

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

July 11, 2018

18-07

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, July 11, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Jr., Vice Chair
Margaret McFarland
Pamela Byrd
Roy Priest

Absent

Edgar Rodriguez, Chair Pro Tem
Linda Croom

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Louis Chaney
Victoria Dixon
Ethan Cohen
Melody Stanford
Rita Harris
Zachary Marks
Jim Atwell
Contessa Webster
Laurie Seals
Cornelia Kent
Darcel Cox
Christina Autin
Kenneth Tecler
Kevin Seawright
Sherraine Rawlins

Aisha Memon, Associate General Counsel
Natalie Craver
Eugenia Pascual
Shauna Sorrells
Jennifer Arrington
Gail Willison
Lynn Hayes
Ellen Goff
Vivian Benjamin
Sheryl Hammond
Jay Shepherd
Gio Kaviladze
Francisco Vega
Arthur Tirsky
Charnita Jackson
Heather Grendze

IT Support

Karlos Taylor
Irma Rodriguez
Rony Joseph

Commission Support

Patrice Birdsong

Resident Advisory Board

Yvonne Caughman

The meeting began with Chair Simon acknowledging the recipients of the 2018 Tony Davis Scholarship Award. A reception was held honoring the following recipients: Melat Assaye was named this year's winner and was awarded a \$5,000 scholarship. Armoni Jackson, Aiyana Cobbs, Samrawit Kelkay, and Grace Kpetemey each received a \$2,000 scholarship. This scholarship award marks the significance of high academic achievements, school and community contributions, outstanding references and acceptance to four year colleges.

Consent Calendar was adopted, as amended, upon a motion by Commissioner Byrd and seconded by Vice Chair Nelson.

I. CONSENT ITEMS

- A. Approval of Minutes of June 6, 2018 regular meeting** - The minutes were approved with amendment deleting Resolution 18-42 from the records. There was discussion on how minutes should be voted on and whether "Whereas" clauses should be recorded as part of the record. Staff will research.
- B. Approval of Minutes of June 6, 2018 Administrative Session** – The minutes were approved.
- C. Approval of Collective Bargaining Agreement Wage Re-opener Between The Housing Opportunities Commission and Municipal and County Government Employees Organization for the Period of July 1, 2018 through June 30, 2019**

The following resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Byrd, and Priest. Commissioner McFarland abstained. Commissioners Rodriguez and Croom were necessarily absent.

RESOLUTION: 18-50

RE: Approval of Collective Bargaining Agreement Wage Re-opener between the Housing Opportunities Commission and Municipal and County Government Employees Organization For the period of July 1, 2018 through June 30, 2019

WHEREAS, the Housing Opportunities Commission of Montgomery County is required by law to enter into a collective bargaining agreement for those employees of the Commission who are covered under the Collective Bargaining Law that went into effect as of October 1, 1999; and

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO), who is the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (SLT) and Office, Professional, and Technical (OPT), have successfully negotiated the sixth Collective Bargaining Agreement which is a four-year agreement for the period of July 1, 2016 through June 30, 2020; and

WHEREAS, the Collective Bargaining Agreement stipulates that there will be Wage Re-opener negotiations for years three and four of the Agreement to address wage adjustments; and

WHEREAS, the Wage Re-opener negotiations for wage adjustments for Fiscal Year 2019 of the Agreement began on March 1, 2018 and were completed on June 6, 2018; and

WHEREAS, the union membership unanimously ratified the re-opener negotiated wage adjustments for Fiscal Year 2019 of the Agreement in meetings held on June 18, 2018 and June 19, 2018 respectively; and

WHEREAS, the Collective Bargaining Law stipulates that "A Collective Bargaining Agreement shall be effective upon the approval of the Commission and the membership of the Union representing the Bargaining Unit".

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Fiscal Year 2019 Wage Re-opener Agreement is approved. Effective the first full pay period after July 1, 2018, Bargaining Unit Members shall receive a 1.95% general wage adjustment.

BE IT FURTHER RESOLVED, that for Fiscal Year 2019, Bargaining Unit Members who receive a fully satisfactory annual performance evaluation shall receive a 3.5% annual pay increment effective the first pay date in September 2018; and for Fiscal Year 2019 all actively employed Bargaining Unit Members who reached the top of grade prior to September 1, 2018 and who receive a fully satisfactory Fiscal Year 2018 performance evaluation will receive a one percent (1.0%) lump sum payment.

D. Approval of Fiscal Year 2019 Wage Adjustment and Service Increment for

The following resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Byrd, and Priest. Commissioner McFarland abstained. Commissioners Rodriguez and Croom were necessarily absent.

RESOLUTION NO.: 18-51

**RE: Approval of FY 2019 Wage Adjustment
And Service Increment for
Unrepresented Staff for The Period of
July 1, 2018 Through June 30, 2019**

WHEREAS, the Commission wishes to award a compensation package for unrepresented staff for Fiscal Year 2019 that is fair, equitable and consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED, by the Housing Opportunities Commission that it hereby authorizes the following compensation package for unrepresented staff for Fiscal Year 2019:

- 1.95% general wage adjustment effective the first pay period after July 1, 2018.
- 3.5% annual pay increment effective the first pay date in September 2018.
- 1.0% percent lump sum payment to all actively employed unrepresented staff who reached the top of grade prior to September 1, 2018.

II. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

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

A. Ratification of Action Taken in Administrative Session on June 6, 2018: Approval to Extend the Temporary Increase in a Line of Credit; Approval to Establish an Expiration Date for Remaining Funds Drawn on Line of Credit and Bridge Loan in Association with the Acquisition of a Residential Multifamily Development

RESOLUTION: 18-49R

**RE: Approval to Extend the Temporary
Increase in a Line of Credit; Approval to
Establish an Expiration Date for Remaining
Funds Drawn on Line of Credit and Bridge
Loan in Association with the Acquisition of a
Residential Multifamily Development**

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 Administrative Session duly called and held on June 6, 2018, with a quorum present, the Commission duly adopted Resolution 18-49AS, Commissioners Simon, Nelson, Rodriguez, McFarland, Croom, Priest, and Byrd voting in approval, which approved the extension of a temporary increase in a line of credit, and approved the establishment of an expiration date for the remaining funds drawn on the line of credit and bridge loan for the acquisition of a residential multifamily development.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-49R and any action taken since June 6, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-49R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgage for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows

Zachary Marks, Director of Development, and Gio Kaviladze, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 18-52

RE: Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows

WHEREAS, Georgian Court Apartments consists of 147 garden apartments built in 1976 and located upon a 6.7 acre parcel in Silver Spring; Shady Grove Apartments consists

of 144 garden apartments built in 1980 and located upon two parcels totaling 11.87 acres in Derwood; Stewartown Homes built in 1977 consists of 94 townhome units and located upon three parcels totaling 15 acres, and the Willows built in 1975 totaling 8.9 acres in Gaithersburg consisting of 195-garden units (collectively, the “Properties”); and

WHEREAS, Shady Grove Apartments and the Willows are wholly-owned by the Housing Opportunities Commission (HOC) and Georgian Court Apartments and Stewartown Homes are owned by existing Limited Partnerships (“LP”) for Low Income Housing Tax Credit (LIHTC) purposes, and are in the process of being repurchased by HOC; and

WHEREAS, with the exception of ongoing capital improvements there have been no major renovations to the buildings within the last ten years; and

WHEREAS, HOC staff have formulated a predevelopment plan, approved at the May 2, 2018 Commission meeting to renovate and improve the Properties in order to maximize their life, public purpose and financial contribution to HOC; and

WHEREAS, the Properties are currently financed with \$10,910,561 of fixed-rate bonds comprised of \$2,666,306 – Georgian Court; \$4,597,448 – Shady Grove; \$1,817,646 – Stewartown; and \$1,829,161 – The Willows (collectively, the “Existing Mortgages”); and

WHEREAS, funds in the amount of \$10,910,561 are needed to prepay the existing mortgages for the Properties from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”), which would be repaid upon the refinancing and/or re-syndication of the Properties; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission authorizes the withdrawal of \$10,910,561 from the PNC Bank, N.A. Real Estate Line of Credit (“RELOC”) to prepay the existing mortgages, which would be repaid upon the refinancing and/or re-syndication of the Properties;

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

2. Approval of the Preliminary Development Plan and Funding for Bauer Park Apartments

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

The following resolution was adopted, as amended, upon a motion by Commissioner McFarland and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners

Simon, Nelson, McFarland, Byrd, and Priest. Commissioners Rodriguez and Croom were necessarily absent and did not participate in the vote.

RESOLUTION No.: 18-54

**RE: Approval of Preliminary Development
Plan and Funding for Bauer Park
Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) seeks to preserve Montgomery County’s existing affordable housing, including those subsidized by Rental Assistance Payment (“RAP”) contracts and Section 236 financing facing growing sustainability challenges – most prominently, functional obsolescence and pervasive systems issues as a result of age; and

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

WHEREAS, the Property was originally built in 1977 under the Section 236 Program and is owned by Banor Housing, Inc., a non-profit corporation that is managed by a Policy Board that consists of seven (7) directors, three (3) of which are required to be Commissioners of HOC; and

WHEREAS, the Property currently receives subsidy via RAP contracts and interest reduction payments, which are still outstanding; and

WHEREAS, the RAP contracts for the Property will discontinue at maturity of the Property’s Section 236 senior mortgages, which is set to occur at the end of the 2018 calendar year; and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) offers the second component of its Rental Assistance Demonstration program (the “RAD Program”), which presents the Property with the opportunity to secure project-based Section 8 subsidy providing for its rehabilitation and permanent financing; and

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

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

WHEREAS, VHI has performed certain feasibility studies and engaged consultants in predevelopment work related to the tax credit application for the Property, pursuant to which

VHI is projected to incur expenditures in excess of the \$350,000 and will need to be reimbursed before the Final Development Plan Closing, expected in December 2018.

WHEREAS, HOC has prepared a preliminary development plan by which the architects can develop a viable scope of work and development plan for the Property that will meet the Property's immediate and long-term physical needs.

WHEREAS, HOC staff has prepared a budget to complete the final development plan phase of the project and estimates the cost of consultants and fees to be \$100,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the preliminary development plan for the rehabilitation, with tenants in place, of Bauer Park Apartments is hereby approved; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County is authorized to incur up to One Hundred Thousand Dollars (\$100,000) in additional costs for the final development plan, which shall be funded from the Opportunity Housing Reserve Fund.

3. Approval of the Election of Commissioner Simon and Commissioner Priest to the Policy Board of Banor Housing, Inc.

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

RESOLUTION NO.: 18-55

RE: Approval of the Election of Commissioners Jackie Simon and Roy O. Priest to the Policy Board of Banor Housing, Inc.

WHEREAS, pursuant to its Articles of Incorporation and its Bylaws, Banor Housing, Inc. is managed by a Policy Board that is comprised of seven (7) directors, three (3) of which are required to be Commissioners of the Housing Opportunities Commission of Montgomery County ("HOC").

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

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Jackie Simon and Roy O. Priest are hereby elected to serve on the Policy Board of Banor Housing, Inc.

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

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

1. Authorization to Submit FY 2018 Section Eight Management Assessment Program (SEMAP) Certification to HUD

Ethan Cohen, Housing Programs Coordinator, and Lynn Hayes, Director of Housing Resources, were the presenters.

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

RESOLUTION NO.: 18-56

**RE: Authorization to Submit FY 2018
Section Eight Management
Assessment Program (SEMAP)
Certification to HUD**

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

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2018, must be submitted to HUD within 60 days of the end of the fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to submit the Fiscal Year 2018 SEMAP Certification to HUD.

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 other actions necessary and proper to submit the Fiscal Year 2018 SEMAP Certification to HUD.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

1. Approval for the Commission to Accept Financing in the Form of a County HIF Loan for Interim Repairs to Town Center Apartments; Authorization for the Executive Director to Execute all Documentation Related to the Financing; Approval to Gift County HIF Loan Proceeds to Town Center Apartments, Inc. for Interim Repairs

Melody Stanford, Asset Manager, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 18-57

RE: Approval for the Commission to Accept Financing in the Form of a County HIF Loan for Interim Repairs to Town Center Apartments; Approval to Gift County HIF Loan Proceeds to Town Center Apartments, Inc. for Interim Repairs; Authorization for the Executive Director to Execute all Documents Related to the Financing

WHEREAS, Town Center Apartments (the “Property”) has experienced system failures over the past few years which including the boiler and chiller, shower diverters, cooling tower, and hot water tank; and

WHEREAS, to maintain daily operations, several capital improvements are needed including replacement boilers, chiller compressors, two elevator drivers, an air handler unit, hydronic convection units, fan coil units, and roof patching; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) will accept a Housing Initiative Fund loan from Montgomery County in an amount of \$287,613 (the “Loan”) for the capital improvements at the Property; and

WHEREAS, the Commission will gift the Loan proceeds (the “Gift”) to Town Center Apartments, Inc. (the “Entity”) to complete the capital improvements at the Property; and

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

1. The Commission authorizes the acceptance of the Loan and authorizes the Executive Director to execute any documents necessary to receive the Loan.
2. The Commission authorizes gifting the Loan proceeds to the Entity to commence capital improvements to the Property.

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

Based upon this report and there being no further business to come before this session of the Commission, a motion was made by Vice Chair Nelson, seconded by Commissioner Priest, and unanimously adopted to adjourn.

The open session adjourned at 5:10 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: September 5, 2018