12,964 less than budget primarily as a result of a delay in the receipt of a reimbursement from the City of Gaithersburg for utilities. It is anticipated that the reimbursement will be reflected in the fourth quarter thus returning the property to a positive cash flow variance for the year. The **CDBG**, **NCI** and **NSP Units** have individual budgets for each unit that include a standard annual amount for maintenance related expenses. Any cash flow at year-end resulting from savings in expenses and/or additional earned income is restricted to the respective property's Operating Reserves. If a property experiences a deficit at year-end, funds will be drawn from the respective property's reserve to cover the shortfall. **Westwood Towers** had a positive variance of $295,235 as a result of lower concessions and vacancies coupled with savings in all expense categories. The expense savings includes permanent savings in taxes due to the receipt of the PILOT agreement on the property.

<u>The Public Fund</u> (Attachment D)

- The Public Housing Rental Program ended the quarter with a surplus of $679,588, which resulted in a positive variance of $775,707 when compared to the projected shortfall of $96,119. Income was $2,249,945 more than budget largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ration of 82.35% for CY'15. The actual pro-ration for CY'15 was increased to 85.36%. In addition, the Agency continued to receive subsidy for some of the scattered sites that converted to the **VPC One** and **VPC Two Development Corporations**. The majority of this subsidy was received as Asset Repositioning Fees (ARF). Finally, the funding to pay for the vouchers at the **RAD 6** properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square) was received as operating subsidy through December 2015 resulting in continued income at the old Public Housing properties. There is a corresponding expense recorded to reflect the subsidy being moved to the development corporation properties as voucher revenue which is the primary cause for the negative expense variance of $1,474,238.

  In addition, a delay in the anticipated closing of Arcola Towers and Waverly House under the Rental Assistance Demonstration (RAD) Program resulted in their continuing to be reported in the Public Housing Portfolio through December 2015. Both properties will also continue to receive operating subsidy after the closing that is being transferred to the Tax Credit properties as voucher revenue, similar to the RAD 6 properties noted above, that will be reflected as an increase to both income and expenses in the old Public Housing properties until December of 2016.

It should be noted that the two grants previously received to support the Family Self Sufficiency (FSS) Program for Public Housing and voucher participants were consolidated into one grant beginning in January 2015. We continued to draw from the unspent funds from the former Public Housing FSS grant which is reflected as equal positive variances for both income and expenses.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of $216,344 which resulted in a positive variance of $717,491 when compared to the projected shortfall of $501,147. The shortfall was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by $337,693 offset by an administrative surplus of $554,037. The HAP shortfall was funded with a draw from the HCVP Net Restricted Assets (NRA), which is cash that was recognized but not spent in prior years. The program ended the quarter with an administrative surplus due to higher than anticipated revenue of $463,684 and savings in administrative expenses of $364,862. The higher revenue was the result of a higher proration factor of 79% through October 2015 and 81% for November and December of 2015 compared to the budgeted proration factor of 75% and higher administrative fees received on incoming portables. The savings in expenses were primarily due to savings in administrative salaries and benefits, and lower management fee expenses which are now based on utilization.

Tax Credit Partnerships
The Tax Credit Partnerships have a calendar year end. Quarterly Budget to Actual Statements are reported to the Budget, Finance, and Audit Committee.

The Capital Budget (Attachment E)
Attachment E is a chart of the Capital Improvements Budget for FY'16. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

Several properties that are comprised of older scattered site units that have not undergone any comprehensive renovations (**MHLP VII**, **MHLP VIII**, **64 MPDUs**, **Scattered Site One** and **Two Development Corporations**, and **State Rental Partnership**) required additional capital improvements to support the lease-up efforts at the properties. Staff is working to identify resources for the overages which will include existing property reserves as well as possible redirection of commitments budgeted for capital at other properties from the Opportunity Housing Property Reserve Fund (OHPRF).

The **Avondale Apartments** exceeded its capital budget due to the unanticipated replacement of aged galvanized pipes in four units that will be funded by cash generated at the property. There were nominal capital appliance expenses at **Brooke Park** that will be funded by existing property reserves. **Chelsea Towers** overspent its capital budget as a result of the additional work needed to prepare for the Real Estate Assessment Center (REAC) inspection at the property. The expenditures included the replacement of flooring/carpet, cabinets, countertops, and stairwell handrails. There are sufficient reserves at the property to cover the additional costs. As a result of a County citation at **Holiday Park**, heavy tree and brush coverage in the rear of the property had to be removed at an unanticipated cost of $44,750 which caused the property to exceed its capital budget. Since the property was budgeted to use funds from the Opportunity Housing Property Reserve Fund (OHPRF) for its approved capital budget, staff will work to identify potential savings in the other commitments from this fund to cover the overage. **Pooks Hill Midrise** exceeded its capital budget as a result of power washing, resurfacing the parking lot and storm drain repairs. It was discovered that there was additional work needed to prepare the grounds before the asphalt was replaced. There are sufficient reserves at the property to cover the additional costs. **Jubilee Horizon Court, Metropointe** and **Strathmore Court** exceeded their capital budgets by nominal amounts that will be funded by their respective existing property reserves. As mentioned previously, budgeting for the **CDBG**, **NCI** and **NSP Units** is standardized and as such did not include plans for any capital improvements. Capital expenditures that have occurred at a few NCI and NSP units will be covered by existing property reserves.

VPC TWO exceeded its capital budget primarily due to appliance replacements, HVAC and roof related expenditures. Staff is reviewing the expenditures to determine if they are related to the scope of the planned renovations and will move the costs to the development budget where appropriate. Finally, capital costs have exceeded budget at four of the converted RAD 6 properties (Ken Gar, Seneca Ridge, Towne Center Place, and Washington Square). Staff is reviewing the expenditures to determine if reclasses are warranted. If the capital items at VPC Two and the RAD 6 properties remain on the property budgets, they will be covered by established property Replacement Reserves.

Resolution: 16-42 **Re: Acceptance of Third 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 Third Quarter FY'16 Budget to Actual Statements during its June 17, 2016 meeting.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Friday, June 17, 2016.

____
Patrice Birdsong
Special Assistant to the Commission

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FY'16 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	($7,718,255)	($6,516,591)	$1,201,664
Administration of Mutlifamily and Single Family Fund			
Multifamily Fund	$0	$53,763	$53,763
Single Family Fund	$390,586	$448,209	$57,623
Excess Bond Fund Cash Flow	($390,586)	($501,972)	($111,386)
Opportunity Housing Fund			
Opportunity Housing Properties	$1,212,579	$1,071,592	($140,987)
Development Corporation Property Income	$7,180,103	$5,063,685	($2,116,418)
Restricted Development Corporation Properties	($130,178)	$0	$130,178
Restricted Opportunity Housing	($3,285)	($3,606)	($321)
OHRF			
OHRF Balance	$538,745	($552,034)	($1,090,779)
Excess Cash Flow Restricted	($538,745)	$0	$538,745
Draw from existing funds	$0	$552,034	$552,034
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$540,964**	**($384,920)**	**($925,884)**
Public Fund			
Public Housing Rental (1)	($96,119)	$679,588	$775,707
Housing Choice Voucher Program HAP (2)	($226,638)	($337,693)	($111,055)
Housing Choice Voucher Program Admin (3)	($274,509)	$554,037	$828,546
Total -Public Fund	**($597,266)**	**$895,932**	**$1,493,198**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$96,119	($679,588)	($775,707)
(2) Draw from / Restrict to HCV Program Cash Reserves	$226,638	$337,693	$111,055
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$0	($554,037)	($554,037)
Total -Public Fund Reserves	**$322,757**	**($895,932)**	**($1,218,689)**
SUBTOTAL - Public Funds	**($274,509)**	**$0**	**$274,509**
TOTAL - All Funds	**$266,455**	**($384,920)**	**($651,375)**

FY'16 Third Quarter Capital Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (9 Months) Actual	Variance
General Fund			
East Deer Park	$187,800	$209,339	($21,539)
Kensington Office	$367,466	$126,692	$240,774
Information Technology	$1,679,129	$637,166	$1,041,963
Opportunity Housing Fund	$4,586,096	$3,561,738	$1,024,358
TOTAL - All Funds	**$6,820,491**	**$4,534,935**	**$2,285,556**

FY'16 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Properties with unrestricted cash flow for Agency FY'16 Operating Budget					
Alexander House	$1,328,628	($339,550)	$160,776	$1,149,853	($178,775)
The Barclay	$101,764	($61,989)	($13,657)	$26,118	($75,646)
Chevy Chase Lake	($60,581)	$9,985	($179,775)	($230,371)	($169,790)
Glenmont Westerly	$210,247	($3,580)	$45,746	$252,413	$42,166
Magruder's Discovery	$450,379	($58,407)	($30,501)	$361,471	($88,908)
The Metropolitan	$1,349,609	$38,196	$171,804	$1,559,609	$210,000
Montgomery Arms	$280,222	($18,830)	($51,296)	$210,097	($70,125)
TPM - 59 MPDUs	$164,916	$4,687	$26,370	$195,973	$31,057
Paddington Square	$364,711	$5,567	($28,270)	$342,008	($22,703)
TPM - Pomander Court	$66,312	($19,465)	$5,893	$52,740	($13,572)
Pooks Hill High-Rise	$318,855	($88,665)	$50,407	$280,597	($38,258)
Scattered Site One Dev. Corp.	$184,916	($18,523)	$29,385	$195,778	$10,862
Scattered Site Two Dev. Corp.	($24,081)	$3,370	($3,931)	($24,642)	($561)
Sligo Development Corp.	$36,771	$4,596	$13,247	$54,614	$17,843
TPM - Timberlawn	$489,147	($6,952)	$69,634	$551,828	$62,681
VPC One Dev. Corp.	$1,160,165	($668,760)	($234,639)	$256,766	($903,399)
VPC Two Dev. Corp.	$758,123	($670,717)	($114,336)	($26,929)	($785,052)
Subtotal	**$7,180,103**	**($1,889,037)**	**($83,143)**	**$5,207,923**	**($1,972,180)**
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	$152,816	($7,457)	$101,497	$246,856	$94,040
Ken Gar	$56,627	($65,440)	$13,938	$5,125	($51,502)
MetroPointe	($105,236)	($81,965)	$9,741	($177,461)	($72,225)
Oaks at Four Corners	$19,959	($16,931)	$34,932	$37,960	$18,001
Parkway Woods	$45,835	($39,215)	$9,777	$16,397	($29,438)
Sandy Spring Meadow	$140,937	($35,876)	($10,711)	$94,349	($46,588)
Seneca Ridge	$200,803	($287,614)	($36,001)	($122,812)	($323,615)
Towne Centre Place	$87,060	($1,970)	$7,579	$92,670	$5,610
Washington Square	($22,836)	($88,873)	($8,630)	($120,339)	($97,503)
Subtotal	**$575,965**	**($625,341)**	**$122,122**	**$72,745**	**($503,220)**
TOTAL ALL PROPERTIES	**$7,756,068**	**($2,514,378)**	**$38,979**	**$5,280,668**	**($2,475,400)**

Attachment B

FY'16 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Properties with unrestricted cash flow for Agency FY'16 Operating Budget					
64 MPDUs	$41,083	($19,794)	$32,123	$53,412	$12,329
Chelsea Towers	$24,693	($10,497)	$4,715	$18,911	($5,782)
Fairfax Court	$86,491	$868	$1,031	$88,389	$1,898
Holiday Park	$4,575	($678)	$20,299	$24,196	$19,621
Jubilee Falling Creek	$7,799	($75)	$3,177	$10,901	$3,102
Jubilee Hermitage	$5,775	$4,363	$4,997	$15,134	$9,359
Jubilee Horizon Court	$7,988	($9,094)	$3,292	$2,186	($5,802)
Jubilee Woodedge	$7,019	$9	$5,490	$12,518	$5,499
McHome	$74,567	$1,728	$23,107	$99,402	$24,835
McKendree	$13,299	$9,398	$8,540	$31,237	$17,938
MHLP II	$0	$1	$0	$1	$1
MHLP III	$0	$1	($2,132)	($2,131)	($2,131)
MHLP VII	$68,409	$18,550	$11,508	$98,467	$30,058
MHLP VIII	$196,662	($12,535)	($42,872)	$141,255	($55,407)
MPDU 2007 Phase II	$22,832	($533)	$2,820	$25,118	$2,286
Pooks Hill Mid-Rise	$141,936	$9,313	$20,465	$171,714	$29,778
Southbridge	$49,789	$1,213	$20,258	$71,260	$21,471
Strathmore Court	$459,662	($88,143)	$16,278	$387,797	($71,865)
Subtotal	**$1,212,579**	**($95,905)**	**$133,096**	**$1,249,767**	**$37,188**
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	($3,285)	$0	($321)	($3,606)	($321)
The Ambassador	($130,178)	$145,881	$56,645	$72,348	$202,526
Avondale Apartments	$107,894	($6,531)	$250	$101,613	($6,281)
Brooke Park	($73)	($9,335)	$11,436	$2,029	$2,102
Brookside Glen (The Glen)	$162,929	$17,813	$28,434	$209,176	$46,247
CDBG Units	($288)	$1,521	($417)	$816	$1,104
Dale Drive	$10,820	$24	($13,533)	($2,689)	($13,509)
Diamond Square	$118,703	($18,965)	$6,001	$105,739	($12,964)
Greenhills Apartments	$201,296	$13,730	$7,114	$222,141	$20,845
King Farm Village	$61	$0	$478	$539	$478
NCI Units	($1,687)	($2,720)	$447	($3,959)	($2,272)
NSP Units	($923)	$2,421	$11,852	$13,350	$14,273
Paint Branch	$28,438	($1,305)	$5,940	$33,073	$4,635
State Rental Partnership	$113,945	($8,528)	$14,689	$120,105	$6,160
Westwood Tower	$81,894	$85,056	$210,179	$377,129	$295,235
Subtotal	**$689,546**	**$219,062**	**$339,194**	**$1,247,804**	**$558,258**
TOTAL ALL PROPERTIES	**$1,902,125**	**$123,157**	**$472,290**	**$2,497,571**	**$595,446**

Attachment C

FY'16 Third Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(9 Months) Budget	(9 Months) Actual	Variance
Public Housing Rental			
Revenue	$1,756,262	$4,006,207	$2,249,945
Expenses	$1,852,381	$3,326,619	($1,474,238)
Net Income	**($96,119)**	**$679,588**	**$775,707**
Housing Choice Voucher Program			
HAP revenue	$62,882,889	$59,138,372	($3,744,517)
HAP payments	$63,109,527	$59,476,065	$3,633,462
Net HAP	**($226,638)**	**($337,693)**	**($111,055)**
Admin.fees & other inc.	$4,380,558	$4,844,242	$463,684
Admin. Expense	$4,655,067	$4,290,205	$364,862
Net Administrative	**($274,509)**	**$554,037**	**$828,546**
Net Income	**($501,147)**	**$216,344**	**$717,491**

Attachment D

FY'16 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Elizabeth House	($133,654)	($51,239)	$50,921	($133,973)	($319)
Holly Hall	$36,568	($24,823)	$36,439	$48,183	$11,615
Arcola Towers	($11,684)	$438,516	($355,491)	$71,341	$83,025
Waverly House	$12,651	$485,123	($390,733)	$107,041	$94,390
Seneca Ridge	$0	$226,133	($225,444)	$689	$689
Emory Grove / Washington Square	$0	$227,199	($216,084)	$11,115	$11,115
Towne Centre Place / Sandy Spring Meadow	$0	$152,944	($153,117)	($173)	($173)
Ken Gar / Parkway Woods	$0	$89,749	($93,761)	($4,012)	($4,012)
Scattered Sites Central	$0	$70,813	($11,821)	$58,992	$58,992
Scattered Sites East	$0	$59,047	($8,483)	$50,563	$50,563
Scattered Sites Gaithersburg	$0	$316,777	($11,037)	$305,740	$305,740
Scattered Sites North	$0	$189,925	($14,440)	$175,485	$175,485
Scattered Sites West	$0	$243	($11,646)	($11,403)	($11,403)
Resident Services	$0	$69,539	($69,539)	$0	$0
TOTAL ALL PROPERTIES	**($96,119)**	**$2,249,946**	**($1,474,236)**	**$679,588**	**$775,707**

FY 16'Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
East Deer Park	$187,800	$209,339	($21,539)
Kensington Office	$367,466	$126,692	$240,774
Information Technology	$1,679,129	$637,166	$1,041,963
Subtotal	**$2,234,395**	**$973,197**	**$1,261,198**
Opportunity Housing			
Ambassador	$25,020	$18,005	$7,015
Alexander House	$189,458	$93,656	$95,802
Avondale Apartments	$11,000	$20,180	($9,180)
The Barclay	$42,254	$14,848	$27,406
Brooke Park	$0	$577	($577)
Brookside Glen (The Glen)	$109,932	$56,904	$53,028
CDBG Units	$0	$0	$0
Chelsea Towers	$14,008	$20,344	($6,336)
Chevy Chase Lake	$2,833	$0	$2,833
Dale Drive	$3,003	$625	$2,378
Diamond Square	$237,401	$55,636	$181,765
Fairfax Court	$30,140	$7,820	$22,320
Glenmont Crossing	$93,312	$77,754	$15,558
Glenmont Westerly	$81,061	$69,140	$11,921
Greenhills Apartments	$52,950	$51,247	$1,703
Holiday Park	$39,835	$50,836	($11,001)
Jubilee Falling Creek	$515	$0	$515
Jubilee Hermitage	$3,427	$0	$3,427
Jubilee Horizon Court	$1,000	$2,334	($1,334)
Jubilee Woodedge	$2,704	$0	$2,704
Ken Gar	$2,500	$4,340	($1,840)
King Farm Village	$0	$0	$0
Magruder's Discovery	$117,961	$30,625	$87,336
McHome	$97,469	$56,642	$40,827
McKendree	$19,117	$11,356	$7,761
MetroPointe	$34,712	$35,901	($1,189)
The Metropolitan	$172,470	$112,202	$60,268
Montgomery Arms	$121,049	$89,732	$31,317
MHLP VII	$19,201	$28,818	($9,617)
MHLP VIII	$41,476	$90,005	($48,529)
MPDU 2007 Phase II	$4,600	$1,282	$3,318
617 Olney Sandy Spring Road	$0	$1	($1)
64 MPDUs	$112,821	$115,173	($2,352)
TPM - 59 MPDUs	$146,342	$107,289	$39,053
Oaks at Four Corners	$304,623	$61,817	$242,806
NCI Units	$0	$28,445	($28,445)
NSP Units	$0	$1,834	($1,834)
Paddington Square	$92,270	$38,346	$53,924
Paint Branch	$24,967	$11,055	$13,912
Parkway Woods	$5,000	$0	$5,000
TPM - Pomander Court	$20,662	$2,180	$18,482
Pooks Hill High-Rise	$876,105	$816,546	$59,559
Pooks Hill Mid-Rise	$97,100	$123,254	($26,154)
Sandy Spring Meadow	$5,000	$38	$4,962
Scattered Site One Dev. Corp.	$184,781	$379,413	($194,632)
Scattered Site Two Dev. Corp.	$71,173	$103,391	($32,218)
Seneca Ridge	$5,000	$13,800	($8,800)
Southbridge	$4,867	$3,822	$1,045
Sligo Development Corp.	$92,462	$33,925	$58,537
State Rental Partnership	$126,346	$271,750	($145,404)
Strathmore Court	$192,669	$193,182	($513)
Towne Centre Place	$5,000	$6,231	($1,231)
TPM - Timberlawn	$33,814	$23,520	$10,294
VPC One Dev. Corp.	$58,500	$51,586	$6,914
VPC Two Dev. Corp.	$49,700	$100,564	($50,864)
Washington Square	$5,000	$29,017	($24,017)
Westwood Tower	$501,486	$44,750	$456,736
Subtotal	**$4,586,096**	**$3,561,738**	**$1,024,358**
TOTAL	**$6,820,491**	**$4,534,935**	**$2,285,556**

ACCEPTANCE OF CY’15 TAX CREDIT PARTNERSHIP PROPERTY AUDITS

June 17, 2016

- **The Finance Division was responsible for the successful completion of 13 Tax Credit Partnership Property Audits for CY’15.**

- **A standard unqualified audit opinion was received for all 13 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.**

- **The audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized; however, staff is currently reviewing drafts of these audits. There are no findings and this is not expected to change.**

- **The Internal Auditor has reviewed all Tax Credit Partnership Audits.**

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Belle Seyoum		Finance	Ext. 9476
		Varun Chawla		Finance	Ext. 9572
		Jim Atwell		Internal Audit	Ext. 9426

RE: Acceptance of Calendar Year (CY) 2015 Tax Credit Partnership Property Audits

DATE: June 17, 2016

STATUS: Consent ___ Deliberation _X__ Status Report___ Future Action_____

OVERALL GOAL & OBJECTIVE:
To review and accept the Calendar Year (CY) 2015 Tax Credit Partnership Property Audits

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BACKGROUND:
HOC maintains 17 tax credit partnerships. Two of the tax credit partnerships, Strathmore Court Associates LP and The Metropolitan of Bethesda LP, are reported on a fiscal year basis in order to be consistent with the market rent portions of those properties.

As both the Arcola Towers RAD LP and Waverly House RAD LP transactions closed at the end of December 2015, they received an audit waiver from the respective investors and, therefore, were not audited for CY 2015. The remaining 13 tax credit partnerships consist of scattered sites and multifamily properties. Each of these individual tax credit partnerships are required to have an annual audit to satisfy investor requirements. The following tax credit partnership properties were audited as of December 31, 2015:

PROPERTIES
Montgomery Homes Limited Partnership IX (Scattered Site and Pond Ridge)
Montgomery Homes Limited Partnership X
Shady Grove Apartments LP
The Willows of Gaithersburg Associates LP
Manchester Manor Apartments LP
MV Affordable Housing Associates LP
Georgian Court Silver Spring LP
Barclay One Associates LP
Spring Garden One Associates LP
Forest Oak Towers Apartments LP
Wheaton Metro Limited Partnership (MetroPointe)
4913 Hampden Lane LP
Tanglewood and Sligo LP

Appendix A includes additional details on each of the tax credit partnership properties that report on a calendar year basis. Thirteen CY 2015 tax credit partnership property audits received a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. The audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized at the request of the investor. However, we have received drafts of these audits and there are no findings. This is not expected to change. The Internal Auditor, Jim Atwell, has reviewed all 13 audited financial statements.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept the 13 CY 2015 Tax Credit Partnership Property Audits?

BUDGET IMPACT:
None. The cost of the audits have been budgeted and is included in the annual property budgets.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the tax credit partnership audits at the May 18, 2016 Committee meeting. Action is requested at the June 17, 2016 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the CY 2015 Tax Credit Partnership Property Audits at the June 17, 2016 Commission meeting.

RESOLUTION: 16-43

Re: Acceptance of CY'15 Tax Credit Partnership Property Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'15 Tax Credit Audits for 13 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 13 of the CY'15 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized due to technical terminations of these partnerships; however, staff is currently reviewing drafts of these audits and there are no findings and no changes are anticipated.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the audits.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Friday, June 17, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO WRITE-OFF BAD DEBT RELATED TO TENANT ACCOUNTS RECEIVABLE

June 17, 2016

- **HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.**

- **The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2015 through March 31, 2016 is $131,469. The last approved write-off was for $95,130 on June 6, 2015 which covered the time period from April 1, 2014 through March 31, 2015.**

- **Total write-offs are as follows: Public Housing $20,317, Opportunity Housing $84,294, Tax Credit properties $10,749, the 236 Properties $7,913, Supportive Housing $6,820 and the RAD6 properties $1,376.**

- **The next anticipated write-off will cover from April 1, 2016 through March 31, 2017. The write-off will be performed in the fourth quarter of FY'17 and will include all former tenant accounts receivable balances from April 1, 2016 through March 31, 2017.**

MEMORANDUM

TO:	Housing Opportunities Commission				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Belle Seyoum		Finance	Ext. 9476
RE:	Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable				
DATE:	June 17, 2016				

STATUS: Consent ___ Deliberation __X__ Status Report___ Future Action____

OVERALL GOAL & OBJECTIVE:
To authorize the write-off of bad debt related to tenant accounts receivable

BACKGROUND:
Currently, HOC's policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances. This process updates the financial records to accurately reflect the receivables and the potential for collection. All former tenant accounts receivable balances proposed to be written-off are recorded in the HOC bad debt database as well as the Equifax Credit Bureau file. Any balances of $1,000 or more will be submitted to Bregman, Berbert, Schwartz and Gilday, LLC for further pursuit. Through our own collection efforts and the services of the law firm, we continue to pursue all debts.

The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2015 through March 31, 2016 is $131,469. The last approved write-off was for $95,130 on June 6, 2015 which covered the time period from April 1, 2014 through March 31, 2015.

The current fiscal year write-off of $131,469 reflects an increase of $36,339 compared to the previous write-off amount of $95,130. The 27.6% increase in write-offs is primarily due to deceased tenants, evicted tenants and tenants that failed to complete annual certifications.

The following amounts by property type are proposed to be written off:

Property Type	Write-offs 04/01/15 - 03/31/16	Prior Write-offs 04/01/14 - 03/31/15	$ Change 04/01/14 - 03/31/15	% Change 04/01/14 - 03/31/15
Public Housing	$ 20,317	$ 1,847	$ 18,469	90.91%
Opportunity Housing	84,294	61,065	23,229	27.56%
Tax Credits	10,749	25,915	(15,167)	-141.10%
236 Properties	7,913	-	7,913	100.00%
Supportive Housing	6,820	6,301	519	7.61%
RAD6	1,376	-	1,376	100.00%
	$ 131,469	$ 95,130	$ 36,339	27.64%

The following table shows the write-offs by fund:

Fund/Property	Amount
Public Fund	
PH Scattered Sites - Central	$ 4,131
PH Scattered Sites - East	6,102
PH Scattered Sites - Gaithersburg	2,611
PH Scattered Sites - North	866
PH Scattered Sites - West	667
PH Scattered Site AWOR 427	365
Elizabeth House	1,732
Holly Hall	3,467
Arcola Towers	360
Waverly House	14
Total	**$ 20,317**
Percent to total Public Fund Write-offs	16%
Opportunity Housing (OH) Fund	
McHome	$ 1,420
Paint Branch	1,532
State Rental Partnership Combined	5,391
Magruder's	301
Scattered Site One Dev Corp	6,339
Scattered Site Two Dev Corp	18,243
VPC One Corp	7,915
VPC Two Corp	21,044
Sligo Dev Corp-Sligo	6,654
TPM Dev Corp -Pomander Court	9,980
Tanglewood	432
7411 Aspen Court	917
Avondale	3,761
MHLP I	6
Jessup Blair	126
RELP One	230
Total	**$ 84,294**
Percent to total Opportunity Housing Fund Write-offs	64%

Tax Credit Properties		
Hampden Lane	$	3,020
MHLP VIII		1,123
MHLP X		1,151
MHLP IX - Pond Ridge		3,255
MHLP IX - MPDU		2,199
Total	**$**	**10,749**
Percent to total Tax Credit Properties Write-offs		8%
236 Properties		
Bauer Park	$	6,526
Town Center Apts		1,387
Total	**$**	**7,913**
Percent to total 236 Properties Write-offs		6%
Supportive Housing		
SHP Turnkey Leasing	$	5,605
McKinney X - County		93
McKinney XII - Perm. Supp Housing		1,123
Total	**$**	**6,820**
Percent to total Supportive Housing Write-offs		5%
RAD 6		
RAD 6 - Parkway Woods	$	989
RAD 6 - Towne Centre Place		387
Total	**$**	**1,376**
Percent to total RAD 6 Write-offs		1%

Within the Public Housing properties, there was an increase in write-offs of $18,469 from last year. The increase in the amount of write-offs is attributable to four deceased tenants as well as tenants that have left due to the non-payment of rent as well as charges placed on the units related to damages.

Within the Opportunity Housing portfolio, there was an increase in write-offs of $23,229 from the previous year. The current year write-offs are attributable to tenant evictions and skips as well as damages on the units which have remained uncollected. Property Management has stated that many of the families in these units have difficulty making their monthly payments, and any downturn in employment or family situation can cause rent delinquencies and possible eviction.

Within the Tax Credit properties, there was a decrease in write-offs of $15,167 from the previous year. The current year write-offs are attributable to tenant evictions, skips and tenants leaving units with damages that are discovered after move-out.

Within the 236 properties, there was an increase in write-offs of $7,913 from the previous year. The current year write-offs are attributable to the eviction of three tenants and the death of one tenant.

Within the Supportive Housing program, there was a slight increase in write-offs of $519 from the previous year. The majority of current year write-offs are related to tenants that were terminated from the program.

Lastly, for the RAD 6 properties, this is the first year to report the write-offs of 1,376. The current year write-off is a result of two tenants that left the program.

The next anticipated write-off will cover April 1, 2016 through March 31, 2017. The write-off will be performed in the fourth quarter of FY'17. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the debt database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the write-off of bad debt related to tenant accounts receivable?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The bad debt expense was recorded when the initial bad debt allowance was established as a result of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the Write Off of Bad Debt at the May 18, 2016 Committee meeting. Action is requested at the June 17, 2016 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission authorization to write-off bad debt related to tenant accounts receivable.

RESOLUTION: 16-44

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

WHEREAS, HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

WHEREAS, HOC periodically proposes the write-off of uncollected former resident 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 April 1, 2015 through March 31, 2016 is $20,317 from Public Housing, $84,294 from Opportunity Housing, $10,749 from Tax Credit properties, $7,913 from the 236 Properties, $6,820 from Supportive Housing and $1,376 from RAD6, totaling $131,469.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write-off bad debt totaling $131,469 related to tenant accounts receivable.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Friday, June 17, 2016.

Patrice M. Birdsong
Special Assistant to the Commission

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APPROVAL OF LOANS AND ADVANCES TO NON-HOC OWNED ENTITIES AS OF DECEMBER 31, 2015 AND AS OF JUNE 30, 2015

June 17, 2016

- **In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties that HOC does not own.**

- **During the period of January 1, 2015 through December 31, 2015, there was a net increase in advances for capitalization and operations to the tax credit partnerships of $37,897,220.**

- **Total advances have increased in 236 properties from $689,609 on June 30, 2014 to $1,047,222 as of June 30, 2015.**

- **Staff recommends approving $77,338,482 in loans and advances to the tax credit partnerships as of December 31, 2015 and $1,047,222 in advances to the 236 properties as of June 30, 2015.**

M E M O R A N D U M

TO:	Housing Opportunities Commission				
VIA:	Stacy L Spann, Executive Director				
FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Belle Seyoum		Finance	Ext. 9476
		Varun Chawla		Finance	Ext. 9572
RE:	Approval of Loans and Advances to Non-HOC Owned Entities				
DATE:	June 17, 2016				

STATUS: Consent ___ Deliberation _X_ Status Report ___ Future Action ___

OVERALL GOAL & OBJECTIVE:
To approve $77,338,482 in loans and advances to the tax credit partnerships as of December 31, 2015 and $1,047,222 in advances to the 236 properties as of June 30, 2015.

BACKGROUND:
In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties that HOC does not own.

ISSUES:
Schedules of loans and advances for tax credit partnerships (Attachment A) and advances for the 236 properties (Attachment B).

Attachment A — Tax Credit Partnerships

Attachment A details the $77,338,482 that was advanced from HOC to the tax credit partnerships as of December 31, 2015. This amount includes $52,418,472 for capitalization loans and $24,920,010 for advances to the properties. Capitalization loans increased by $33,391,973 primarily as a result of the addition of Arcola Towers RAD LP and Waverly House RAD LP. During the period of January 1, 2015 through December 31, 2015, there was a net increase in advances to the tax credit partnerships of $4,505,247. The majority of the increase is attributable to the addition of Arcola Towers RAD LP and Waverly House RAD LP as well as operating losses at MHLP IX, The Metropolitan LP, Strathmore Court LP, Manchester Manor and Lasko Manor, offset by repayment of Tanglewood loans and advances.

Attachment B — Section 236 Properties

Attachment B details the advances to the 236 properties. Total advances have increased from $689,609 on June 30, 2014 to $1,047,222 as of June 30, 2015. The increase in Bauer Park Apartments is a result of an increase in capital expenditures which was subsequently reimbursed in FY 2016 from replacement reserve funds in the amount of $38,000. Bauer Park also has an outstanding HAP receivable from HUD in the amount of $128,000. The increase at Town Center Apartments is a result of an increase of $87,000 in capital expenditures which was not reimbursed from replacement reserve funds until FY 2016. Town Center Apartments also has an outstanding HAP receivable from HUD in the amount of $92,000.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve $77,338,482 in loans and advances to the tax credit partnerships as of December 31, 2015 and $1,047,222 in advances to the 236 properties as of June 30, 2015?

BUDGET IMPACT:

There is no budget impact for FY'16.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the loans and advances to the non-HOC entities at the May 18, 2016 Committee meeting. Action is requested at the June 17, 2016 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of loans and advances to non-HOC entities.

RESOLUTION: 16-45

RE: Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2015 and as of June 30, 2015

WHEREAS, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and

WHEREAS, there was a net increase in capitalization loans and advances for operations to the tax credit partnerships of $37,897,220 as of December 31, 2015; and

WHEREAS, total advances have increased for 236 properties from $689,609 on June 30, 2014 to $1,047,222 as of June 30, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves $77,338,482 in loans and advances to the tax credit partnerships as of December 31, 2015 and $1,047,222 in advances to the 236 properties as of June 30, 2015.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Friday, June 17, 2016.

Patrice Birdsong
Special Assistant to the Commission

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Attachment A

HOUSING OPPORTUNITIES COMMISSION
SCHEDULE OF LOANS & ADVANCES BY HOC FOR TAX CREDIT PARTNERSHIPS
JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

			Loans from HOC for Capitalization (a)			Funds Advanced/(Collected) by HOC for Operations			TOTAL ADVANCES
Fund	Name of property		Balance 12/31/14	Activity Jan-1 thru Dec-31	Balance 12/31/15	Balance 12/31/14	Activity Jan-1 thru Dec-31	Balance 12/31/15	12/31/15
819-711-712	MHLP IX		$ 1,153,175		$ 1,153,175	$ 2,435,669	257,987	$ 2,693,656	$ 3,846,831
820-713	MHLP X		1,138,644		1,138,644	(56,388)	49,848	(6,540)	1,132,104
SUBTOTAL			2,291,819	-	2,291,819	2,379,281	307,835	2,687,116	4,978,935
831-787	STRATHMORE COURT	a	1,000,000		1,000,000	3,033,461	272,814	3,306,275	4,306,275
832-788	THE METROPOLITAN	b	977,000		977,000	10,566,542	453,885	11,020,427	11,997,427
833-741	MANCHESTER MANOR		-		-	337,202	73,899	411,101	411,101
834-742	SHADY GROVE		-	-	-	(4,257)	5,376	1,119	1,119
835-743	THE WILLOWS		293,182		293,182	(10,593)	2,402	(8,191)	284,991
838-745	GEORGIAN COURT		88,631	(54,394)	34,237	3,268	13,065	16,333	50,570
837-744	STEWARTOWN		375,830	(15,738)	360,092	94,109	(1,192)	92,917	453,009
839-746	THE BARCLAY		2,891,404		2,891,404	(156,259)	600	(155,659)	2,735,745
840-747	SPRING GARDEN		3,274,431		3,274,431	(17,053)	359	(16,694)	3,257,737
818-100	WHEATON METRO		1,633,687		1,633,687	1,815,778	7,457	1,823,235	3,456,922
842-749	FOREST OAK		535,607	(218,387)	317,220	(3,775)	6,362	2,587	319,807
899-000W	HAMPDEN LANE		269,697	(39,229)	230,468	(18,247)	(40,702)	(58,949)	171,519
843-750	TANGLEWOOD & SLIGO HILLS		5,395,211	(683,128)	4,712,083	2,395,306	(2,326,072)	69,234	4,781,317
811-415A	ARCOLA TOWERS			11,448,000	11,448,000		1,419,911	1,419,911	12,867,911
811-417W	WAVERLY HOUSE			22,954,849	22,954,849		4,309,248	4,309,248	27,264,097
SUBTOTAL			16,734,680	33,391,973	50,126,653	18,035,482	4,197,412	22,232,894	72,359,547
GRAND TOTAL			$ 19,026,499	33,391,973	$ 52,418,472	$ 20,414,763	4,505,247	24,920,010	$ 77,338,482

(a) Strathmore Court (market side) advanced funds to Strathmore Court Limited Partnership.

(b) Metropolitan Development Corporation advanced funds to Metropolitan Limited Partnership for operating short falls.

Attachment B
SCHEDULE OF ADVANCES BY HOC FOR OPERATIONS
FOR SECTION 236 PROPERTIES
JULY 1, 2014 THROUGH JUNE 30, 2015

Fiscal Year Properties

Fund	Name of property	Balance 06/30/14	Activity July-14 thru June-15	Balance 06/30/15
871-701B	Bauer Park Apartments	$ 407,763	153,683	$ 561,446
873-704R	Town Center Apartments	281,846	203,930	485,776
	Total	$ 689,609	357,613	$ 1,047,222

APPROVAL TO EXTEND THE $60 MILLION PNC BANK LINE OF CREDIT TO FINANCE COMMISSION APPROVED ACTIONS RELATED TO MONTGOMERY HOMES LIMITED PARTNERSHIP (MHLP) VII, FAIRFAX COURT APARTMENTS, CHEVY CHASE LAKE DEVELOPMENT CORPORATION, ARCOLA TOWERS RAD LP, VPC ONE & TWO DEVELOPMENT CORPORATIONS AND THE PURCHASE OF 17 AGENCY VEHICLES

June 17, 2016

- **The Commission previously approved advances from the $60 million PNC Bank Line of Credit for Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles are financed under the $60 million PNC Bank Line of Credit.**

- **Staff requests that the Line of Credit maturity date for the above referenced properties be extended for one year through May 31, 2017.**

- **The estimated cost under the Line of Credit is based upon a taxable rate of one month London Interbank Offered Rate (LIBOR) plus 90 basis points or a tax exempt rate of 68.5% of LIBOR plus 58 basis points. As of June 17, 2016, the total amount of interest expense related to the PNC Line of Credit for the above referenced properties is estimated to be $453,425.**

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Staff: Gail Willison	Division:	Finance	Ext. 9480
	Belle Seyoum		Finance	Ext. 9476

RE: Approval to Extend the $60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and the Purchase of 17 Agency Vehicles

DATE: June 17, 2016

STATUS: Committee Report X

OVERALL GOAL & OBJECTIVE:

To extend the use of the $60 Million PNC Bank Line of Credit to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles.

BACKGROUND:

The Commission has previously approved advances from the $60 Million PNC Bank Line of Credit. Staff requests to extend the maturity date through June 30, 2017, which is the date the Line of Credit agreement with PNC expires. The total borrowing authority under the PNC Bank Line of Credit is $60 million. The unobligated amount as of March 31, 2016 is $26,462,669. The PNC Bank Line of Credit taxable borrowing rate is LIBOR plus 90 basis points and the tax exempt borrowing rate is 68.5% of LIBOR plus 58 basis points.

The table below lists the current maturity date, anticipated outstanding amounts as of June 17, 2016, the estimated cost under the Line of Credit and the current rate of interest charged to each property for use of the Line of Credit. In order to mitigate interest rate risk, the estimated cost under the Line of Credit is based on the one month LIBOR rate as of April 29, 2016 plus an additional 110 basis points.

Property	Current Maturity date	Principal Balance	Estimated Annual Cost under LOC	Libor Rate & Spread
MHLP VII	June 2016	$ 522,725	$ 7,067	0.013520
Fairfax Court Apartments	June 2016	746,000	10,086	0.013520
Chevy Chase Lake Development Corp.	June 2016	6,794,170	91,857	0.013520
VPC One & Two Development Corp.	June 2016	24,051,121	325,171	0.013520
Arcola Towers RAD LP	June 2016	970,000	13,114	0.013520
Purchase of 17 vehicles	June 2016	453,314	6,129	0.013520
Total		**$ 33,537,330**	**$ 453,425**	

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve extending the maturity date to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles under the $60 Million PNC Bank Line of Credit through June 30, 2017?

PRINCIPALS:

HOC
PNC Bank, N.A.
Montgomery Homes Limited Partnership (MHLP) VII
Fairfax Court Apartments
Chevy Chase Lake Development Corporation
Arcola Towers RAD LP
VPC One & Two Development Corporations

BUDGET IMPACT:

The amount of interest expense for FY 2017 is estimated to be $453,425. The interest expense has been included in the FY'17 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the requested line of credit extension at the May 18, 2016 Committee meeting. Action is requested at the June 17, 2016 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval to extend the use of the $60 Million PNC Bank Line of Credit to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court

Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles.

RESOLUTION: 16-46

Re: Approval to Extend the $60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and the Purchase of 17 Agency Vehicles

WHEREAS, various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles are currently financed through the $60 Million PNC Bank Line of Credit; and

WHEREAS, it is proposed to extend the use of the $60 Million PNC Bank Line of Credit to finance approved Commission actions for a period not to exceed one year at the taxable monthly LIBOR rate plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 58 basis points; and

WHEREAS, the estimated cost, as of April 29, 2016, under the Line of Credit is expected to be approximately $453,425.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending the use of the $60 Million PNC Bank Line of Credit to finance various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Arcola Towers RAD LP, VPC One & Two Development Corporations and 17 Agency Vehicles through June 30, 2017.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Friday, June 17, 2016.

S
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Patrice M. Birdsong
Special Assistant to the Commission

ADOPTION OF THE FY'17-18 BUDGET

June 17, 2016

- **The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'17-18 Recommended Budget and additional changes included in the proposed budget.**

- **The Proposed Operating Budgets for FY'17-18 are $244.5 million and $243.5 million, respectively.**

- **The FY'17-18 budgets include contributions to the General Fund Operating Reserve of $1.7 million and $162 thousand for FY'17 and FY'18, respectively.**

- **The Proposed Capital Budgets for FY'17-18 are $292.2 million and $183.6 million, respectively.**

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Gail Willison	Division: Finance	Ext. 9480
		Tiffany Jackson	Division: Finance	Ext. 9512
RE:	Adoption of the FY'17-18 Budget			
DATE:	June 17, 2016			

STATUS: Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Adoption of the FY'17-18 Budget.

BACKGROUND:
The Executive Director's FY'17-18 Recommended Budget for the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency") was presented at the April 6, 2016 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff four times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY'17-18 is now before the full Commission for adoption. There will be a short presentation of the proposed FY'17-18 Budget at this Commission meeting.

ISSUES FOR CONSIDERATION:
The Proposed Operating Budget for FY'17-18 is $244.5 million and $243.5 million, respectively, which represents an increase of approximately $248,000 for FY'17 and a reduction of approximately $797,000 for FY'18 from the Recommended Budget presented on April 6, 2016.

The Proposed Capital Budget for FY'17-18 is $292.2 million and $183.6 million, respectively, which represents a reduction of approximately $3.5 million for FY'17 and an increase of approximately $364,000 for FY'18 from the Recommended Budget presented on April 6, 2016.

The Agency continues its efforts to re-invent, re-position, and re-imagine affordable housing in order to better serve our clients. The FY'17-18 proposed budget reflects HOC's commitment to its staff and the residents of Montgomery County.

As HOC's approach to providing affordable housing and services to the residents of Montgomery County evolves in response to the challenging fiscal climate, it is crucial for the Agency to operate under a new model as a "state of the art real estate company with a social mission". The Proposed Budget reflects the Agency's progress which has resulted in several new development activities that will provide additional rental income for units that could not previously sustain themselves. In addition, this budget generates commitment and development fees that support the Agency and the Opportunity Housing Reserve Fund (OHRF) which provides funding for future development activities and, therefore, increases the number of affordable rental units in the County.

The FY'17-18 Proposed Budget, which sets the financial plan for the Agency for the next two years, is balanced without the use of reserves; however, it does include fees from development activity that are one-time in nature. Therefore, the development of the budget required each division to continue the practice of monitoring discretionary spending and introducing appropriate cost savings measures to ensure the long-term viability of the Agency. Revenues and expenditures were evaluated to determine the proposed plan for FY'17 and FY'18.

Finally, the FY'17-18 Proposed Budget reflects a change in HOC's approach to property management, as well as an unprecedented level of investment in the redevelopment of our portfolio. The success of this effort relies on focused and disciplined property management and property maintenance efforts. As new and rehabilitated housing is brought on line, the Property Maintenance team is critical to ensuring that the useful life is maximized and that the Agency liaises with its residents to provide the proper support. To better augment our efforts, Property Management and Property Maintenance have been re-organized as two separate divisions. Furthermore, the Agency has engaged Edgewood Management Corporation to assist in property operations at five of the ten HUBs.

The major differences in the Proposed Operating Budget from the Executive Director's FY'17-18 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

General Fund:

FY 2017

Revenues decreased in the **General Fund** (Attachment 1-1) by $24,596. There are several reasons for the change. The budget was revised to include draws totaling $242,330 from RAD 6 proceeds and Development Budgets to fund certain positions in the Real Estate Division. Projected Ground Rent income from the remaining scattered site Tax Credit properties of $98,247 was added. Development Corporation Fees increased by $80,290. Management fees of $63,198 to the Agency from the Fatherhood Grant were added. Also, the management fee from the County Rent Supplement Program increased by $944. In addition, the update to the Agency personnel complement resulted in an increase of $340 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs. Several revenues in the General Fund decreased, including the removal of the transfer from the County Main to fund Call Center positions that were transferred from the General Fund to the County Contract; this change resulted in a decrease of $351,340 in transfers into the General fund. In addition, Development

Fee Income decreased by $273,531 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $109,413, is reflected in the General Fund. The balance of the decrease, or $164,118, is in the Opportunity Housing Reserve Fund (OHRF).

Expenses decreased in the General Fund (Attachment 1-1) by $570,473. The most significant factor was the transfer of $351,340 in call center related personnel expenses from the General Fund to the County Contract. The update to the personnel complement contributed to $219,133 of the decrease. The net impact of these changes, and changes in other funds, was an increase of $568,424 in the contribution to the General Fund Operating Reserve (GFOR) for a total contribution of $1,713,198.

FY 2018

Revenues increased in the **General Fund** (Attachment 1-2) by $551,672. There are several reasons for the change. Development Fee income increased by $712,176; forty percent, or $284,870, of this increase is included in the General Fund. The balance, or $427,306, is included in the Opportunity Housing Reserve Fund (OHRF). Draws totaling $254,867 from RAD 6 proceeds and Development Budgets were added to fund certain Real Estate Division personnel costs. Projected Ground Rent income from the remaining scattered site Tax Credit properties of $221,247 was added. Additionally, Development Corporation Fee income to the General Fund increased by $104,666 as a result of the update to the personnel complement. Management Fee income of $63,198 from the Fatherhood Grant was added. The Management Fee from the County Rent Supplement Program increased by $1,934. Finally, the update to the Agency personnel complement resulted in an increase of $340 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs. Transfers totaling $369,450 from the County Contract to the General Fund for Call Center positions were removed because the positions are now charged directly to the County Contract. Finally, the transfer from the OHRF to the General Fund to fund Real Estate division predevelopment costs decreased by $10,000.

Expenses decreased by $593,918. The most significant factor was the transfer of $369,450 in Call Center related personnel expenses from the General Fund to the County Contract. The update to the Personnel complement contributed to $214,468 of the decrease. Also, Real Estate Division predevelopment costs that are charged to the General Fund and funded by the OHRF decreased by $10,000. The net impact of these changes, and changes in other funds, was a decrease of $1,035,052 in the transfer from the General Fund Operating Reserve and an increase of $161,658 in contributions to the GFOR.

Multifamily Bond Funds:

FY 2017

Expenses in the **Multifamily Bond Fund** increased by $27,731 based on an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Multifamily programs.

FY 2018

Expenses in the **Multifamily Bond Fund** increased by $29,194 based on an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Multifamily programs.

Single Family Bond Funds:

FY 2017

Expenses in the **Single Family Bond Fund** decreased by $14,343 based on an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family programs.

FY 2018

Expenses in the **Single Family Bond Fund** decreased by $15,116 based on an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family programs.

Opportunity Housing Fund:

FY 2017

Revenues increased in the **Opportunity Housing and Development Corporation** properties by $484,240. The majority of the change is from a transfer of $899,606 from the Debt Service Reserve to fund a portion of the VPC debt service, which was increased from $38.5 million to $55 million in anticipation of permanent financing scheduled for December 2016. Additionally, the plans to redevelop Ambassador were accelerated to FY'17; as a result, revenues projected at Ambassador were decreased by $405,755. Also, transfers from the County Contract for Tenant Services personnel costs at properties were decreased by $9,611.

Expenses in the portfolio increased by $548,112. One contributing factor is increased debt service payments of $2,444,864 for VPC One and VPC Two. This increase is partially offset by a decrease of $1,245,391 in voluntary debt service reserve contributions by VPC One and Two. Additionally, there were adjustments to replacement reserve contributions resulting in a net increase of $158,972. Expenses at Ambassador were decreased by $322,590 to reflect the decommissioning of the property. Personnel expenses decreased by $144,814 as a result of an update of the personnel complement. The impact of these changes resulted in an increase of $80,290 in Development Corporation Fees and a decrease of $423,219 in restricted cash flow at the properties.

FY 2018

Revenues increased in the **Opportunity Housing and Development Corporation** properties by $288,934. The majority of the change is a transfer of $982,235 from the Debt Service Reserve to fund a portion of the VPC debt service, which was increased from $38.5 million to $55 million in anticipation of permanent financing scheduled for December 2016. Additionally, the plans to redevelop Ambassador were accelerated to FY'17; as a result, FY'18 projected revenues of $682,259 from Ambassador were eliminated. Also, transfers from the County Contract for Tenant Services personnel costs at properties were decreased by $10,076. Finally, McKinney Grant revenue to Montgomery Arms was decreased by $966.

Expenses in the portfolio will be increased by $260,069. One factor is increased debt service payments of $4,227,665 for VPC One and VPC Two. This increase is partially offset by a decrease of $2,918,018 in voluntary debt service reserve contributions by VPC One and Two. Additionally, there were changes in replacement reserve contributions resulting in a net increase of $157,274. Personnel expenses decreased by $225,703 as a result of an update to the personnel complement. Expenses at Ambassador were decreased by $682,259 to reflect the decommissioning of the property. The impact of these changes resulted in an increase of $104,666 in Development Corporation Fees, and a decrease of $403,556 in restricted cash flow at the properties.

FY 2017

Revenues decreased in the **Opportunity Housing Reserve Fund** (OHRF) by $164,118 as a result of decreased overall Development Fees (See General Fund). Expenses increased by $340 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $4,623,696 that were to be restricted to the OHRF. As a result of the decrease in anticipated development fees and an increase to expenses, the restricted cash has decreased by $164,458 resulting in a budgeted restriction of $4,459,238 to the OHRF ($4,623,696 - $164,118 - $340 = $4,459,238).

FY 2018

Revenues increased in the **Opportunity Housing Reserve Fund** (OHRF) by $427,306 as a result of increased overall Development Fees (See General Fund). Expenses decreased by $9,660 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $674,375 that were to be restricted to the OHRF. As a result of the increase in anticipated fees and a decrease to expenses, the restricted cash has increased by $436,966 resulting in a budgeted restriction of $1,111,341 to the OHRF ($674,375 + $427,306 + $9,660 = $1,111,341).

Public Fund:

FY 2017

There was no change to the **Public Housing Rental Program** revenue. Expenses increased by $1,849 to reflect an update to the personnel complement.

The Recommended Budget required a contribution of $201,085 from the County Contract to balance the budget. The increase in personnel costs of $1,849 will be covered by a draw from existing property cash.

FY 2018

There was no change to the **Public Housing Rental Program** revenue. Expenses decreased by $62,000 based on updates to the personnel complement.

The Recommended Budget projected a deficit of $82,723 which was to be funded from existing property cash. This amount will be decreased by $62,000 to reflect the decrease in personnel costs. This results in a projected transfer from existing property cash of $20,723 ($82,723 - $62,000 = $20,723).

FY 2017

Expenses decreased in the **Public Housing Home Ownership Program** by $141 as a result of updating the personnel complement. The Recommended Budget projected a surplus of $3,616, which was restricted to the property. This amount was increased by $141, which results in restricted cash flow of $3,757.

FY 2018

Expenses decreased in the **Public Housing Home Ownership Program** by $456 as a result of updating the personnel complement. The Recommended Budget projected a surplus of $1,595, which was restricted to the property. This amount is increased by $456, which results in restricted cash flow of $2,051.

FY 2017

Revenues increased in the **Housing Choice Voucher Program** (HCVP) by $99,891. Capital Fund Grant revenues of $13,380 were reclassified from the HCVP line item to the Federal, State, and Other grants line.

For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for client services to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the personnel complement and other administrative expenses, the required funding from the County to offset anticipated federal deficits was reduced by $113,271 (See Federal, State and County Grants). This is reflected as an increase to revenue of $113,271 resulting from the reduction of the aforementioned carve out and corresponding decrease to the available contribution line.

Expenses decreased by a net of $50,607 as a result of a reduction of $37,227 in personnel costs based on updates to the Personnel complement and adjustments to other administrative expenses, and the reclassification of Capital Fund Grant expenses of $13,380 from the HCVP line to Grants.

FY 2018

Revenues decreased in the **Housing Choice Voucher Program** (HCVP) by $889,620. This change reflects a $950,316 decrease in the previously anticipated transfer from HCVP Net Restricted Assets. The transfer decreased as a result of lower expenses. Also, similar to the change made to FY'17 HCVP revenues, $14,056 of Capital Fund Grant revenue was reclassified from the HCVP line.

As mentioned previously, for display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for client services to better reflect the federal funding shortfall for the HCVP administrative costs. As a result of the update to the personnel complement and other administrative expenses, the required funding from the County to offset anticipated federal deficits was reduced by $74,752 (See Federal, State and County Grants). This is reflected as an increase to revenue of $74,752 resulting from the reduction of the aforementioned carve out and corresponding decrease to the available contribution line.

Expenses decreased by a net of $986,627 as the result of a $1,123,674 adjustment to administrative expenses, an increase of $151,103 in personnel costs based on updates to the Personnel complement, and the reclassification of $14,056 of Capital Fund Grant expenses from the HCVP line to the Grants line.

FY 2017

Federal, State and County Grants decreased by a net $98,273, which includes an increase of $13,380 to reclassify the Capital Fund Grant from HCV program line. The ROSS FSS Award was adjusted downward by $67,216 to reflect a revised award amount. This decrease also resulted in a decrease of $14,638 to the transfer from the ROSS FSS Award to the County Contract. Transfers from the County Contract to the State pass-through Grants and State RAP decreased by $22,807 attributable to an update of the personnel complement. The personnel complement update resulted in a decrease of $6,722 in the transfer from the Capital Fund Grant and a $151 reduction to the County Closing Cost Assistance Program (CCAP). Based on projected funding, the Rent Supplement Grant was reduced by $119. Expenses related to the Rent Supplement grant also decreased by $119.

Grant expenses were adjusted accordingly to reflect the corresponding changes in revenues. As a result of the transfer of Call Center expenses from the General Fund to the County Contract, grant expenses increased by $351,340. When the Recommended Budget was developed, these costs were in the General Fund and funded by a transfer from the County Contract. These costs have been moved to County Contract eliminating the need for a transfer. Other updates to the personnel complement resulted in a reduction of $75,947 in expenses. Expenses also increased by $1,858 to balance grants.

FY 2018

Federal, State and County Grants decreased by a net $17,520, which includes an increase of $14,056 to reclassify the Capital Fund Grant from HCV program line. Based on projected funding, the Rent Supplement Grant was increased by $53,381. The ROSS FSS Award was adjusted downward by $67,216 to reflect a revised award amount. This decrease, combined with updates to the personnel complement, resulted in an increase of $11,741 to the transfer from the ROSS FSS Award to the County Contract. Transfers from the County Contract to the State pass-through Grants and State RAP decreased by $22,261 attributable to an update of the personnel complement. The personnel complement update resulted in a decrease of $7,050 in the transfer from the Capital Fund Grant and a $171 reduction to the County Closing Cost Assistance Program (CCAP).

Grant expenses were adjusted accordingly to reflect the corresponding changes in revenues. As a result of the transfer of Call Center expenses from the General Fund to the County Contract, grant expenses increased by $369,450. When the Recommended Budget was developed, these costs were in the General Fund and funded by a transfer from the County Contract. These costs have been moved to County Contract eliminating the need for a transfer. Other updates to the personnel complement resulted in a $75,892 reduction in expenses. Expenses also increased by $1,455 to balance grants.

Capital Budget:

The FY'17-18 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'17-18 is $292.2 million and $183.6 million, respectively, and reflects a reduction of approximately $3.5 million for FY'17 and an increase of $363,850 for FY'18 from the Recommended Budget presented on April 6, 2016.

FY 2017

- **Capital Improvements Budget**
  The capital improvements budgets for several Opportunity Housing properties were adjusted to reflect a net increase of $1,306,600 for the portfolio. Capital improvements budgets for the Public Housing Portfolio also decreased by $610,000. (Attachment 1-3)

- **Capital Development Budget:**
  The capital development budgets decreased by $4,200,000. (Attachment 1-3)

FY 2018

- **Capital Improvements Budget**
  The capital improvements budgets for several Opportunity Housing properties were adjusted to reflect a net increase of $973,850 for the portfolio. Capital improvements budgets for the Public Housing portfolio also decreased by $610,000.(Attachment 1-4)

- **Capital Development Budget:**
  The capital development budgets remains unchanged. (Attachment 1-4)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'17-18 Recommended Budget reflecting the proposed budgets.

Enclosure 3 includes the resolutions to adopt the FY'17-18 Operating and Capital Budgets.

BUDGET IMPACT:
Adoption of the FY'17-18 Budget will set the financial plan for the two fiscal years. Quarterly reviews will keep it updated and relevant.

TIME FRAME:
Adoption of the FY'17-18 Budget at the June 17, 2016 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1st. The Commission needs to adopt a budget for FY'17 before the fiscal year begins on July 1, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The adoption of the FY'17-18 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

ENCLOSURES:

1) Spreadsheets highlighting major budget changes from FY'17-18 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'17-18 Recommended Budget

3) Resolutions to adopt the FY'17-18 Budget

- Adoption of the FY'17-18 Budgets, Bond Draw Downs and Transfers
- Adoption of FY'17 Reimbursement Resolution

Spreadsheets Highlighting Major Budget Changes from FY’17-18 Recommended Operating and Capital Budgets

Enclosure 1

FY 2017 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$23,301,183	$23,800,365	($499,182)	$24,596	($570,473)	$23,325,779	$23,229,892	$95,887
Restrict to GFOR	$0	$1,144,774	($1,144,774)	$0	$568,424	$0	$1,713,198	($1,713,198)
Restrict to OHPR	$0	$0	$0	$0	$0	$0	$0	$0
Restrict to OPEB Reserve	$0	$0	$0	$0	$0	$0	$0	$0
Multifamily & Single Family Bond Funds								
Multifamily Fund	$20,043,887	$20,043,887	$0	$27,731	$27,731	$20,071,618	$20,071,618	$0
Single Family Fund	$13,004,727	$13,004,727	$0	($14,343)	($14,343)	$12,990,384	$12,990,384	$0
Opportunity Housing Fund								$0
Opportunity Housing Reserve Fund	$5,749,035	$1,125,339	$4,623,696	($164,118)	$340	$5,584,917	$1,125,679	$4,459,238
Opportunity Housing & Development Corps	$72,990,544	$71,552,700	$1,437,844	$484,240	$548,112	$73,474,784	$72,100,812	$1,373,972
Restrict to OHRF	$0	$4,623,696	($4,623,696)	$0	($164,458)	$0	$4,459,238	($4,459,238)
Draw from GFOR for MetroPointe Deficit	$243,339	$0	$243,339	$0	$0	$243,339	$0	$243,339
Public Fund								
Public Housing Rental	$1,560,333	$1,761,418	($201,085)	$0	$1,849	$1,560,333	$1,763,267	($202,934)
County Contributions towards Public Housing	$201,085	$0	$201,085	$0	$0	$201,085	$0	$201,085
Draw from Existing Property Cash	$0	$0	$0	$1,849	$0	$1,849	$0	$1,849
Public Housing Homeownership	$80,250	$76,634	$3,616	$0	($141)	$80,250	$76,493	$3,757
Restricted to Public Housing Reserves	$0	$3,616	($3,616)	$0	$141	$0	$3,757	($3,757)
Housing Choice Voucher Program	$90,742,880	$91,648,821	($905,941)	$99,891	($50,607)	$90,842,771	$91,598,214	($755,443)
County Contributions towards HCVP Administration	$868,714	$0	$868,714	($113,271)	$0	$755,443	$0	$755,443
Federal , State and Other County Grants	$15,491,714	$15,491,714	$0	($98,273)	($98,273)	$15,393,441	$15,393,441	$0
TOTAL - ALL FUNDS	**$244,277,691**	**$244,277,691**	**$0**	**$248,302**	**$248,302**	**$244,525,993**	**$244,525,993**	**$0**

Footnotes - explanation of changes

GF R	$242,330	Add draw from RAD Proceeds and Development Budgets
GF R	$98,247	Add ground rent
GF R	$80,290	Increase development corporation fees
GF R	$63,198	Add management fee for Fatherhood Grant
GF R	$944	Increase management fee for County Rent Supplement Program
GF R	$340	Increase transfer from OHRF for increase in RE Personnel
GF R	($351,340)	Eliminate transfers from County Contract for Call Center Positions
GF R	($109,413)	Decrease development fee income
	$24,596	
GF E	($351,340)	Transfer Call Center Positions from General Fund to County Grant
GF E	($219,133)	Update Personnel Complement
	($570,473)	
GF	$568,424	**Increase Contribution to General Fund Operating Reserve (GFOR)**
MF R	$27,731	Increase draw from indenture to fund administrative costs
MF E	$27,731	Update Personnel Complement
SF R	($14,343)	Decrease draw from indenture to fund administrative costs
SF E	($14,343)	Update Personnel Complement
OHRF R	($164,118)	Reduce Development Fees
OHRF E	$340	Increase transfer to GF to fund RE personnel
OHRF E	($164,458)	Decrease excess cash flow restriction
	($164,118)	
OH R	$899,606	Add transfer from debt service reserve to fund increased debt service
OH R	($405,755)	Decrease Ambassador
OH R	($9,611)	Adjust transfer from County Main for Tenant Services salaries and benefits
	$484,240	
OH E	$2,444,864	Increase VPC Debt Service
OH E	$133,840	Increase RfR Contribution at The Oaks
OH E	$80,290	Increase Development Corp Fees
OH E	$15,996	Increase RfR Contribution at Westwood Tower
OH E	$10,000	Add RfR Contribution at Avondale Apartments
OH E	($1,245,391)	Decrease Debt Service Reserve Contributions VPCs
OH E	($423,219)	Reduce Restricted Cash Flow
OH E	($322,590)	Decrease Ambassador
OH E	($144,814)	Unpdate Personnel Complement
OH E	($516)	Decrease RfR Contribution at Dale Drive
OH E	($348)	Decrease RfR Contribution at Paddington Square
	$548,112	

PH-R R	$1,849	Increase transfers from existing cash for increase in utilities
PH-R E	$1,849	Update Personnel Complement
PH-H E	($141)	Update Personnel Complement
PH-H E	$141	Increase excess cash flow restriction
	$0	
HCV R	$113,271	Reduce contribution from the County for HCVP Administration
HCV R	($13,380)	Reclass CFG to Grants from HCV
	$99,891	
HCV E	($37,227)	Update Personnel Complement
HCV E	($13,380)	Reclass CFG to Grants from HCV
	($50,607)	
HCV	($113,271)	**Reduce Contribution from County for HCVP Administration**
Grants R	$13,380	Reclass CFG to Grants from HCV
Grants R	($67,216)	Reduce ROSS FSS Award based on new award amount
Grants R	($22,807)	Decrease transfers to balance State pass-through Grants and State RAP from County Contract
Grants R	($14,638)	Reduce transfer to County Main from ROSS FSS based on new award amount
Grants R	($6,722)	Reduce transfer from CFG due to personnel complement update
Grants R	($151)	Reduce County CCAP due to personnel complement update
Grants R	($119)	Reduce Rent Supplement Grant based on projected funding
	($98,273)	
Grants E	$351,340	Transfer Call Center Personnel Costs to County Main from General Fund
Grants E	$13,380	Reclass CFG to Grants from HCV
Grants E	$1,858	Balance Grants
Grants E	($351,340)	Eliminate transfers for Call Center to General Fund
Grants E	($75,947)	Update Personnel Complement
Grants E	($22,807)	Decrease transfers from County Contract to State pass-through Grants and State RAP
Grants E	($14,638)	Decrease transfer from ROSS FSS to County Main FSS
Grants E	($119)	Reduce Rent Supplement Grant Expenses based on projected funding
	($98,273)	

FY 2018 Proposed Operating Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund									
	General Fund	$21,147,787	$23,938,346	($2,790,559)	$551,672	($593,918)	$21,699,459	$23,344,428	($1,644,969)
	Draw from GFOR to Balance Budget	$1,035,052	$0	$1,035,052	($1,035,052)	$0	$0	$0	$0
	Restrict to GFOR	$0	$0	$0	$0	$161,658	$0	$161,658	($161,658)
	Restrict to OHPR	$0	$0	$0	$0	$0	$0	$0	$0
	Restrict to OPEB Reserve	$0	$0	$0	$0	$0	$0	$0	$0
Multifamily & Single Family Bond Funds									
	Multifamily Fund	$19,780,632	$19,780,632	$0	$29,194	$29,194	$19,809,826	$19,809,826	$0
	Single Family Fund	$12,966,700	$12,966,700	$0	($15,116)	($15,116)	$12,951,584	$12,951,584	$0
Opportunity Housing Fund									
	Opportunity Housing Reserve Fund	$1,856,983	$1,182,608	$674,375	$427,306	($9,660)	$2,284,289	$1,172,948	$1,111,341
	Opportunity Housing & Development Corps	$74,835,998	$73,246,919	$1,589,079	$288,934	$260,069	$75,124,932	$73,506,988	$1,617,944
	Restricted to OHRF	$0	$674,375	($674,375)	$0	$436,966	$0	$1,111,341	($1,111,341)
	Draw from GFOR for MetroPointe Deficit	$188,683	$0	$188,683	$0	$0	$188,683	$0	$188,683
	Draw from OHRF	$0	$0	$0	$0	$0	$0	$0	$0
Public Fund	Public Housing Rental	$1,486,086	$1,848,510	($362,424)	$0	($62,000)	$1,486,086	$1,786,510	($300,424)
	County Contributions towards Public Housing	$279,701	$0	$279,701	$0	$0	$279,701	$0	$279,701
	Draw from Existing Property Cash	$82,723	$0	$82,723	($62,000)	$0	$20,723	$0	$20,723
	Restricted to Public Housing Reserves	$0	$0	$0	$0	$0	$0	$0	$0
	Public Housing Homeownership	$80,419	$78,824	$1,595	$0	($456)	$80,419	$78,368	$2,051
	Restricted to Public Housing Reserves		$1,595	($1,595)	$0	$456	$0	$2,051	($2,051)
	Housing Choice Voucher Program	$93,956,965	$94,847,934	($890,969)	($889,620)	($986,627)	$93,067,345	$93,861,307	($793,962)
	County Contributions towards HCVP Administration	$868,714	$0	$868,714	($74,752)	$0	$793,962	$0	$793,962
	Federal , State and Other County Grants	$15,727,843	$15,727,843	$0	($17,520)	($17,520)	$15,710,323	$15,710,323	$0
TOTAL - ALL FUNDS		**$244,294,286**	**$244,294,286**	**$0**	**($796,954)**	**($796,954)**	**$243,497,332**	**$243,497,332**	**$0**

Footnotes - explanation of changes

GF	R	$284,870	Increase Development Fee Income
GF	R	$254,867	Add draw from RAD Proceeds and Development Budgets
GF	R	$221,247	Add ground rent
GF	R	$104,666	Increase development corporation fees
GF	R	$63,198	Add management fee for Fatherhood Grant
GF	R	$1,934	Increase management fee for County Rent Supplement Program
GF	R	$340	Increase transfer from OHRF for increase in RE Personnel
GF	R	($369,450)	Eliminate transfers from County Contract for Call Center Positions
GF	R	($10,000)	Decrease transfer from OHRF for predevelopment costs
		$551,672	
GF	E	($369,450)	Transfer Call Center Positions from General Fund to County Grant
GF	E	($214,468)	Update Personnel Complement
GF	E	($10,000)	Decrease RE predevelopment costs funded by OHRF
		($593,918)	
GF	R	($1,035,052)	Decrease transfer from GFOR
GF	E	$161,658	Increase Contribution to General Fund Operating Reserve (GFOR)
GF		**($873,394)**	
MF	R	**$29,194**	Increase draw from indenture to fund administrative costs
MF	E	**$29,194**	Update Personnel Complement
SF	R	**($15,116)**	Decrease draw from indenture to fund administrative costs
SF	E	**($15,116)**	Update Personnel Complement
OHRF	R	**$427,306**	Increase Development Fee Income
OHRF	E	$436,966	Increase excess cash flow restriction
OHRF	E	$340	Increase transfer from OHRF to GF for increase in RE Personnel
OHRF	E	($10,000)	Decrease transfer from OHRF to GF for predevelopment costs
		$427,306	
OH	R	$982,235	Add transfer from debt service reserve to fund increased debt service
OH	R	($682,259)	Decrease Ambassador
OH	R	($10,076)	Adjust transfer from County Main for Tenant Services salaries and benefits
OH	R	($966)	Adjust Montgomery Arms McKinney Grant
		$288,934	
OH	E	$4,227,665	Increase VPC Debt Service
OH	E	$133,840	Increase RfR Contribution at The Oaks
OH	E	$104,666	Increase Development Corp Fees
OH	E	$15,996	Increase RfR Contribution at Westwood Tower
OH	E	$10,000	Add RfR Contribution at Avondale Apartments
OH	E	($2,918,018)	Decrease Debt Service Reserve Contributions VPCs
OH	E	($682,259)	Decrease Ambassador
OH	E	($403,556)	Reduce Restricted Cash Flow
OH	E	($225,703)	Unpdate Personnel Complement
OH	E	($1,680)	Decrease RfR Contribution at VPC Two
OH	E	($534)	Decrease RfR Contribution at Dale Drive
OH	E	($348)	Decrease RfR Contribution at Paddington Square
		$260,069	

PH-R	R	**($62,000)**	Decrease transfer from Existing Property Cash
PH-R	E	**($62,000)**	Update Personnel Complement
PH-H	E	($456)	Update Personnel Complement
PH-H	E	$456	Increase excess cash flow restriction
		$0	
HCV	R	$74,752	Reduce contribution from the County for HCVP Administration
HCV	R	($950,316)	Reduce transfer from HCVP Net Restricted Assets
HCV	R	($14,056)	Reclass CFG to Grants from HCV
		($889,620)	
HCV	E	$151,103	Update Personnel Complement
HCV	E	($1,123,674)	Adjust HCVP Administrative Expenses
HCV	E	($14,056)	Reclass CFG to Grants from HCV
		($986,627)	
HCV		($74,752)	**Reduce Contribution from County for HCVP Administration**
Grants	R	$53,381	Increase Rent Supplement Grant based on projected funding
Grants	R	$14,056	Reclass CFG to Grants from HCV
Grants	R	$11,741	Increase transfer to County Main from ROSS FSS due to personnel complement update
Grants	R	($67,216)	Reduce ROSS FSS Award based on new award amount
Grants	R	($22,261)	Decrease transfers to balance State pass-through Grants and State RAP from County Contract
Grants	R	($7,050)	Reduce transfer from CFG due to personnel complement update
Grants	R	($171)	Reduce County CCAP due to personnel complement update
		($17,520)	
Grants	E	$369,450	Move Call Center Expenses to County Main from General Fund
Grants	E	$53,381	Increase Rent Supplement Grant Expenses based on projected funding
Grants	E	$14,056	Reclass CFG to Grants from HCV
Grants	E	$11,741	Increase transfer from ROSS FSS to County Main FSS
Grants	E	$1,455	Balance Grants
Grants	E	($369,450)	Eliminate transfers for Call Center to General Fund
Grants	E	($75,892)	Update Personnel Complement
Grants	E	($22,261)	Decrease transfers from County Contract to State pass-through Grants and State RAP
Grants	E		
		($17,520)	

FY 2017 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements									
	East Deer Park	$152,404	$152,404	**$0**	$0	$0	$152,404	$152,404	**$0**
	Kensington Office	$249,999	$249,999	**$0**	$0	$0	$249,999	$249,999	**$0**
	Information Technology	$810,000	$810,000	**$0**	$0	$0	$810,000	$810,000	**$0**
	Opportunity Housing Properties	$3,916,323	$3,916,323	**$0**	$1,306,600	$1,306,600	$5,222,923	$5,222,923	**$0**
	Public Housing Properties	$831,369	$831,369	**$0**	($610,000)	($610,000)	$221,369	$221,369	**$0**
		$5,960,095	**$5,960,095**	**$0**	**$696,600**	**$696,600**	**$6,656,695**	**$6,656,695**	**$0**
Capital Development Projects									
	900 Thayer	$18,475,831	$18,475,831	**$0**	$0	$0	$18,475,831	$18,475,831	**$0**
	Alexander House	$86,199,282	$86,199,282	**$0**	$0	$0	$86,199,282	$86,199,282	**$0**
	Arcola Towers	$7,809,169	$7,809,169	**$0**	$0	$0	$7,809,169	$7,809,169	**$0**
	Bauer Park Apartments	$22,491,476	$22,491,476	**$0**	$0	$0	$22,491,476	$22,491,476	**$0**
	Chevy Chase Lake	$31,154,921	$31,154,921	**$0**	$0	$0	$31,154,921	$31,154,921	**$0**
	Elizabeth House III	$21,765,598	$21,765,598	**$0**	$0	$0	$21,765,598	$21,765,598	**$0**
	Greenhills Apartments	$22,721,968	$22,721,968	**$0**	($4,200,000)	($4,200,000)	$18,521,968	$18,521,968	**$0**
	Stewartown	$14,888,724	$14,888,724	**$0**	$0	$0	$14,888,724	$14,888,724	**$0**
	Timberlawn / Pomander Court	$17,929,873	$17,929,873	**$0**	$0	$0	$17,929,873	$17,929,873	**$0**
	Town Center Apartments	$33,240,623	$33,240,623	**$0**	$0	$0	$33,240,623	$33,240,623	**$0**
	Waverly House	$13,031,778	$13,031,778	**$0**	$0	$0	$13,031,778	$13,031,778	**$0**
		$289,709,243	**$289,709,243**	**$0**	**($4,200,000)**	**($4,200,000)**	**$285,509,243**	**$285,509,243**	**$0**
	TOTAL - ALL FUNDS	**$295,669,338**	**$295,669,338**	**$0**	**($3,503,400)**	**($3,503,400)**	**$292,165,938**	**$292,165,938**	**$0**

Footnotes - explanation of changes

CI-OH	**I**	$	1,250,000	Increase in Capital Improvements for Scattered Site One Development Corp
CI-OH	**I**	$	68,300	Add Capital Improvements for CDBG-NCI-NSP
CI-OH	**I**	$	(11,700)	Decrease Capital Improvements Budget for The Ambassador
		$	**1,306,600**	
CI-OH	**E**	$	1,250,000	Increase in Capital Improvements for Scattered Site One Development Corp
CI-OH	**E**	$	68,300	Add Capital Improvements for CDBG-NCI-NSP
CI-OH	**E**	$	(11,700)	Decrease Capital Improvements Budget for The Ambassador
		$	**1,306,600**	
CI-PH	**I**	$	(610,000)	Decrease in Capital Improvements for Public Housing
CI-PH	**E**	$	(610,000)	Decrease in Capital Improvements for Public Housing
CDP	**I**	$	(4,200,000)	Decrease Development Budget for Greenhills
CDP	**E**	$	(4,200,000)	Decrease Development Budget for Greenhills

FY 2018 Proposed Capital Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements								
East Deer Park	$152,404	$152,404	**$0**	$0	$0	$152,404	$152,404	**$0**
Kensington Office	$249,999	$249,999	**$0**	$0	$0	$249,999	$249,999	**$0**
Information Technology	$810,000	$810,000	**$0**	$0	$0	$810,000	$810,000	**$0**
Opportunity Housing Properties	$3,987,065	$3,987,065	**$0**	$973,850	$973,850	$4,960,915	$4,960,915	**$0**
Public Housing Properties	$610,000	$610,000	**$0**	($610,000)	($610,000)	$0	$0	**$0**
	$5,809,468	**$5,809,468**	**$0**	**$363,850**	**$363,850**	**$6,173,318**	**$6,173,318**	**$0**
Capital Development Projects								
900 Thayer	$14,370,121	$14,370,121	**$0**	$0	$0	$14,370,121	$14,370,121	**$0**
Alexander House	$14,272,957	$14,272,957	**$0**	$0	$0	$14,272,957	$14,272,957	**$0**
Ambassador	$44,036,499	$44,036,499	**$0**	$0	$0	$44,036,499	$44,036,499	**$0**
Bauer Park Apartments	$6,955,007	$6,955,007	**$0**	$0	$0	$6,955,007	$6,955,007	**$0**
Chevy Chase Lake	$39,181,615	$39,181,615	**$0**	$0	$0	$39,181,615	$39,181,615	**$0**
Elizabeth House III	$41,655,648	$41,655,648	**$0**	$0	$0	$41,655,648	$41,655,648	**$0**
Greenhills Apartments	$5,238,800	$5,238,800	**$0**	$0	$0	$5,238,800	$5,238,800	**$0**
Stewartown	$4,604,019	$4,604,019	**$0**	$0	$0	$4,604,019	$4,604,019	**$0**
Town Center Apartments	$6,085,457	$6,085,457	**$0**	$0	$0	$6,085,457	$6,085,457	**$0**
Waverly House	$1,033,430	$1,033,430	**$0**	$0	$0	$1,033,430	$1,033,430	**$0**
	$177,433,553	**$177,433,553**	**$0**	**$0**	**$0**	**$177,433,553**	**$177,433,553**	**$0**
TOTAL - ALL FUNDS	**$183,243,021**	**$183,243,021**	**$0**	**$363,850**	**$363,850**	**$183,606,871**	**$183,606,871**	**$0**

Footnotes - explanation of changes

CI-OH **I** $ 1,250,000 Increase in Capital Improvements for Scattered Site One Development Corp
CI-OH **I** $ (160,023) Decrease Capital Improvements Budget for The Metropolitan
CI-OH **I** $ (116,127) Decrease Capital Improvements Budget for The Oaks at Four Corners
$ 973,850

CI-OH **E** $ 1,250,000 Increase in Capital Improvements for Scattered Site One Development Corp
CI-OH **E** $ (160,023) Decrease Capital Improvements Budget for The Metropolitan
CI-OH **E** $ (116,127) Decrease Capital Improvements Budget for The Oaks at Four Corners
$ 973,850

CI-PH **I** $ (610,000) Decrease in Capital Improvements for Public Housing

CI-PH **E** $ (610,000) Decrease in Capital Improvements for Public Housing

Revised Charts
From Summary and Capital Budget Sections
of the FY'17-18 Recommended Budget

Enclosure 2

Commission Meeting

Proposed FY'17-18 Budget

Housing Opportunities Commission
OF MONTGOMERY COUNTY

FY 2017 – Budget Overview

Proposed Budget

Fund Summary Overview	FY 2017 Proposed Budget		
	Revenues	Expenses	Net
General Fund	$23,325,779	$23,229,892	$95,887
Restrict to GFOR	$0	$1,713,198	($1,713,198)
Multifamily Bond Funds	$20,071,618	$20,071,618	$0
Single Family Bond Funds	$12,990,384	$12,990,384	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	$5,584,917	$1,125,679	$4,459,238
Restrict to OHRF	$0	$4,459,238	($4,459,238)
Opportunity Housing & Development Corporation Properties	$73,474,784	$72,100,812	$1,373,972
Draw from GFOR for MetroPointe Deficit	$243,339	$0	$243,339
Public Fund			
Public Housing Fund	$1,642,432	$1,843,517	($201,085)
County Contributions towards Public Housing	$201,085	$0	$201,085
Housing Choice Voucher Program (HCVP)	$90,842,771	$91,598,214	($755,443)
County Contributions towards HCVP Administration	$755,443	$0	$755,443
Federal, State, and County Grants	$15,393,441	$15,393,441	$0
TOTAL - ALL FUNDS	**$244,525,993**	**$244,525,993**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

Housing Opportunities Commission OF MONTGOMERY COUNTY

FY 2017 – Revenue and Expense Summary

Operating Budget

Operating Income	
Tenant Income	$72,402,211
Non-Dwelling Rental Income	$1,151,528
Federal Grant	$95,662,560
State Grant	$174,102
County Grant	$9,654,496
Management Fees	$26,596,965
Miscellaneous Income	$104,686
TOTAL OPERATING INCOME	**$205,746,548**

Operating Expenses	
Personnel Expenses	$39,991,501
Operating Expenses - Fees	$13,982,479
Operating Expenses - Administrative	$7,260,981
Tenant Services Expenses	$5,509,332
Protective Services Expenses	$598,452
Utilities Expenses	$4,861,164
Insurance and Tax Expenses	$1,470,343
Maintenance Expenses	$6,643,242
Housing Assistance Payments (HAP)	$84,769,110
TOTAL OPERATING EXPENSES	**$165,086,604**
NET OPERATING INCOME	**$40,659,944**

Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$30,105,688
FHA Risk Sharing Insurance	$497,302
Transfer Between Funds	$8,176,455
TOTAL NON-OPERATING INCOME	**$38,779,445**

Non-Operating Expenses	
Interest Payment	$34,855,221
Mortgage Insurance	$993,951
Principal Payment	$7,510,596
Operating and Replacement Reserves	$13,002,138
Restricted Cash Flow	$10,211,173
Development Corporation Fees	$7,691,327
Miscellaneous Bond Financing Expenses	$943,563
FHA Risk Sharing Insurance	$497,302
Transfer Out Between Funds	$3,734,118
TOTAL NON-OPERATING EXPENSES	**$79,439,389**
NET NON-OPERATING ADJUSTMENTS	**($40,659,944)**

FY 2018 – Budget Overview

Proposed Budget

Fund Summary Overview	FY 2018 Proposed Budget		
	Revenues	Expenses	Net
General Fund	$21,699,459	$23,344,428	($1,644,969)
Restrict to GFOR	$0	$161,658	($161,658)
Multifamily Bond Funds	$19,809,826	$19,809,826	$0
Single Family Bond Funds	$12,951,584	$12,951,584	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	$2,284,289	$1,172,948	$1,111,341
Restrict to OHRF	$0	$1,111,341	($1,111,341)
Opportunity Housing & Development Corporation Properties	$75,124,932	$73,506,988	$1,617,944
Draw from GFOR for MetroPointe Deficit	$188,683	$0	$188,683
Public Fund			
Public Housing Fund	$1,587,228	$1,866,929	($279,701)
County Contributions towards Public Housing	$279,701	$0	$279,701
Housing Choice Voucher Program (HCVP)	$93,067,345	$93,861,307	($793,962)
County Contributions towards HCVP Administration	$793,962	$0	$793,962
Federal, State, and County Grants	$15,710,323	$15,710,323	$0
TOTAL - ALL FUNDS	**$243,497,332**	**$243,497,332**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

FY 2018 – Revenue and Expense Summary

Operating Budget

Operating Income	
Tenant Income	$73,939,004
Non-Dwelling Rental Income	$1,341,756
Federal Grant	$99,486,420
State Grant	$174,102
County Grant	$9,939,670
Management Fees	$21,201,941
Miscellaneous Income	$145,649
TOTAL OPERATING INCOME	**$206,228,542**
Operating Expenses	
Personnel Expenses	$41,996,272
Operating Expenses - Fees	$14,349,190
Operating Expenses - Administrative	$6,925,116
Tenant Services Expenses	$5,522,100
Protective Services Expenses	$588,609
Utilities Expenses	$4,818,538
Insurance and Tax Expenses	$1,465,297
Maintenance Expenses	$6,795,845
Housing Assistance Payments (HAP)	$86,870,352
TOTAL OPERATING EXPENSES	**$169,331,319**
NET OPERATING INCOME	**$36,897,223**

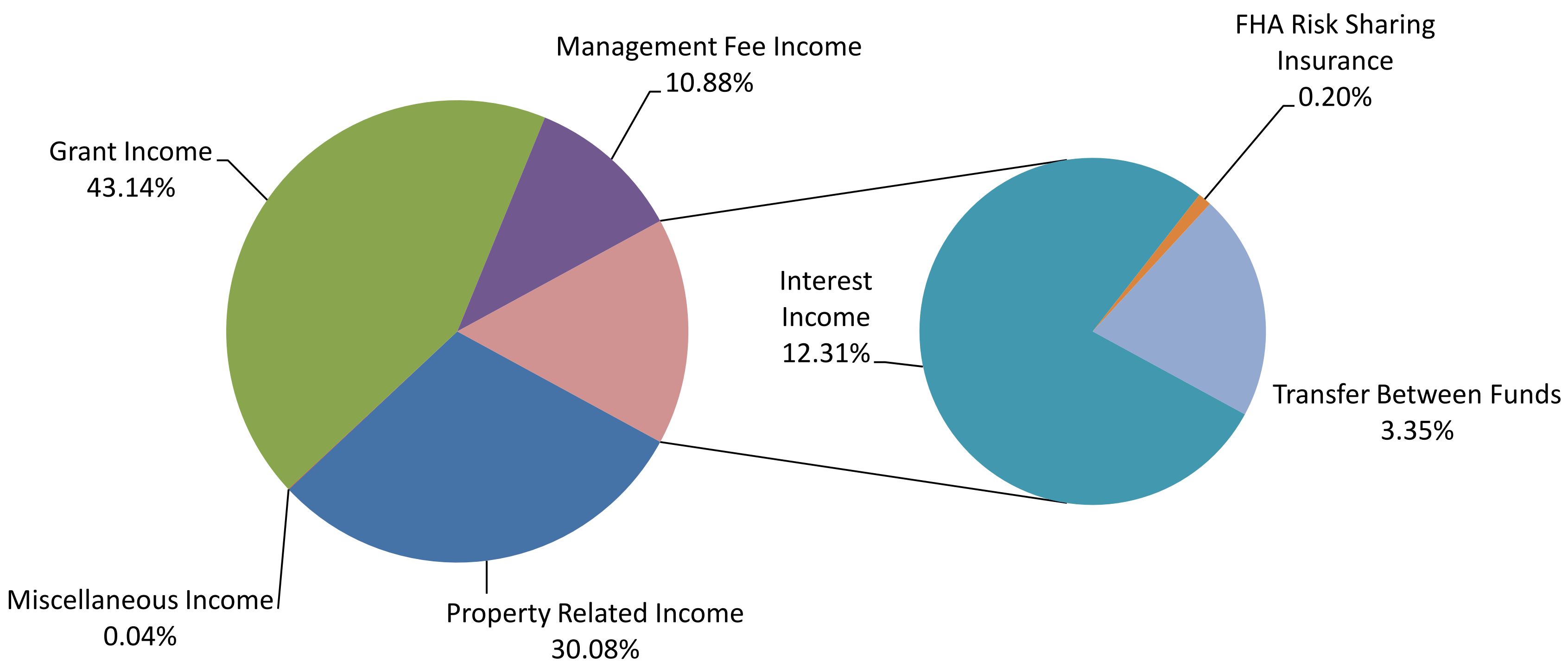
Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$29,620,483
FHA Risk Sharing Insurance	$733,377
Transfer Between Funds	$6,914,930
TOTAL NON-OPERATING INCOME	**$37,268,790**
Non-Operating Expenses	
Interest Payment	$36,510,882
Mortgage Insurance	$1,181,390
Principal Payment	$8,166,805
Operating and Replacement Reserves	$9,795,883
Restricted Cash Flow	$7,342,038
Development Corporation Fees	$7,353,826
Miscellaneous Bond Financing Expenses	$469,075
FHA Risk Sharing Insurance	$733,377
Transfer Out Between Funds	$2,612,737
TOTAL NON-OPERATING EXPENSES	**$74,166,013**
NET NON-OPERATING ADJUSTMENTS	**($36,897,223)**

FY 2017 – Operating Budget: Source of Funds

Total Income – FY 2017 Proposed – $244,525,993

Operating Income	Non-Operating Income
$205,746,548	$38,779,445

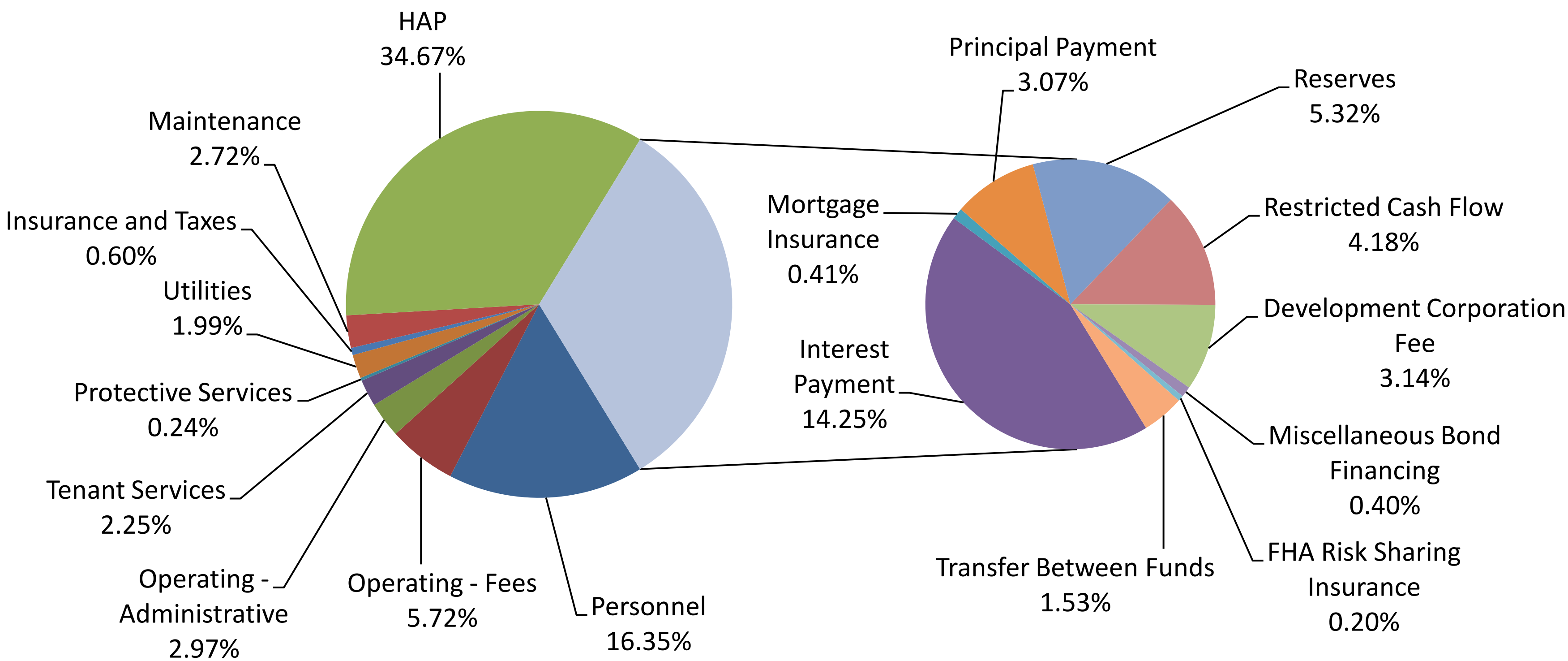


FY 2017 – Operating Budget: Use of Funds

Total Expenses – FY 2017 Proposed – $244,525,993

Operating Expenses
$165,086,604

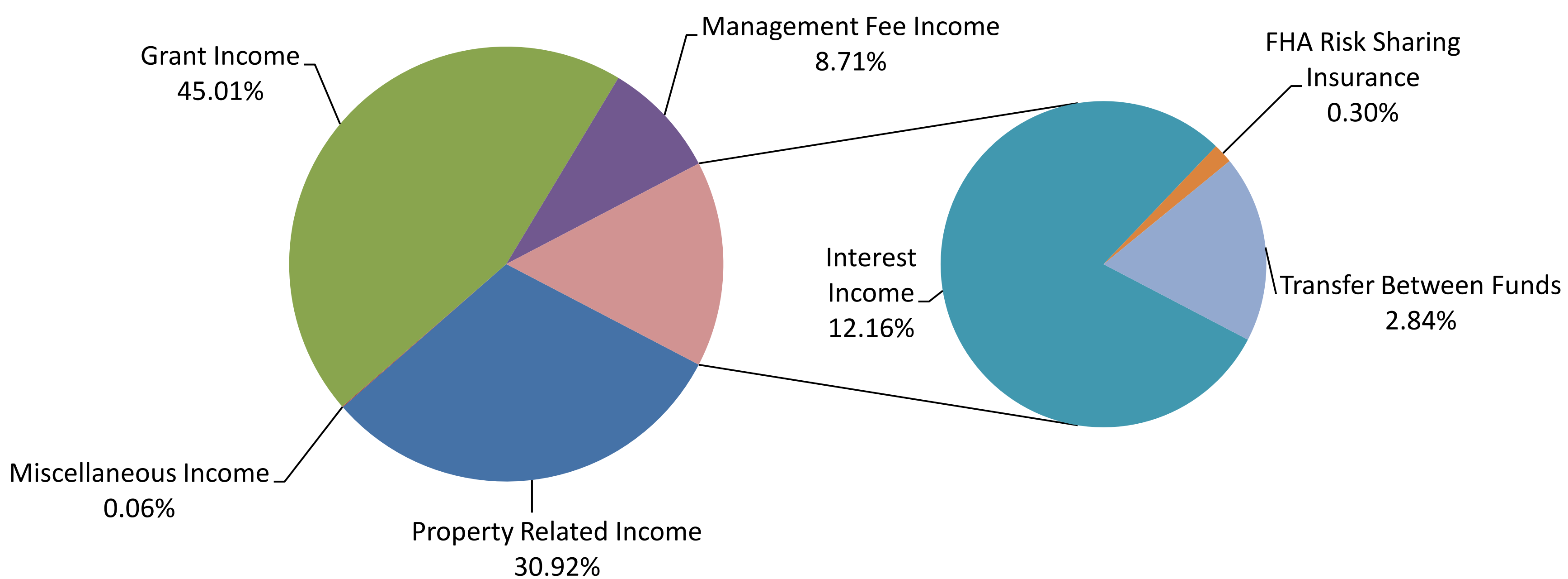
Non-Operating Expenses
$79,439,389



FY 2018 – Operating Budget: Source of Funds

Total Income – FY 2018 Proposed – $243,497,332

Operating Income	Non-Operating Income
$206,228,542	$37,268,790

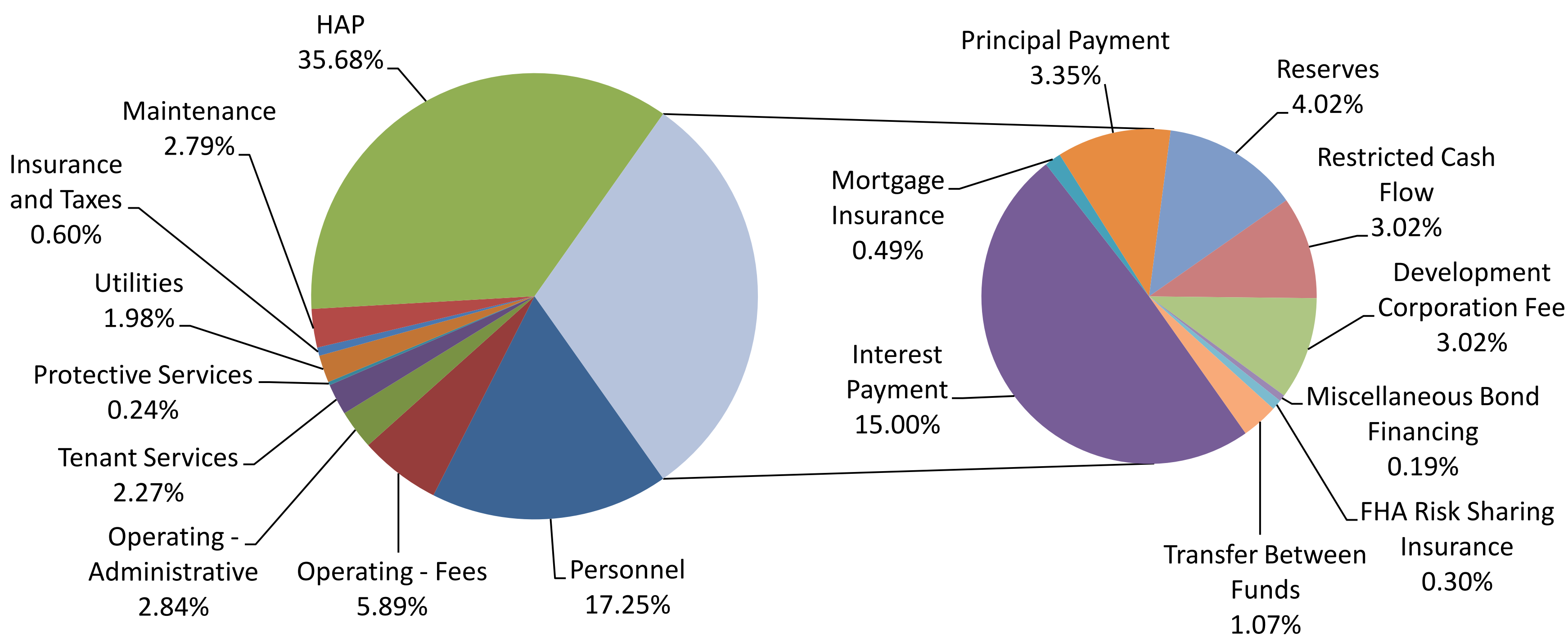


FY 2018 – Operating Budget: Use of Funds

Total Expenses – FY 2018 Proposed – $243,497,332

Operating Expenses
$169,331,319

Non-Operating Expenses
$74,166,013



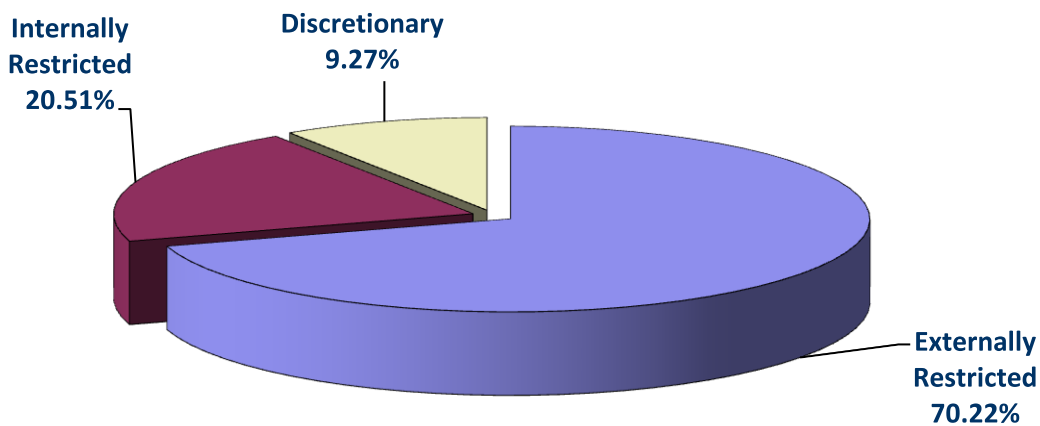
Total Agency Operating Budget Summary – FY 2014 through FY 2018

Net Operating Income

Total Revenue and Expense Statement	FY 2014 Actual	FY 2015 Actual	FY 2016 Amended Budget	FY 2017 Proposed Budget	FY 2018 Proposed Budget
Operating Income					
Tenant Income	$64,924,114	$67,678,833	$71,283,274	$72,402,211	$73,939,004
Non-Dwelling Rental Income	$1,016,295	$1,005,425	$1,348,632	$1,151,528	$1,341,756
Federal Grant	$89,606,794	$97,290,034	$96,232,743	$95,662,560	$99,486,420
State Grant	$170,530	$194,723	$186,130	$174,102	$174,102
County Grant	$8,897,145	$9,306,964	$9,345,523	$9,654,496	$9,939,670
Private Grant	$0	$0	$0	$0	$0
Management Fees	$14,860,051	$17,913,663	$19,293,932	$26,596,965	$21,201,941
Miscellaneous Income	$409,486	$272,085	$365,001	$104,686	$145,649
TOTAL OPERATING INCOME	**$179,884,415**	**$193,661,727**	**$198,055,235**	**$205,746,548**	**$206,228,542**
Operating Expenses					
Personnel Expenses	$36,581,466	$35,299,016	$38,133,673	$39,991,501	$41,996,272
Operating Expenses - Fees	$13,803,034	$14,307,255	$14,055,236	$13,982,479	$14,349,190
Operating Expenses - Administrative	$7,514,629	$7,504,008	$7,576,307	$7,260,981	$6,925,116
Tenant Services Expenses	$4,261,201	$4,540,828	$5,288,103	$5,509,332	$5,522,100
Protective Services Expenses	$833,486	$717,915	$689,391	$598,452	$588,609
Utilities Expenses	$5,343,528	$5,830,514	$5,258,201	$4,861,164	$4,818,538
Insurance and Tax Expenses	$1,962,893	$1,585,782	$1,460,414	$1,470,343	$1,465,297
Maintenance Expenses	$7,181,026	$6,656,200	$6,843,859	$6,643,242	$6,795,845
Housing Assistance Payments (HAP)	$81,304,364	$81,437,288	$84,864,900	$84,769,110	$86,870,352
TOTAL OPERATING EXPENSES	**$158,785,627**	**$157,878,806**	**$164,170,084**	**$165,086,604**	**$169,331,319**
NET OPERATING INCOME	**$21,098,788**	**$35,782,921**	**$33,885,151**	**$40,659,944**	**$36,897,223**
Non-Operating Income					
Investment Interest Income	$29,028,028	$27,728,465	$33,176,424	$30,105,688	$29,620,483
FHA Risk Sharing Insurance	$568,827	$623,236	$535,496	$497,302	$733,377
Transfer Between Funds	$16,557,111	$10,697,853	$7,122,680	$8,176,455	$6,914,930
TOTAL NON-OPERATING INCOME	**$46,153,966**	**$39,049,554**	**$40,834,600**	**$38,779,445**	**$37,268,790**
Non-Operating Expenses					
Interest Payment	$32,610,291	$29,690,973	$34,640,629	$34,855,221	$36,510,882
Mortgage Insurance	$814,342	$769,092	$749,466	$993,951	$1,181,390
Principal Payment	$7,471,025	$6,946,832	$6,716,097	$7,510,596	$8,166,805
Debt Service, Operating and Replacement Reserves	$7,841,662	$10,850,742	$12,349,480	$13,002,138	$9,795,883
Restricted Cash Flow	$8,498,817	$12,366,439	$6,207,847	$10,211,173	$7,342,038
Development Corporation Fees	$4,496,256	$6,049,249	$7,383,687	$7,691,327	$7,353,826
Miscellaneous Bond Financing Expenses	$32,842	$23,752	$1,350,628	$943,563	$469,075
FHA Risk Sharing Insurance	$568,827	$563,236	$535,496	$497,302	$733,377
Transfer Out Between Funds	$4,555,575	$6,818,483	$4,786,421	$3,734,118	$2,612,737
TOTAL NON-OPERATING EXPENSES	**$66,889,637**	**$74,078,798**	**$74,719,751**	**$79,439,389**	**$74,166,013**
NET NON-OPERATING ADJUSTMENTS	**($20,735,671)**	**($35,029,244)**	**($33,885,151)**	**($40,659,944)**	**($36,897,223)**
NET CASH FLOW	**$363,117**	**$753,677**	**$0**	**$0**	**$0**

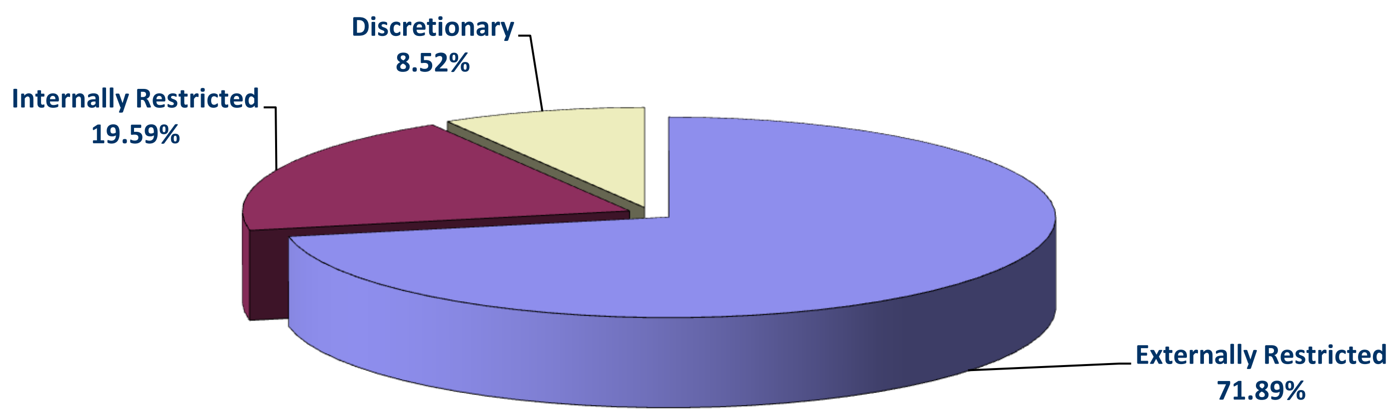
FY 2017 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2017 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$27,354,898	$44,581,530	$1,617,311	**$73,553,739**
Federal Grant	$95,662,560			**$95,662,560**
State Grant	$174,102			**$174,102**
County Grant	$9,654,496			**$9,654,496**
Management Fees	$0	$5,584,917	$21,012,048	**$26,596,965**
Miscellaneous Income	$96,986		$7,700	**$104,686**
TOTAL OPERATING INCOME	**$132,943,042**	**$50,166,447**	**$22,637,059**	**$205,746,548**
Non-Operating Income				
Interest Income	$30,082,088		$23,600	**$30,105,688**
FHA Risk Sharing	$497,302			**$497,302**
Transfer Between Funds	$8,176,455			**$8,176,455**
TOTAL NON-OPERATING INCOME	**$38,755,845**		**$23,600**	**$38,779,445**
TOTAL - ALL REVENUE SOURCES	**$171,698,887**	**$50,166,447**	**$22,660,659**	**$244,525,993**



FY 2018 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2018 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$28,054,853	$45,419,280	$1,806,627	**$75,280,760**
Federal Grant	$99,486,420			**$99,486,420**
State Grant	$174,102			**$174,102**
County Grant	$9,939,670			**$9,939,670**
Management Fees	$0	$2,284,289	$18,917,652	**$21,201,941**
Miscellaneous Income	$137,949		$7,700	**$145,649**
TOTAL OPERATING INCOME	**$137,792,994**	**$47,703,569**	**$20,731,979**	**$206,228,542**
Non-Operating Income				
Interest Income	$29,601,483		$19,000	**$29,620,483**
FHA Risk Sharing	$733,377			**$733,377**
Transfer Between Funds	$6,914,930			**$6,914,930**
TOTAL NON-OPERATING INCOME	**$37,249,790**		**$19,000**	**$37,268,790**
TOTAL - ALL REVENUE SOURCES	**$175,042,784**	**$47,703,569**	**$20,750,979**	**$243,497,332**



FY 2017 – Opportunity Housing & Development Corporations

Opportunity Housing and Development Corps FY 2017 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Non-Operating Expenses	FY 2017 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2017 Net Cash Flow to HOC
Alexander House	$5,582,922	$1,973,635	**$3,609,287**	$1,940,847	**$1,668,440**	$774,645	$893,795	**$0**
Ambassador	$173,550	$245,799	**($72,249)**	$114,926	**($187,175)**	$0	$0	**($187,175)**
Avondale Apartments	$327,753	$132,877	**$194,876**	$46,516	**$148,360**	$148,360	$0	**$0**
Barclay, The	$1,198,021	$433,552	**$764,469**	$759,787	**$4,682**	$0	$4,682	**$0**
Brooke Park	$102,939	$88,378	**$14,561**	$24,350	**($9,789)**	$0	$0	**($9,789)**
Brookside Glen (The Glen)	$1,569,890	$650,533	**$919,357**	$675,505	**$243,852**	$243,852	$0	**$0**
CDBG Units	$46,606	$20,218	**$26,388**	$26,388	**$0**	$0	$0	**$0**
Chelsea Towers	$327,144	$190,307	**$136,837**	$69,674	**$67,163**	$0	$0	**$67,163**
Chevy Chase Lake	$0	$0	**$0**	$0	**$0**	$0	$0	**$0**
Dale Drive	$104,510	$76,990	**$27,520**	$21,191	**$6,329**	$6,329	$0	**$0**
Diamond Square	$1,284,868	$764,331	**$520,537**	$260,410	**$260,127**	$260,127	$0	**$0**
Fairfax Court	$315,910	$117,926	**$197,984**	$96,950	**$101,034**	$0	$0	**$101,034**
Glenmont Crossing	$2,022,889	$858,811	**$1,164,078**	$960,132	**$203,946**	$164,250	$39,696	**$0**
Glenmont Westerly	$1,719,502	$799,235	**$920,267**	$676,792	**$243,475**	$128,289	$115,186	**$0**
Greenhills	$1,199,622	$473,941	**$725,681**	$454,064	**$271,617**	$271,617	$0	**$0**
Holiday Park	$319,079	$116,818	**$202,261**	$115,975	**$86,286**	$0	$0	**$86,286**
Jubilee Falling Creek	$36,270	$23,012	**$13,258**	$2,004	**$11,254**	$0	$0	**$11,254**
Jubilee Hermitage	$41,119	$29,347	**$11,772**	$2,004	**$9,768**	$0	$0	**$9,768**
Jubilee Horizon Court	$33,056	$26,085	**$6,971**	$2,004	**$4,967**	$0	$0	**$4,967**
Jubilee Woodedge	$35,108	$22,113	**$12,995**	$2,004	**$10,991**	$0	$0	**$10,991**
Ken Gar	$309,030	$98,648	**$210,382**	$116,101	**$94,281**	$94,281	$0	**$0**
King Farm Village Center	$17,904	$12,430	**$5,474**	$0	**$5,474**	$5,474	$0	**$0**
Magruder's Discovery	$2,346,957	$604,823	**$1,742,134**	$966,950	**$775,184**	$0	$775,184	**$0**
McHome	$424,632	$278,534	**$146,098**	$16,400	**$129,698**	$0	$0	**$129,698**
McKendree	$161,157	$122,269	**$38,888**	$11,196	**$27,692**	$0	$0	**$27,692**
MetroPointe	$2,519,919	$771,171	**$1,748,748**	$1,992,087	**($243,339)**	$0	$0	**($243,339)**
Metropolitan, The	$7,078,969	$1,961,068	**$5,117,901**	$2,475,981	**$2,641,920**	$1,594,898	$1,047,022	**$0**
MHLP VII	$491,257	$290,453	**$200,804**	$54,472	**$146,332**	$0	$0	**$146,332**
MHLP VIII	$666,330	$406,934	**$259,396**	$20,000	**$239,396**	$0	$0	**$239,396**
Montgomery Arms	$1,900,197	$678,957	**$1,221,240**	$832,832	**$388,408**	$0	$388,408	**$0**

FY 2018 – Opportunity Housing & Development Corporations

Opportunity Housing and Development Corps FY 2018 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR, Operating & Debt Service Reserve Escrow	Asset & Loan Management Fees	Non-Operating Expenses	FY 2018 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2018 Net Cash Flow to HOC
Alexander House	$5,711,034	$2,013,499	**$3,697,535**	$450,505	$1,304,412	$114,640	$1,869,557	**$1,827,978**	$1,327,978	$500,000	**$0**
Avondale Apartments	$334,521	$135,200	**$199,321**	$36,516	$10,000	$0	$46,516	**$152,805**	$152,805	$0	**$0**
Barclay, The	$1,215,046	$444,328	**$770,718**	$678,410	$22,800	$60,070	$761,280	**$9,438**	$0	$9,438	**$0**
Brooke Park	$105,289	$90,244	**$15,045**	$0	$10,800	$14,230	$25,030	**($9,985)**	$0	$0	**($9,985)**
Brookside Glen (The Glen)	$1,584,690	$657,510	**$927,180**	$499,889	$111,362	$71,140	$682,391	**$244,789**	$244,789	$0	**$0**
CDBG Units	$47,583	$20,586	**$26,997**	$924	$26,073	$0	$26,997	**$0**	$0	$0	**$0**
Chelsea Towers	$333,964	$196,102	**$137,862**	$59,021	$8,400	$0	$67,421	**$70,441**	$0	$0	**$70,441**
Dale Drive	$106,905	$79,002	**$27,903**	$0	$13,668	$7,900	$21,568	**$6,335**	$6,335	$0	**$0**
Diamond Square	$1,314,768	$778,477	**$536,291**	$118,184	$123,483	$23,130	$264,797	**$271,494**	$271,494	$0	**$0**
Fairfax Court	$323,158	$120,963	**$202,195**	$8,184	$75,216	$14,230	$97,630	**$104,565**	$0	$0	**$104,565**
Glenmont Crossing	$2,069,324	$884,789	**$1,184,535**	$828,912	$58,200	$76,670	$963,782	**$220,753**	$164,250	$56,503	**$0**
Glenmont Westerly	$1,758,954	$821,592	**$937,362**	$538,813	$61,200	$80,620	$680,633	**$256,729**	$128,289	$128,440	**$0**
Greenhills	$1,227,140	$486,277	**$740,863**	$79,380	$317,184	$57,500	$454,064	**$286,799**	$286,799	$0	**$0**
Holiday Park	$325,754	$118,919	**$206,835**	$101,563	$14,984	$0	$116,547	**$90,288**	$0	$0	**$90,288**
Jubilee Falling Creek	$37,026	$23,779	**$13,247**	$0	$2,004	$0	$2,004	**$11,243**	$0	$0	**$11,243**
Jubilee Hermitage	$41,971	$32,390	**$9,581**	$0	$2,004	$0	$2,004	**$7,577**	$0	$0	**$7,577**
Jubilee Horizon Court	$33,738	$27,173	**$6,565**	$0	$2,004	$0	$2,004	**$4,561**	$0	$0	**$4,561**
Jubilee Woodedge	$35,840	$23,060	**$12,780**	$0	$2,004	$0	$2,004	**$10,776**	$0	$0	**$10,776**
Ken Gar	$316,316	$101,683	**$214,633**	$107,196	$9,012	$0	$116,208	**$98,425**	$98,425	$0	**$0**
King Farm Village Center	$18,276	$12,723	**$5,553**	$0	$0	$0	$0	**$5,553**	$5,553	$0	**$0**
Magruder's Discovery	$2,393,850	$623,252	**$1,770,598**	$928,108	$38,843	$0	$966,951	**$803,647**	$0	$803,647	**$0**
McHome	$433,487	$288,555	**$144,932**	$0	$16,400	$0	$16,400	**$128,532**	$0	$0	**$128,532**
McKendree	$164,484	$126,765	**$37,719**	$0	$11,196	$0	$11,196	**$26,523**	$0	$0	**$26,523**
MetroPointe	$2,583,162	$781,939	**$1,801,223**	$1,951,226	$30,000	$8,680	$1,989,906	**($188,683)**	$0	$0	**($188,683)**
Metropolitan, The	$7,155,954	$2,003,431	**$5,152,523**	$2,308,932	$97,200	$68,215	$2,474,347	**$2,678,176**	$1,617,273	$1,060,903	**$0**
MHLP VII	$501,442	$300,352	**$201,090**	$40,474	$14,000	$0	$54,474	**$146,616**	$0	$0	**$146,616**
MHLP VIII	$680,154	$421,476	**$258,678**	$0	$20,000	$0	$20,000	**$238,678**	$0	$0	**$238,678**
Montgomery Arms	$1,942,123	$687,504	**$1,254,619**	$688,059	$46,200	$101,960	$836,219	**$418,400**	$0	$418,400	**$0**

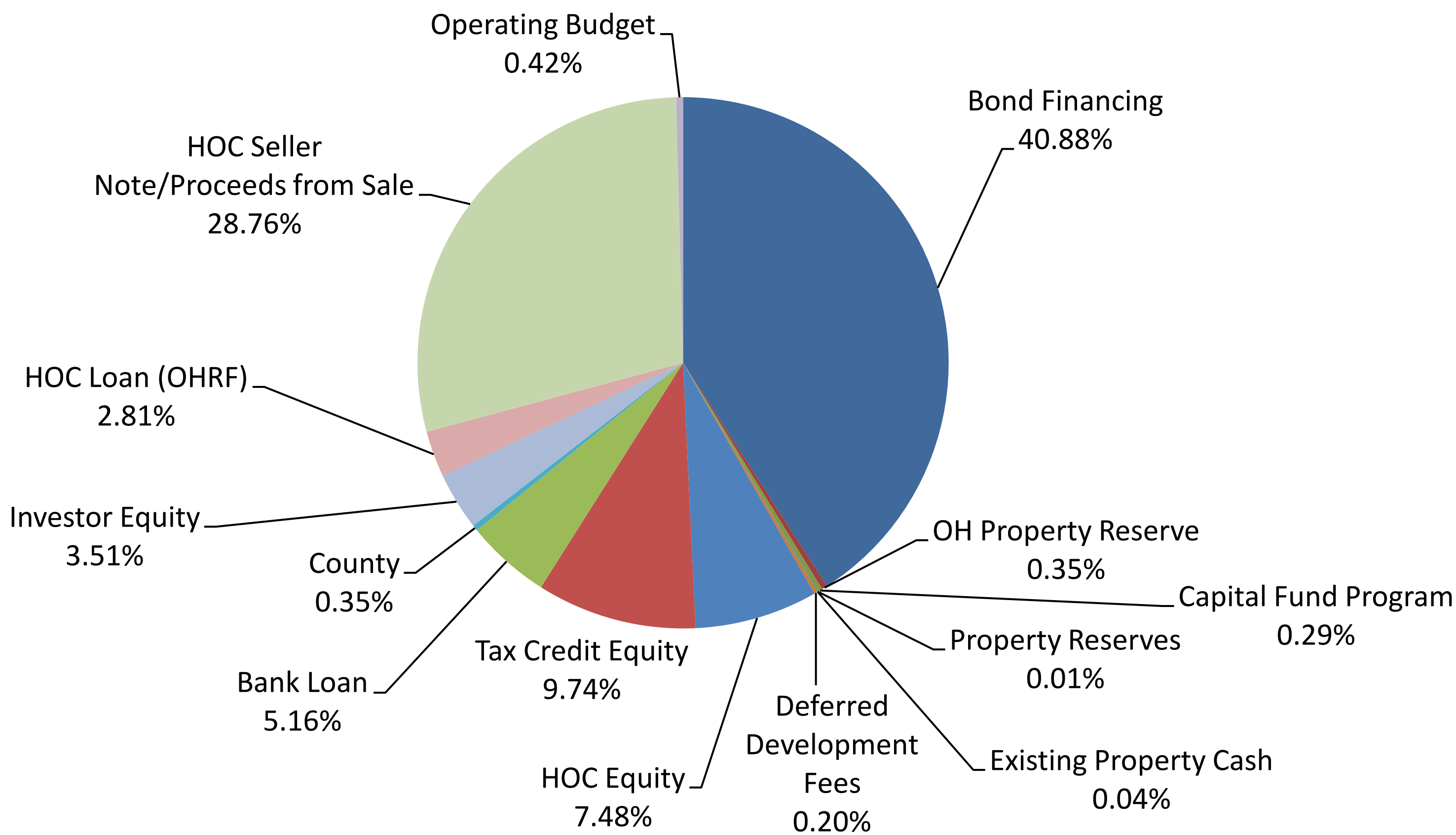
FY 2017 & FY 2018 – Capital Budget

Capital Budget Overview

Capital Budget Summary	FY 2017 Proposed Budget	FY 2018 Proposed Budget
Capital Improvements		
East Deer Park	$152,404	$152,404
Kensington Office	$249,999	$249,999
Information Technology	$810,000	$810,000
Opportunity Housing Properties	$5,222,923	$4,960,915
Public Housing Properties	$221,369	$0
Subtotal	**$6,656,695**	**$6,173,318**
Capital Development Projects		
900 Thayer	$18,475,831	$14,370,121
Alexander House	$86,199,282	$14,272,957
Ambassador	$0	$44,036,499
Arcola Towers	$7,809,169	$0
Bauer Park Apartments	$22,491,476	$6,955,007
Chevy Chase Lake	$31,154,921	$39,181,615
Elizabeth House III	$21,765,598	$41,655,648
Greenhills Apartments	$18,521,968	$5,238,800
Stewartown	$14,888,724	$4,604,019
Timberlawn / Pomander Court	$17,929,873	$0
Town Center Apartments	$33,240,623	$6,085,457
Waverly House	$13,031,778	$1,033,430
Subtotal	**$285,509,243**	**$177,433,553**
TOTAL	**$292,165,938**	**$183,606,871**

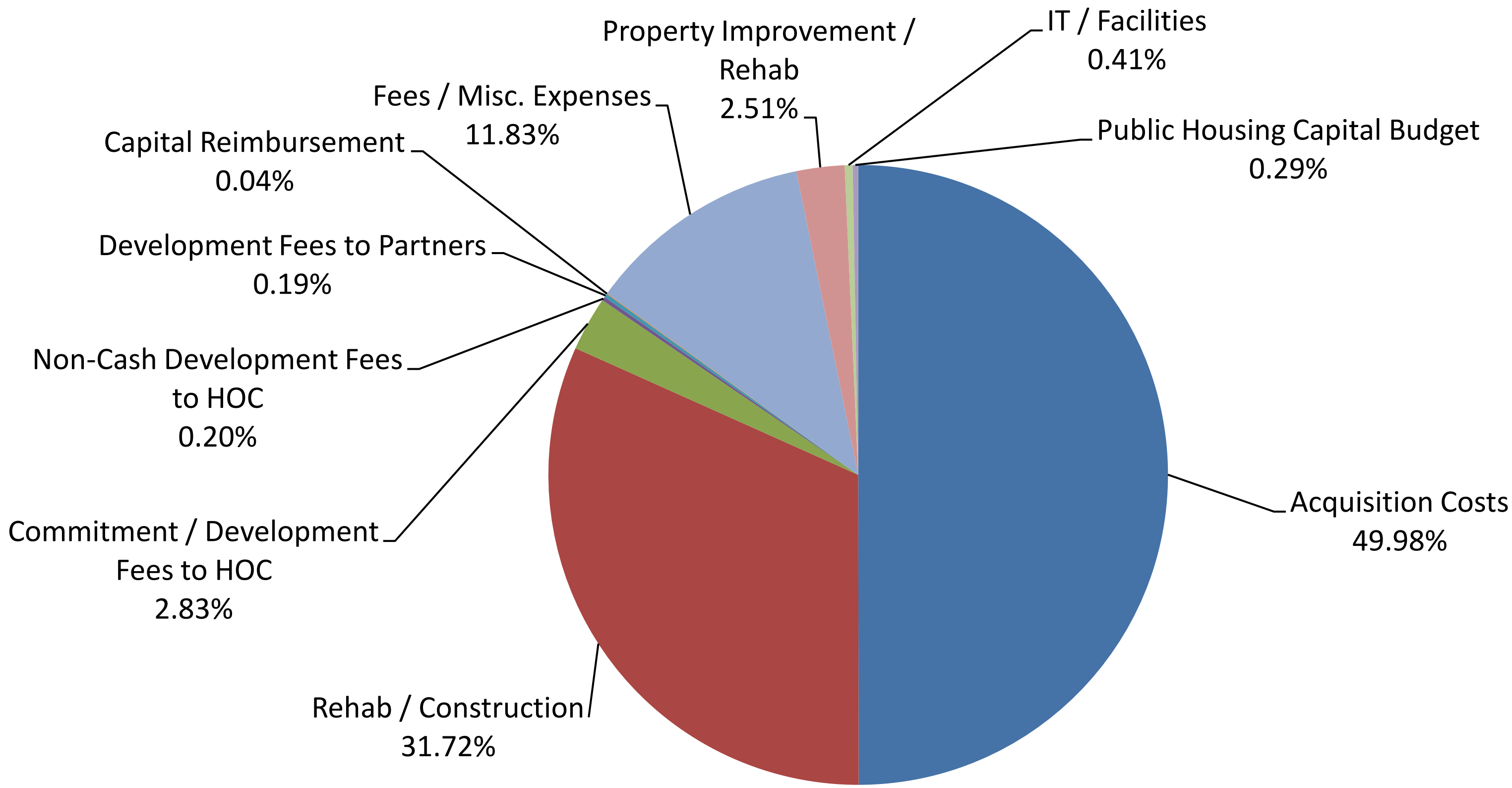
FY 2017 – Capital Budget

Source of Funds – $292,165,938



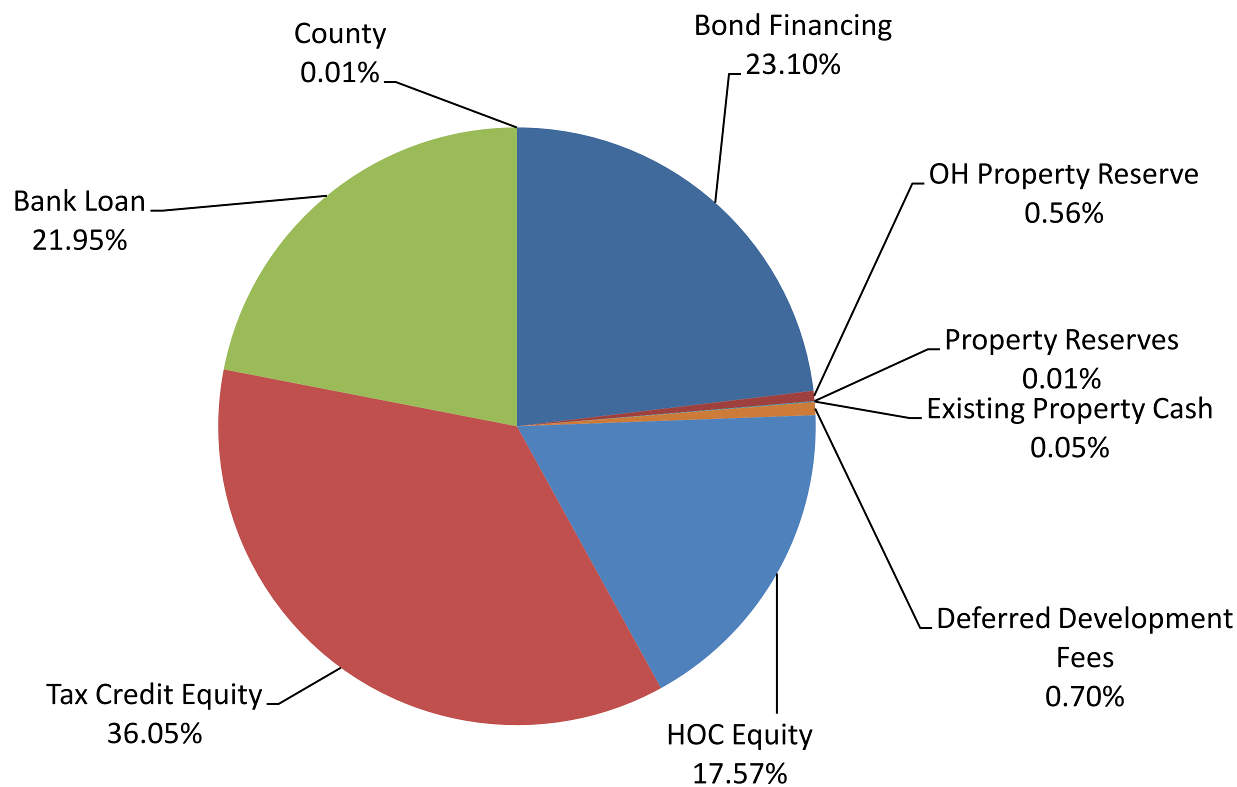
FY 2017 – Capital Budget

Use of Funds – $292,165,938



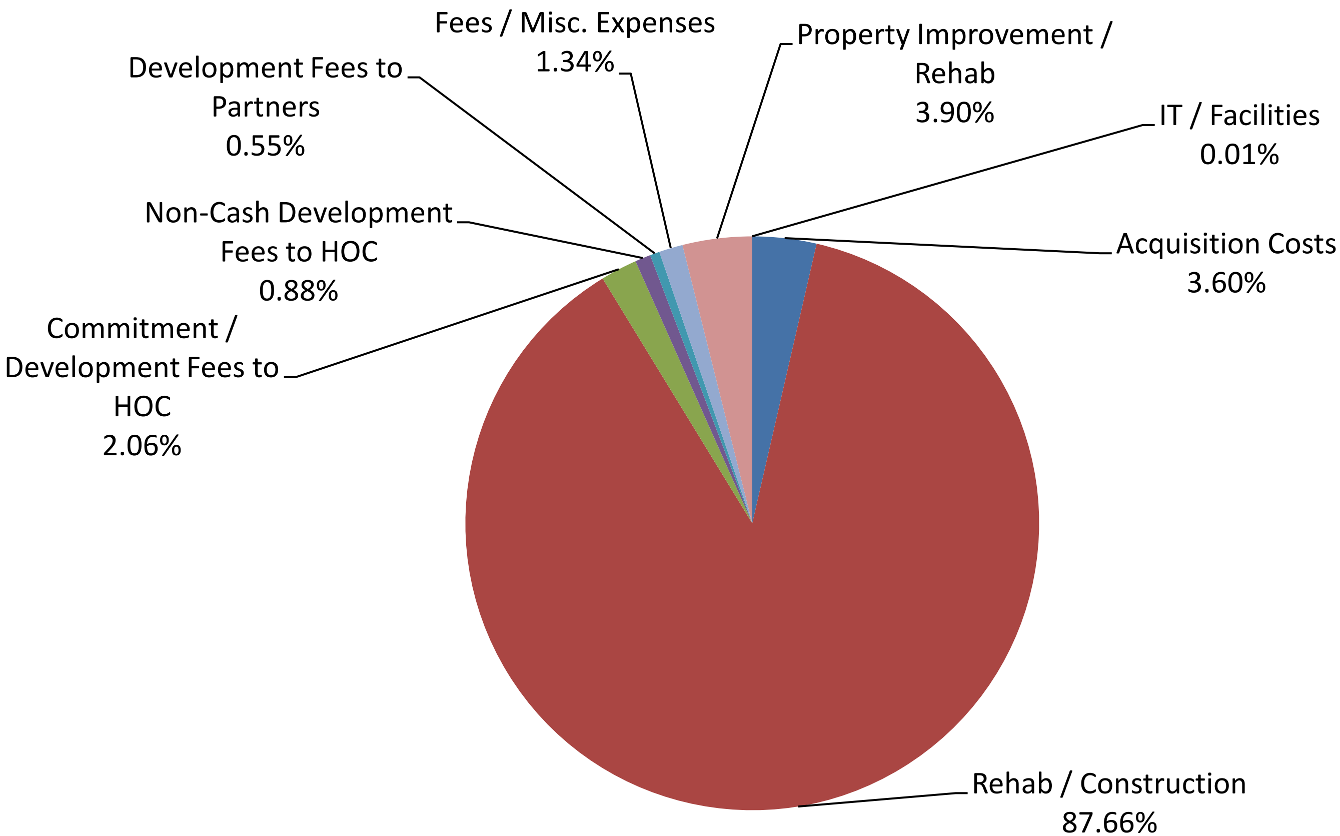
FY 2018 – Capital Budget

Source of Funds – $183,606,871



FY 2018 – Capital Budget

Use of Funds – $183,606,871



FY 2017-2018 Capital Budget

Capital Development Projects

900 THAYER AVE Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$12,111,513	$6,880,940	$5,230,573	$0
Tax Credit Equity	$7,334,321	$2,444,773	$4,139,548	$750,000
HOC Equity (Soft Loan)	$7,519,279	$2,519,279	$5,000,000	$0
HOC Loan (OHRF)	$6,630,839	$6,630,839	$0	$0
Deferred Development Fees	$1,250,000	$0	$0	$1,250,000
TOTAL	**$34,845,952**	**$18,475,831**	**$14,370,121**	**$2,000,000**

Capital Development Projects

ALEXANDER HOUSE Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$55,843,097	$40,034,067	$10,000,000	$5,809,030
Tax Credit Equity	$14,600,405	$7,000,000	$4,272,957	$3,327,448
Deferred Development Fees	$39,165,215	$39,165,215	$0	$0
TOTAL	**$109,608,717**	**$86,199,282**	**$14,272,957**	**$9,136,478**

Capital Development Projects

AMBASSADOR Funding Schedule				
Funding Source	**Total**	**FY 2018**	**FY 2020**	**FY 2021**
Bond Financing	$12,894,375	$12,894,375	$0	$0
Tax Credit Equity	$25,392,124	$23,392,124	$1,250,000	$750,000
HOC Equity	$7,750,000	$7,750,000	$0	$0
TOTAL	**$46,036,499**	**$44,036,499**	**$1,250,000**	**$750,000**

FY 2017-2018 Capital Budget

Capital Development Projects

ARCOLA TOWERS Funding Schedule				
Funding Source	**Total**	**Through FY 2015**	**Est. FY 2016**	**FY 2017**
Bond Financing	$6,116,778	$0	$3,296,903	$2,819,875
Tax Credit Equity	$9,102,738	$0	$4,155,667	$4,947,071
Federal CFP Funds	$1,613,327	$70,020	$1,543,307	$0
County CIP	$1,898,330	$0	$1,898,330	$0
HOC Equity	$11,448,000	$0	$11,448,000	$0
Deferred Development Fees	$667,223	$0	$625,000	$42,223
TOTAL	**$30,846,396**	**$70,020**	**$22,967,207**	**$7,809,169**

FY 2017-2018 Capital Budget

Capital Development Projects

BAUER PARK APARTMENTS Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$11,185,854	$9,075,916	$2,109,938	$0
Tax Credit Equity	$8,595,069	$3,000,000	$4,845,069	$750,000
Seller Note	$10,415,560	$10,415,560	$0	$0
TOTAL	**$30,196,483**	**$22,491,476**	**$6,955,007**	**$750,000**

Capital Development Projects

CHEVY CHASE LAKE Funding Schedule					
Funding Source	**Total**	**Through FY 2015**	**Est. FY 2016**	**FY 2017**	**FY 2018**
Bank Construction Loan	$50,005,838	$0	$0	$10,824,223	$39,181,615
HOC Equity (50%)	$11,729,358	$284,797	$1,279,212	$10,165,349	$0
Investor Equity (50%)	$11,729,358	$284,797	$1,279,212	$10,165,349	$0
TOTAL	**$73,464,554**	**$569,594**	**$2,558,423**	**$31,154,921**	**$39,181,615**

Capital Development Projects

ELIZABETH HOUSE III Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$41,445,634	$7,552,189	$18,000,000	$15,893,445
Tax Credit Equity	$9,678,841	$1,076,550	$5,000,000	$3,602,291
Bank Loan	$4,136,859	$4,136,859	$0	$0
HOC Equity	$41,401,635	$9,000,000	$18,655,648	$13,745,987
TOTAL	**$96,662,969**	**$21,765,598**	**$41,655,648**	**$33,241,723**

FY 2017-2018 Capital Budget

Capital Development Projects

GREENHILLS Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$10,226,421	$8,682,697	$1,543,724	$0
Tax Credit Equity	$4,075,127	$1,630,051	$2,445,076	$0
HOC Loan (OHRF)	$1,500,000	$1,500,000	$0	$0
Seller Note	$6,600,000	$6,600,000	$0	$0
Deferred Development Fees	$2,109,220	$109,220	$1,250,000	$750,000
TOTAL	**$24,510,768**	**$18,521,968**	**$5,238,800**	**$750,000**

Capital Development Projects

STEWARTOWN HOMES Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$7,404,721	$6,008,001	$1,396,720	$0
Tax Credit Equity	$5,689,693	$1,985,915	$3,207,299	$496,479
Seller Note	$6,894,808	$6,894,808	$0	$0
TOTAL	**$19,989,222**	**$14,888,724**	**$4,604,019**	**$496,479**

Capital Development Projects

TIMBERLAWN / POMANDER COURT Funding Schedule		
Funding Source	**Total**	**FY 2017**
Bond Financing	$17,929,873	$17,929,873
TOTAL	**$17,929,873**	**$17,929,873**

FY 2017-2018 Capital Budget

Capital Development Projects

TOWN CENTER APARTMENT Funding Schedule				
Funding Source	**Total**	**FY 2017**	**FY 2018**	**FY 2019**
Bond Financing	$9,042,553	$9,042,553	$0	$0
Tax Credit Equity	$10,774,066	$3,938,609	$6,085,457	$750,000
Seller Note	$20,259,461	$20,259,461	$0	$0
TOTAL	**$40,076,080**	**$33,240,623**	**$6,085,457**	**$750,000**

Capital Development Projects

WAVERLY HOUSE Funding Schedule					
Funding Source	**Total**	**Through FY 2015**	**Est. FY 2016**	**FY 2017**	**FY 2018**
Bond Financing	$8,425,488	$0	$7,959,528	$10,404,933	($9,938,973)
Tax Credit Equity	$14,630,153	$0	$1,463,100	$2,194,650	$10,972,403
Federal CFP Funds	$1,501,696	$81,580	$1,420,116	$0	$0
HOC Equity/Seller's Note	$22,954,849	$0	$22,954,849	$0	$0
Deferred Development Fees	$432,195	$0	$0	$432,195	$0
TOTAL	**$47,944,381**	**$81,580**	**$33,797,593**	**$13,031,778**	**$1,033,430**

ADOPTION OF THE FY'17-18 BUDGET RESOLUTIONS

A - Adoption of the FY'17-18 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY'17 Reimbursement Resolution

Enclosure 3

RESOLUTION NO. 16-47 **RE:** Adoption of the FY'17-18 Budgets, Bond Draw Downs and Transfers

WHEREAS, the Commission is required to adopt a budget based on the current chart of accounts in use before July 1, 2016; 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'17-18 of $244.5 million and $243.5 million, respectively by fund as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the draw down of bond funds for the Operating Budget as follows:

FY 2017

$ 1,427,854 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
$ 1,488,137 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

FY 2018

$ 1,498,686 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
$ 1,556,982 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

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

Up to $1,617,311 for FY'17 and up to $1,806,627 for FY'18 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'17-18 of $292.2 million and $183.6 million, respectively as attached.

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Patrice Birdsong
Special Assistant to the Commission

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 **$65,101,725**, *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 tax-exempt 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.

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 17 Capital Budget attached, including **617 Olney Sandy Spring, Alexander House, Ambassador, Avondale Apartments, Brooke Park, Brookside Glen, CDBG-NSP-NCI, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, Magruder's Discovery, McHome, McKendree, MetroPointe, MHLP VII,**

MHLP VIII, Montgomery Arms, MPDU 2007 Phase II, MPDU I, Paddington Square, Paint Branch, 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, Sligo MPDU III, Southbridge, State Rental Combined, Strathmore Court, The Barclay, The Metropolitan, The Oaks at Four Corners, TPM (Timberlawn, Pomander Court, and MPDU II), VPC One and VPC Two (669 Scattered Site Properties), Westwood Tower, 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 **$65,101,725** 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.

PASSED AND ADOPTED at a regular meeting held this ____ day of ______________.

The motion, the second, those that voted and those that were absent is generally referenced as well.

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Patrice Birdsong
Special Assistant to the Commission

Deliberation

and/or

Action

Future Action

Information Exchange

New Business

AUTHORIZATION TO IMPLEMENT
VOUCHER PAYMENT STANDARDS
BASED ON HUD FY 2016 FAIR MARKET RENTS

JUNE 17, 2016

- On October 1, 2015, HUD published its Fiscal Year 2016 Fair Market Rents (FMRs) for all jurisdictions in the United States of America.

- Annually, HOC is required to implement the new FMRs and corresponding Voucher Payment Standards for the upcoming fiscal year based on a percentage of the FMRs.

- Staff recommends that the Commission approve the Voucher Payment Standards for FY 2016 to be equal to 95 percent of the 50th percentile FMRs for bedroom sizes 0, 1, 3, 4, 5, and 6 for the Montgomery County jurisdiction.

- Staff recommends that the Commission approve the Voucher Payment Standards for FY 2016 to be equal to 98 percent of the 50th percentile FMRs for bedroom size 2 for the Montgomery County jurisdiction.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Lynn Hayes — Division: Housing Resources — Ext. 9622
Ethan Cohen — Executive — Ext. 9764

RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2016 Fair Market Rents

DATE: June 17, 2016

STATUS: **New Business __X__**

OVERALL GOAL & OBJECTIVE:
To receive Commission approval to establish and implement the below described Voucher Payment Standards used in HOC's administration of the Housing Choice Voucher Program.

BACKGROUND:
The U.S. Department of Housing and Urban Development (HUD) publishes Fair Market Rents (FMR) annually for use in determining the Voucher Payment Standards (VPS) for the Housing Choice Voucher (HCV) Program. HUD published the Fiscal Year 2016 FMRs on December 11, 2016. These new rents will be used to amend the schedules HOC uses to determine the Voucher Payment Standards for the Agency's HCV residents.

HOC is required to implement the new FMRs and corresponding Voucher Payment Standards for the upcoming fiscal year based on a percentage of the FMRs. The establishment of these Voucher Payment Standards must be based upon a percentage between 90 and 110 percent of the HUD FMRs for the given fiscal year.

HUD calculated the FMRs for the Washington, DC metropolitan region using the 50th percentile of those rents surveyed. This increase from the more typical 40th percentile FMRs is due to the high cost of rental housing throughout the Washington, DC metropolitan region.

Staff from the Housing Resources Division conducted an extensive analysis to determine the most appropriate FMR percentages to use for FY 2016. HOC's objective in this regard is to maintain strong voucher utilization while also ensuring that the Agency's Voucher Payment Standards will allow HOC residents to afford the average rental unit per bedroom size in the County.

As a result of this analysis, staff recommends that the Commission approve the Voucher Payment Standards for FY 2016 to be equal to 95% of the 50th percentile FMRs for bedroom sizes 0, 1, 3, 4, 5, and 6. For two-bedroom units, staff recommends that the Commission approve the Voucher Payment Standards for FY 2016 to be equal to 98% of the 50th percentile FMRs.

	Current 2015 VPS	2016 FMR @50th percentile	VPS 90%	VPS 95%	VPS 98%	Recommended VPS	Variance	% Change
Efficiency	$1,197	$1,307	$1,176	$1,242	$1,281	**$1,242**	45	3.60%
1 Bdrm	$1,262	$1,402	$1,262	$1,332	$1,374	**$1,332**	70	5.25%
2 Bdrm	$1,495	$1,623	$1,461	$1,542	$1,591	**$1,591**	96	6.01%
3 Bdrm	$2,002	$2,144	$1,930	$2,037	$2,101	**$2,037**	35	1.71%
4 Bdrm	$2,514	$2,726	$2,453	$2,590	$2,671	**$2,590**	76	2.92%
5 Bdrm	$2,891	$3,135	$2,821	$2,978	$3,072	**$2,978**	87	2.93%
6 Bdrm	$3,268	$3,544	$3,189	$3,367	$3,473	**$3,367**	99	2.93%
							Avg Increase	**3.62%**

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director to establish and implement the above described Voucher Payment Standards used in HOC's administration of the Housing Choice Voucher Program?

PRINCIPALS:

Housing Resources Division

BUDGET IMPACT:

The expected effect on the Agency budget is minimal.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on May 24, 2016; for Commission action on June 17, 2016.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Legislative and Regulatory Committee to authorize the Executive Director to establish and implement the above described Voucher Payment Standards used in HOC's administration of the Housing Choice Voucher Program.

RESOLUTION: 16-49 **RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2016 Fair Market Rents**

WHEREAS, U.S. Department of Housing and Urban Development (HUD) regulations require that the Housing Opportunities Commission of Montgomery County (HOC) establish and implement new Voucher Payment Standards annually to be used in HOC's administration of the Housing Choice Voucher Program; and

WHEREAS, the establishment of these Voucher Payment Standards must be based upon a percentage between 90 and 110 percent of the HUD Fair Market Rents (FMRs) for the given fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to establish and implement the Voucher Payment Standards listed below.

# of Bedrooms	Recommended VPS
Efficiency	**$1,242**
1 Bedroom	**$1,332**
2 Bedroom	**$1,591**
3 Bedroom	**$2,037**
4 Bedroom	**$2,590**
5 Bedroom	**$2,978**
6 Bedroom	**$3,367**

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 17, 2016.

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Patrice Birdsong
Special Assistant to the Commission

Executive Session Findings

Adjourn