

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

August 5, 2015

15-08

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, August 5, 2015 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:21 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Margaret McFarland
Richard Y. Nelson, Jr.
Roberto Piñero

Not Present

Christopher Hatcher

Also Attending

Stacy Spann, Executive Director
Gina Smith
Kayrine Brown
Fred Swan
Scott Ellinwood
Louis Chaney
Rita Harris
Bonnie Hodge
Clarence Landers
Belle Seyoum
Richard Hanks
Deirdre Harris
Ugonna Ibebuchi
Hyunsuk (Wilson) Choi
Sheryl Hammond

Kelly McLaughlin, General Counsel
Jim Atwell
Gail Willison
Elsie Weinstein
Ellen Goff
Diana Bird
Jay Shepherd
Bill Anderson
Bobbie DaCosta
Lynn Hayes
Tehanny Pica
Eugene Spencer
Paulette Dudley
Angela McIntosh
Vivian Benjamin

RAB

LaKeiya Thompson

Guest

Jamila Coleman, Tony Davis Scholarship Winner

Guest Cont'd

Dede Gaba, Tony Davis Scholarship Winner
Raniely Candelario, Tony Davis Scholarship Winner

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

IT Support

Irma Rodriguez

Prior to the meeting convening, Fred Swan, Director of Resident Services, and Vice Chair Jackie Simon introduced and presented the winners of this year's Tony S. Davis Scholarship award. Jamila M. Coleman was named this year's winner and was awarded a \$7,500 scholarship. Two finalists, Dede J. Gaba and Raniely Candelario, were named and each awarded \$3,750 scholarships. Chair Sally Roman also expressed her congratulations to the winners. All recipients are high school graduates and reside in subsidized housing.

The Board went into a brief recess and reconvened with a moment of silence in honor of Jean Banks, Chair Pro Tem, who passed away on July 26, 2015. Vice Chair Roman acknowledged Ms. Banks' devotion and hard work to the community while serving on the HOC Board. Commissioners Piñero and Simon shared remarks.

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

I. CONSENT ITEMS

A. Approval of 2015 Tony S. Davis Memorial Scholarship Award Winners

RESOLUTION: 15-59

**RE: Approval of 2015 Tony Davis
Memorial Scholarship Award Winners**

WHEREAS, in recognition of the many accomplishments and extensive community volunteer work performed by former HOC employee Tony Davis who was tragically killed in the year 2000, HOC established the Tony Davis Memorial Scholarship Awards Program in his memory; and

WHEREAS, since its inception, the Tony Davis Scholarship Awards Program has annually provided scholarship awards to high school seniors who are residents of HOC's affordable housing programs and who also demonstrate excellent academic achievement and school attendance, participate in extra-curricular and community activities, and have been accepted by a college or university; and

WHEREAS, a Selection Committee, composed of one Commissioner, the Executive Director, and Resident Services Division staff was convened on June 19, 2015 to review the highly qualified applications; and

WHEREAS, the Selection Committee considered academic records, recommendations from school personnel and HOC staff, 500 word essays written by the applicants, SAT or ACT scores, school and community activities, and college acceptance information; and

WHEREAS, the Selection Committee recommends one outstanding candidate, Jamila Coleman, for a \$7,500 Tony Davis Scholarship Award; and

WHEREAS, the Selection Committee was impressed by the pool of deserving candidates and is recommending the award of two second place \$3,750 cash awards to Dede Gaba and Raniely Candelario.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County affirms the recommendation of the Tony Davis Scholarship Awards Selection Committee for Jamila Coleman to receive a \$7,500 Scholarship Award, and for Dede Gaba and Raniely Candelario to each receive \$3,750 cash awards.

- B. Approval of Minutes of Regular Meeting of July 8, 2015** – The minutes were approved as submitted.
- C. Ratification of Approval of Multiple Strategies to Convert Remaining Multifamily Public Housing Properties Approved for Disposition under Rental Assistance Demonstration Program**

RESOLUTION: 15-56a(R)

RE: Ratification of Approval to Acquire up to Nine Condominium Units at Grosvenor Park and Up to Two Condominium Units at Meadow Ridge Villas and Authorization of the Executive Director to Execute all Documents Related Thereto

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing 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 Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-56a titled: “Acquisition of up to

Nine Condominium Units at Grosvenor Park and also the Acquisition of up to Two Condominium Units at Meadow Ridge Villas” (the “Acquisition Approval Resolution”) for the purpose of acquiring units to which Project-Based Section 8 subsidy may be transferred from its existing Public Housing properties upon conversion of the Public Housing via the U.S. Department of Housing and Urban Development’s Rental Assistance Demonstration (“RAD”) program; and

WHEREAS, the Commission executed two (2) purchase and sale agreements for condominium units at Meadow Ridge Villas dated July 15, 2015 (the “Purchase Agreements”) and wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in approving the Acquisition Approval Resolution and in executing the Purchase Agreements.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acquisition Approval Resolution, the Purchase Agreements, and such other subsequent actions taken by the Commission in furtherance of the transactions contemplated in the Acquisition Approval Resolution are hereby ratified and affirmed.

RESOLUTION: 15-56b(R)

RE: Ratification of Approval to Transfer the Rental Assistance from up to 53 Public Housing Units to The Metropolitan, Pooks Hill Tower and Other Similar HOC-Owned Units, upon Conversion of those Public Housing Units via the Rental Assistance Demonstration Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing 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 Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-56b titled: “Approval to Transfer the Rental Assistance from up to 53 Public Housing Units to The Metropolitan, Pooks Hill Tower and Other Similar HOC-Owned Units, upon Conversion of those Public Housing Units via the Rental Assistance Demonstration Program” (the “RAD Transfer Approval Resolution”) for the purpose of allowing for the transfer of rental assistance under the Rental Assistance Demonstration (RAD) program; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the RAD Transfer Approval Resolution and any subsequent action taken in connection therewith.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the RAD Transfer Approval Resolution and any subsequent actions taken by the Executive Director to carry out the transaction contemplated therein, are hereby ratified and affirmed.

D. Ratification of Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture

RESOLUTION: 15-57(R)

RE: Ratification of Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing 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 Executive Session duly called and held on July 8, 2015, with a quorum being present, the Commission duly adopted Resolution 15-57 titled: “Approval to Enter into Joint Venture Agreement with Duffie Companies for the Redevelopment of Holly Hall and Authorization to form a Special Purpose Entity and Contribute the Capital One Site to the Venture” (the “MOU Approval Resolution”) for the purpose of redeveloping Holly Hall; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the MOU Approval Resolution and any action taken since July 8, 2015 to effectuate the transaction contemplated therein.

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

E. Ratification of Approval to Enter into a Memorandum of Understanding (MOU) with Montgomery County and to Engage an Architect for the Development of the White Flint Fire Station Site, to Pursue the Acquisition of Adjacent Land, and Advance up to \$150,000 for Predevelopment Work

WHEREAS, the SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for Fiscal Year 2015, 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 2015 SEMAP Certification to HUD.

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

G. Approval of the FY'16 Reopener Agreement for Represented Employees

RESOLUTION: 15-61

RE: Approval of Collective Bargaining Agreement Wage Reopener between the Housing Opportunities Commission and the Municipal County Government Employees Organization Including Wage Adjustments for Fiscal Year 2016

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 Collective Bargaining Agreement through the period of June 30, 2016; and

WHEREAS, the Collect Bargaining Agreement stipulates that there will be wage reopener negotiations for year four (Fiscal Year 2016) of the Agreement to address wage adjustments; and

WHEREAS, the wage reopener negotiations began on April 16, 2015 and were completed on July 22, 2015.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the Fiscal Year 2016 Wage Reopener Agreement and that the Agreement will become effective July 1, 2015. Effective the first pay period after July 1, 2015, each bargaining unit employee shall receive a 2.175 % general wage adjustment.

BE IT FURTHER RESOLVED that each bargaining unit employee who receives a fully satisfactory FY 2015 performance evaluation shall receive a 3% service increment effective the first pay date in September 2015.

BE IT FURTHER RESOLVED that effective September 1, 2015, HOC shall increase the top of the grades of bargaining unit employees by 3%.

H. Approval of FY'16 Compensation for Non-Represented Employees

RESOLUTION: 15-62

**RE: APPROVAL OF FY 2016
COMPENSATION FOR NON-
REPRESENTED MERIT SYSTEM
STAFF FOR THE PERIOD OF JULY 1,
2015 THROUGH JUNE 30, 2016**

WHEREAS, the Housing Opportunities Commission of Montgomery County approved the Collective Bargaining Agreement Wage Reopener at a regular meeting on August 5, 2015; and

WHEREAS, the Commission wishes to award a compensation package for non-represented staff for FY 2016 that is consistent with that of represented employees.

NOW, THEREFORE, BE IT RESOLVED that effective the first pay period after July 1, 2015, each non-represented merit system staff member shall receive a 2.175% general wage adjustment.

BE IT FURTHER RESOLVED that non-represented merit system staff who receive a fully satisfactory FY 2015 performance evaluation shall receive a 3% service increment effective the first pay date in September 2015.

BE IT FURTHER RESOLVED that effective September 1, 2015, HOC shall increase the top of the grades for non-represented merit system employees.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – The Executive Director acknowledged and thanked staff for all their hard work and dedication. The initial opening of the Wait List for seniors and persons with disabilities went well. He thanked the County Executive's staff and Parker Hamilton, Director, Montgomery County Libraries, for their assistance in making the opening successful.

B. Calendar and Follow-up Action – None

- C. **Commissioner Exchange** – Vice Chair Simon thanked Scott Ellinwood and the Legislative and Public Affairs staff on the “Communique” publication and expanding the communications that we have with outside Agencies.

Chair Roman thanked staff for the daily Legislative updates that have been received. Additionally, she expressed former Commissioner Lindstrom’s thanks for the farewell gift she received from the Agency.

- D. **Resident Advisory Board (RAB)** – LaKeiya Thompson, Interim President, thanked Fred Swann, Director of Resident Services and Rita Harris, Special Assistant to the Director of Resident Services, for their work on the restructuring of the RAB. She also expressed that the RAB will miss Commissioner Banks.

- E. **Community Forum** – Residents from Alexander House regarding the new Elizabeth Square Project: Roger Hall, Sandra DeMornaes, and Deloris Smith.

Steve Wasser, landlord, addressed the Board regarding his concerns of the inspection process.

Eleanor Ambush, resident, addressed the Board concerning her voucher.

- F. **Status Report** – None

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

- A. **Approval to Expand Single Family Mortgage Purchase Program (MPP) Products and to Increase the Sales Price and Income Limits for the Program**

Kayrine Brown, Chief Investment & Real Estate Officer, Jennifer Arrington, Sr. Multifamily Underwriter, and Paulette Dudley, Program Specialist, were presenters.

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

RESOLUTION: 15-63

RE: Approval to Expand Single Family Mortgage Purchase Program (MPP) Products and Increase the Sales Price and Income Limits for the Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has operated the Single Family Mortgage Purchase Program (MPP) since 1979, issuing approximately \$1.4 billion of taxable and tax-exempt Mortgage Revenue Bonds (MRB) to purchase and retain more than 11,000 single family whole mortgage loans for its own portfolio; and

WHEREAS, the financial crisis of 2008 altered the traditional financial market relationships, negatively affecting the Commission’s ability to issue single family tax-exempt mortgage bonds to produce mortgage interest rates which can be competitive with the commercial mortgage market; and

WHEREAS, this condition is expected to continue for the foreseeable future and impede the MPP’s ability to remain in the mortgage market and provide favorable mortgage financing until the financial markets recover; and

WHEREAS, the Commission desires to keep the MPP active in the mortgage market; and

WHEREAS, on May 2, 2012, the Commission adopted a resolution approving the implementation of a Mortgage Backed Securities (MBS) program for the MPP, that sells MBS in the secondary market, including the To-Be-Announced (TBA) market; and

WHEREAS, between 2013 and 2015, the MPP has created approximately 300 loans from \$51.7 million of MBS funded from bond proceeds and secondary market activities and now operates in the secondary TBA market without the use of bond funds; and

WHEREAS, the MPP currently offers first time homebuyers government and conventional loans, down payment assistance, closing cost assistance, and operates the HOC Homeownership Program (HOC/HOP) that offers programs for HOC residents to help with becoming homeowners; and

WHEREAS, the TBA forward trading market allows for more flexibility with less restrictions as it relates to loan products and non-first time homebuyer participation; and

WHEREAS, the Commission continues to approve income and sales price limits which apply to the MPP, subject to rules and regulations governing MRBs, even though the MPP is not currently issuing bonds to fund the program; and

WHEREAS, the Development and Finance Committee, at its July 24, 2015 meeting, considered and recommended approval of expansion of single family loan products and increasing the sales price and income limits for the MPP.

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

1. The MPP shall add U.S. Department of Veterans Affairs (VA) loans, along with interest rate reduction of 25-50 basis points over TBA pricing loans, for first time home buyers.
2. The MPP shall offer all new and current loan products to non-first time homebuyers, including governmental and conventional refinance products.
3. The maximum allowed sales price for MPP is increased to \$596,000.
4. The maximum income limits for the MPP are revised as follows.

Household Size	Maximum Income
1	\$91,728
2	\$131,040
3+	\$152,880

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 revisions to the Single Family Mortgage Purchase Program contemplated herein, including but not limited to the execution of any and all documents related thereto.

B. Approval to Participate in the Federal Financing Bank – U.S. Department of Housing and Urban Development (FFB-HUD) Risk Sharing Financing Program and Authorization to Execute Program Documents Related Thereto

Kayrine Brown, Chief Investment & Real Estate Officer, and Vivian Benjamin, Asst. Director of Mortgage Finance, were presenters.

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

RESOLUTION: 15-64

RE: Approval to Participate in the Federal Financing Bank-U.S. Department of Housing and Urban Development (FFB-HUD) Risk-Sharing Financing Program and Authorization to Execute Program Documents Related Thereto

WHEREAS, one of the public purposes of the Housing Opportunities Commission of Montgomery County (the "Commission") is to finance rental housing developments in Montgomery County to be occupied by persons and families of eligible income; and

WHEREAS, in 1994, the Commission applied for and was accepted as a Housing Finance Agency (HFA) participant in the Department of Housing and Urban Development's (HUD) Risk Sharing Program authorized under Section 542 (c) of the Housing and Community Development Act of 1992; and

WHEREAS, participation in the program has allowed the Commission to meet its public purpose goals by issuing bonds for mortgages which are credit enhanced by HUD via Federal Housing Administration (FHA) insurance, and has allowed the Commission to obtain favorable interest rates on the bonds it issued to finance housing developments; and

WHEREAS, the traditional HUD Risk Sharing Program prohibits the securitization by the Government National Mortgage Association (GNMA) of loans insured under the Risk Sharing Program; and

WHEREAS, due to an inversion in the relationship between tax-exempt and taxable GNMA rates, transactions with such GNMA securitization have traded at a better interest rate than municipal tax-exempt housing bonds in the market recently; and

WHEREAS, the U.S. Treasury has developed a program to provide a credit comparable to the GNMA credit using a facility of the Federal Financing Bank (FFB), and has agreed to make this facility available to State and Local HFAs that meet certain threshold criteria and are willing to enter into a FFB-HUD Risk Sharing Agreement; and

WHEREAS, the Commission sees participation in the FFB-HUD Risk Sharing Program as a means to acquire credit support for its financing at a lower, favorable interest rate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting voted to recommend approval of the Commission's participation in the FFB-HUD Risk-Sharing Financing Program.

NOW THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the Commission's participation in the FFH-HUD Risk Sharing Program and authorizes and directs the Executive Director to enter into an FFB-HUD Risk Sharing Agreement with HUD.

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

C. Authorization for the Executive Director to Enter into an Interim Contract of up to \$1.5 million with Harkins Builders, Inc. for the Rehabilitation of Arcola Towers

Kayrine Brown, Chief Investment & Real Estate Officer, and Jay Shepherd, Sr. Financial Analyst, were presenters.

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

RESOLUTION: 15-65

RE: Authorization for the Executive Director to Enter into an Interim Contract of up to \$1.5 Million with Harkins Builders, Inc. for the Rehabilitation of Arcola Towers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") receives funding from the Public Housing Capital Fund Program ("CFP") for use by HOC at its Public Housing and deeply subsidized affordable housing properties; and

WHEREAS, Arcola Towers is a Public Housing-assisted, age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing rental assistance to Project-Based Section 8 rental assistance; and

WHEREAS, on August 6, 2014, the Commission approved the selection of Harkins Builders, Inc. as the general contractor for the rehabilitation of Arcola Towers and on January 7, 2015, the Commission approved the Arcola Towers Final Development Plan which described the development, finance, and projected operations of the renovated asset; and

WHEREAS, a subset interim scope of related repairs and other miscellaneous rehabilitation work was developed from the Final Development Plan ("Interim Scope") to spend unobligated CFP monies at Arcola Towers prior to the RAD conversion.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to award a contract to Harkins Builders, Inc. for the Interim Scope at Arcola Towers in an amount not to exceed \$1,500,000.

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

D. Approval of the Financing Plan, Feasibility and Public Purpose for Arcola Towers RAD Limited Partnership and Waverly House RAD Limited Partnership

Kayrine Brown, Chief Investment & Real Estate Officer, Jennifer Arrington, Sr. Multifamily Underwriter, and Ugonna Ibebuchi, Financial Analyst, were presenters.

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

RESOLUTION: 15-66a

RE: Approval of the Financing Plan, Feasibility & Public Purpose for Arcola Towers and Authorization for Commission to Make Loans and for Arcola Towers RAD Limited Partnership to Accept Loans in Accordance with the Financing Plan

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

WHEREAS, on July 30, 2013, the Commission approved participation in the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program, and authorized evaluation of a portfolio disposition of its remaining Public Housing assets; and

WHEREAS, participation in the RAD program will convert Public Housing assistance to long-term Project Based Rental Assistance (PBRA); and

WHEREAS, Arcola Towers (the "Property"), constructed in 1972, is a 141-unit, age restricted, Public Housing community, located in Silver Spring, Maryland, that is participating in RAD; and

WHEREAS, on December 18, 2013, HUD awarded a Commitment to Enter a Housing Assistance Payment ("CHAP") contract for the Property; and

WHEREAS, the Property will continue to provide 141 (100%) age-restricted, affordable units with 91% of the units covered under a PBRA contract upon RAD conversion, and the remaining units to be occupied by households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, on January 14, 2015, the Commission approved a Revised Development Plan (“Development Plan”) that proposed a transfer of the Property to Arcola Towers RAD Limited Partnership (“Partnership”) and tenant-in-place renovation financed through Commission-issued tax-exempt bonds, equity from the sale of 4% Low Income Housing Tax Credits (LIHTC), a seller take-back loan, and a deferred Developer Fee; and

WHEREAS, the Commission controls Arcola Towers RAD GP LLC, an affiliate entity that serves as the general partner of the Partnership; and

WHEREAS, staff explored a variety of options for construction and permanent financing for the Property, including a combination of short-term debt (i.e. Short-term Notes and draws from the Commission’s PNC Bank, N.A. Real Estate Line of Credit (“PNC RELOC”)), and long-term debt (i.e. loans funded from the proceeds of the Commission’s Private Activity Bonds and/or the U.S. Treasury’s Federal Financing Bank (FFB)), credit-enhanced by HUD’s mortgage insurance pursuant to a Risk Sharing Agreement between the Commission and HUD; and

WHEREAS, after review of the options for debt financing and receiving indications by FFB that it currently has no financing mechanism for substantial rehabilitation, the transaction, as proposed, will be financed using a number of sources including LIHTC equity; the PNC RELOC for construction financing; the issuance of tax-exempt, Private Activity Bonds to fund a permanent mortgage loan insured through the Federal Housing Administration (FHA) Risk Sharing Program; acquisition financing in the form of a seller take-back loan; and a deferred Developer Fee (collectively, the “Financing Plan”); and

WHEREAS, in the event the PNC RELOC is unavailable and/or the Partnership’s LIHTC investor does not approve of it as a funding source for the short-term construction loan, the Commission is prepared to issue tax-exempt short-term bonds to fund a construction loan insured through the FHA Risk Sharing Program in the same amount; and

WHEREAS, the Property will require an allocation of a portion of the Commission’s tax-exempt volume cap in an amount not to exceed \$14.5 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible and, by providing 141 units at or below 60% of the AMI, the public purpose to be provided by the Property is deemed appropriate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting considered and recommended approval of the Financing Plan, Feasibility and Public Purpose for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, that the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and

Finance Committee, are hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the allocation of tax-exempt volume cap in an amount not to exceed \$14.5 million for the transaction and authorizes the Commission to make tax-exempt loans to the Partnership as follows:

1. For short-term construction financing (no more than 24 months), up to \$7.5 million will be loaned to the Partnership by way of tax-exempt draws made on the Commission's PNC RELOC (or, alternatively, through the issuance of tax-exempt short-term bonds) (the "Short-Term Loan"); and
2. For long-term permanent financing, a mortgage loan of up to \$7 million, funded by the proceeds from the issuance of tax-exempt, Private Activity Bonds, with credit enhancement by FHA Risk Sharing (the "Permanent Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves assuming 25 percent of the risk for the Permanent Loan in accordance with the Risk Sharing agreement between the Commission and HUD.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes acquisition financing to Partnership in an amount not to exceed \$13.2 million for the acquisition of the Property (the "Acquisition Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, approves Arcola Towers RAD Limited Partnership's acceptance of the Short-Term Loan, Permanent Loan and Acquisition Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Arcola Towers RAD GP, LLC, acting in its capacity as the general partner of Arcola Towers RAD Limited Partnership, authorizes and directs the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the consummation of the Arcola Towers Financing Plan and the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

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

RESOLUTION: 15-66b

RE: Approval of Tax-Exempt Draws not to exceed \$7,500,000 by HOC on the PNC Bank Real Estate Revolving Line of Credit (\$90 million) to Pay for Rehabilitation Costs for Arcola Towers

WHEREAS, Arcola Towers ("Property") is a 141-unit apartment building located in Silver Spring, Maryland that is owned by the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, HOC has approved a final Development Plan and Financing Plan for the Property, which propose the substantial rehabilitation of the property, preserving it as an essential affordable housing development in the southern section of Montgomery County; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit ("RELOC") with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (1-month, 2-month, or 3-month) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to fund a portion of the construction costs with the RELOC as part of the approved Financing Plan for the rehabilitation of the Property and desires to make a series of draws beginning on or about October 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a series of tax-exempt draws on the PNC Bank, National Association Real Estate Revolving Line of Credit for an aggregate amount not to exceed \$ 7,500,000 is approved for a maximum term of 24 months.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all 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, without further Commission action.

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

RESOLUTION: 15-66c

RE: Approval of the Financing Plan, Feasibility & Public Purpose for Waverly House and Authorization for Commission to Make Loans and for Waverly House RAD Limited Partnership to Accept Loans in Accordance with the Financing Plan

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

WHEREAS, on July 30, 2013, the Commission approved participation in the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program, and authorized evaluation of a portfolio disposition of its remaining Public Housing assets; and

WHEREAS, participation in the RAD program will convert Public Housing assistance to long-term Project Based Rental Assistance (PBRA); and

WHEREAS, Waverly House (the "Property"), constructed in 1978, is a 158-unit, age restricted, Public Housing community, located in Bethesda, Maryland, that is participating in RAD; and

WHEREAS, on December 18, 2013, HUD awarded a Commitment to Enter a Housing Assistance Payment ("CHAP") contract for the Property; and

WHEREAS, the Property will continue to provide 158 (100%) age-restricted, affordable units with 95% of the units covered under a PBRA contract upon RAD conversion and the remaining units to be occupied by households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, on January 14, 2015, the Commission approved a Revised Development Plan ("Development Plan") that proposed a transfer of the Property to Waverly House RAD Limited Partnership ("Partnership") and tenant-in-place renovation financed through Commission-issued tax-exempt bonds, equity from the sale of 4% Low Income Housing Tax Credits (LIHTC), a seller take-back loan, and a deferred Developer Fee; and

WHEREAS, the Commission controls Waverly House RAD GP LLC, an affiliate entity that serves as the general partner of the Partnership; and

WHEREAS, staff explored a variety of options for construction and permanent financing for the Property, including a combination of short-term debt (i.e. Short-term Notes and draws from the Commission's PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC")), and long-term debt (i.e. loans funded from the proceeds of the Commission's Private Activity Bonds and/or the U.S. Treasury's Federal Financing Bank (FFB)), credit-enhanced by HUD's mortgage insurance pursuant to a Risk Sharing Agreement between the Commission and HUD; and

WHEREAS, after review of the options for debt financing and receiving indications by FFB that it currently has no financing mechanism for substantial rehabilitation, the transaction, as proposed, will be financed using a number of sources including LIHTC equity; the PNC RELOC for construction financing; the issuance of tax-exempt, Private Activity Bonds to fund a permanent mortgage loan insured through the Federal Housing Administration (FHA) Risk Sharing Program; acquisition financing in the form of a seller take-back loan; and a deferred Developer Fee (collectively, the "Financing Plan"); and

WHEREAS, in the event the PNC RELOC is unavailable and/or the Partnership's LIHTC investor does not approve of it as a funding source for the short-term construction loan, the Commission is prepared to issue tax-exempt short-term bonds to fund a construction loan insured through the FHA Risk Sharing Program in the same amount; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed \$25.4 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible and, by providing 158 units at or below 60% of the AMI, the public purpose to be provided by the Property is deemed appropriate; and

WHEREAS, the Development and Finance Committee at its July 24, 2015 meeting considered and recommended approval of the Financing Plan, Feasibility and Public Purpose for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House Limited Partnership, that the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and Finance Committee, are hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the allocation of tax-exempt volume cap in an amount not to exceed \$25.4 million for the transaction and authorizes the Commission to make tax-exempt loans to the Partnership as follows:

1. For short-term construction financing (no more than 24 months), up to \$15 million will be loaned to the Partnership by way of tax-exempt draws made on the Commission's PNC RELOC (or, alternatively, through the issuance of tax-exempt short-term bonds) (the "Short-Term Loan"); and
2. For long-term permanent financing, a mortgage loan of up to \$10.4 million, funded by the proceeds from the issuance of tax-exempt, Private Activity Bonds, with credit enhancement by FHA Risk Sharing (the "Permanent Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves assuming 25 percent of the risk for the Permanent Loan in accordance with the Risk Sharing agreement between the Commission and HUD.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes acquisition financing to Partnership in an amount not to exceed \$32.3 million for the acquisition of the Property (the "Acquisition Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House RAD Limited Partnership, approves Waverly House RAD Limited Partnership's acceptance of the Short-Term Loan, Permanent Loan and Acquisition Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Waverly House RAD GP LLC, acting in its capacity as the general partner of Waverly House RAD Limited Partnership, authorizes and directs the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the consummation of the Waverly House Financing Plan and the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

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

RESOLUTION: 15-66d

RE: Approval of Tax-Exempt Draws not to exceed \$15,000,000 by HOC on the PNC Bank Real Estate Revolving Line of Credit (\$90 million) to Pay for Rehabilitation Costs for Waverly House

WHEREAS, Waverly House ("Property") is a 158-unit apartment building located in Bethesda, Maryland that is owned by the Housing Opportunities Commission of Montgomery County ("HOC"); and

WHEREAS, HOC has approved a final Development Plan and Financing Plan for the Property which propose the substantial rehabilitation of the property, preserving it as an essential affordable housing development in the southern section of Montgomery County; and

WHEREAS, HOC negotiated a Real Estate Revolving Line of Credit ("RELOC") with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional LIBOR (1-month, 2-month, or 3-month) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to fund a portion of the construction costs with the RELOC as part of the approved Financing Plan for the rehabilitation of the Property and desires to make a series of draws beginning on or about October 2015.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a series of tax-exempt draws on the PNC Bank, National Association Real Estate Revolving Line of Credit for an aggregate amount not to exceed \$15,000,000 is approved for a maximum term of 24 months.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all 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, without further Commission action.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Approval to Apply for and Accept Energy Efficiency Improvement Assistance through Maryland Department of Housing and Community Development's EmPOWER Low Income Energy Efficiency Program and the Department of Energy's Weatherization Assistance Program

Kayrine Brown, Chief Investment & Real Estate Officer, Jay Shepherd, Sr. Financial Analyst, were presenters.

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

RESOLUTION: 15-67

RE: Approval to Apply for and Accept Energy Efficiency Improvement Assistance through Maryland Department of Housing and Community Development's EmPOWER Low Income Energy Efficiency Program and the Department of Energy's Weatherization Assistance Program

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

WHEREAS, various federal and state programs exist to provide funding for energy efficient improvements in residential applications; and

WHEREAS, housing units located in Montgomery County are eligible for at least three (3) programs administered by the Maryland Department of Housing and Community Development (DHCD) which provides for the installation of energy conservation materials and equipments in homes occupied by low-income households at no charge to the owner or occupant of the housing; and

WHEREAS, two (2) notable programs are the Maryland Department of Energy's (DOE) Weatherization Assistance Program (WAP) and DHCD's EmPOWER Low Income Energy Efficiency Program (LIEEP); and

WHEREAS, as of July 2015, the LIEEP has over \$877,000 in available funds and the WAP has over \$50 Million in available funds and will begin accepting applications by year-end 2015; and

WHEREAS, DHCD administers the funds for the LIEEP [and DOE administers the funds for the WAP] and both DHCD and DOE contract with reputable energy service firms to perform the required audits, install the equipment, and ensure completion of the work; and

WHEREAS, these improvements will reduce a household's energy use, lower the monthly utility bills, and make occupants more comfortable, and may also improve the air quality and overall health of the occupants; and

WHEREAS, the improvements paid for by the Weatherization Programs would offset Commission expenditures on weatherization and energy improvement work planned for eligible units; and

WHEREAS, staff proposes to apply to DHCD's LIEEP and DOE's WAP (together, the "Weatherization Programs") for energy efficiency improvement assistance at various scattered single family and townhome sites that serve households of low income, qualifying these units for participation in the Weatherization Programs, and such other, similarly-situated Commission-owned properties that would benefit equally from these programs (each a "Benefitting Property" and together, the "Benefitting Properties"); and

WHEREAS, HOC owns or controls affiliate entities which own developments that contain one or more Benefitting Properties (the "Affiliate Benefitting Owners").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Executive Director is authorized to apply to the Weatherization Programs for energy efficiency improvement assistance for the benefit of the Benefitting Properties.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Commission and the Affiliate Benefitting Owners are each authorized to accept the benefit of the energy efficiency improvement assistance and weatherization services from energy service firms for their respective Benefitting Property(ies).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and acting for and on behalf of the Affiliate Benefitting Owners, that the Executive Director is authorized and directed, without further action on the part of the Commission or any of the Affiliate Benefitting Owners, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, without limitation, the negotiation and execution of all documents related thereto.

V. **FUTURE ACTION ITEMS**

None

VI. **INFORMATION EXCHANGE (CONT'D)**

None

VII. **NEW BUSINESS**

None

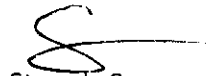
VIII. **EXECUTIVE SESSION FINDINGS**

None

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

The meeting adjourned at 6:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Stacy L. Spann', with a long horizontal flourish extending to the right.

Stacy L. Spann
Secretary-Treasurer

/pmb