

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 773-9025

Minutes

September 3, 2008
08-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, August 13, 2008 at 10400 Detrick Avenue, Kensington, Maryland beginning at 7:20 p.m. Those in attendance were:

Present

Michael Kator, Chair
Roberto Piñero, Vice Chair
Norman Dreyfuss, Chair Pro Tem
Jean Banks
Pamela Lindstrom
Sally Roman

Not Present

Norman Cohen

Also Present

Annie Alston, HOC Acting Executive Director
Ken Tecler, HOC Counsel
Kayrine Brown
Maryann Dillon
Lillian Durham
Scott Ewart
Joy Flood
Les Kaplan
Tedi Osias
Jerry Robinson
William Anderson
Jim Atwell

Vivian Benjamin
Tom DeBrine
Paulette Kee-Dudley
Terri Fowler
Ted Heflin
Cornelia Kent
Eileen Hartnett, Special Assistant to
the Commission

IT Support:
Arthur Owens
Irma Rodriguez

Guests

Elizabeth Clemmer
O. Dasent

Chair Kator convened the monthly meeting of the Housing Opportunities Commission at 7:20 p.m.

The Consent Calendar was approved upon a motion by Vice Chair Piñero and seconded by Commissioner Roman. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of Minutes of August 13, 2008 – The minutes were approved as submitted.

B. Approval to Extend Contract for Legal Counsel Services – The following resolution was approved:

RESOLUTION: 08-92

**RE: Approval to Extend Contract
for Legal Counsel Services**

WHEREAS, the Housing Opportunities Commission last approved an extension of the contract with Chen, Walsh, Tecler & McCabe in June 2004; and

WHEREAS, said contract was scheduled to be re-solicited before the announcement of the retirement of Executive Director D. Scott Minton; and

WHEREAS, the best interests of the Agency would be served by maintaining a consistency of legal services from the same firm; and

WHEREAS, Chen, Walsh Tecler & McCabe has agreed to continue providing legal counsel services under the existing contract through December 2009.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Acting Executive Director is hereby authorized to execute an extension of the contract with Chen, Walsh, Tecler & McCabe for legal counsel services through December 2009.

C. Approval of New Lender for the Mortgage Purchase Program – The following resolution was approved:

RESOLUTION: 08-93

**RE: Approval of New Lender for the
Mortgage Purchase Program**

WHEREAS, the Housing Opportunities Commission of Montgomery County approves lenders to participate in the Mortgage Purchase Program; and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, MetLife Bank, N.A. has applied for participation in the Mortgage Purchase Program; and

WHEREAS, MetLife Bank, N.A. has satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that MetLife Bank, N.A. is approved for participation in the Mortgage Purchase Program, effective immediately.

D. Approval of a Request by RBC Capital Markets to Assume the Co-manager of Underwriter Services Contract with Ferris Baker Watts, Inc. –
The following resolution was approved:

RESOLUTION: 08-94

RE: Approval of a Request By RBC Capital Markets to Assume the Co-Manager of Underwriter Services Contract with Ferris Baker Watts, Inc.

WHEREAS, the Commission selected members of its bond underwriting team on January 10, 2007; and

WHEREAS, the members of the team included Merrill Lynch & Co. as the senior manager and the following firms as co-managers: CitiGroup Global Markets, Inc.; Ferris, Baker Watts, Inc.; Morgan Stanley; and UBS Securities LLC.; and

WHEREAS, UBS Securities LLC has exited the municipal business and Ferris Baker Watts, Inc. was acquired by RBC Capital Markets, a wholly owned subsidiary of the Royal Bank of Canada Financial Group; and

WHEREAS, RBC Capital Markets has requested approval to assume the co-manager of underwriter services contract between the Commission and Ferris Baker Watts, Inc., and that such assumption or assignment requires the consent of the Commission; and

WHEREAS, the staff in consultation with the Commission's financial advisor, Caine Mitter & Associates, Inc., has reviewed information provided by RBC Capital Markets and has concluded that the firm is experienced in housing finance, possesses the capital strength to serve as a co-manager, and has a well defined distribution network to market the Commission's securities to retail customers.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County consents to the assignment of the co-manager of underwriter services contract from Ferris Baker Watts, Inc. to RBC Capital Markets.

E. Approval of Retirement Resolution for Mark Liu - The following resolution was approved:

RESOLUTION: 08- 95

RE: Approval of Retirement Resolution for Mark Liu

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Mark Liu for over 19 years of invaluable and dedicated service to the Agency; and

WHEREAS, Mr. Liu began his employment with H.O.C. in 1989 as a Custodian at Middlebrook Square; and

WHEREAS, Mr. Liu was promoted to Trades Maintenance Worker I in 1997 and helped to increase work performance in the Multi-family program; and

WHEREAS, Mr. Liu was promoted to Trades Maintenance Worker II in 1999 and helped to continue to develop H.O.C.'s Multi-family program; and

WHEREAS, during his tenure, Mr. Liu received several Special Project Awards for his outstanding performance including the 2005 team effort in repairing and replacing the main water supply lines at Tobytown Community Center, saving the Agency over \$4,000 in contractor's cost; and

WHEREAS, Mr. Liu has always gone above and beyond the call of duty to ensure the clients were provided excellent customer services; and

WHEREAS, Mr. Liu's assistance was critical by voicing his maintenance perspectives and concerns during the entire renovation of the (Middlebrook Square) Seneca Ridge community that was completed during the Spring of 2008.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby conveys to Mark Liu its sincere thanks and appreciation of the many contributions he has made to the Agency and its residents and wishes him health and happiness in his retirement.

F. Approval of Retirement Resolution for Fran Hawkins- The following resolution was approved as revised:

RESOLUTION: 08-96

RE: Retirement Resolution for Fran Hawkins

WHEREAS, the Housing Opportunities Commission of Montgomery County is indebted to Fran Hawkins for 29 years and 10 months of invaluable and dedicated service to the Agency; and

WHEREAS, Mrs. Hawkins began her employment with H.O.C. on November 13, 1978 as an Office Assistant I, and subsequently held the position of Clerk Typist II on November 2, 1981, promoted to the position of Administrative Aide II with the Tenant Relations Division on October 24, 1983, promoted to Administrative Aide III effective October 1, 1988, promoted to the position Work Order Inventory Control Clerk on December 18, 1988, promoted to the position of Office Manager 1 on July 1, 1992, and promoted to the position of Program Specialist I effective August 10, 1998; and

WHEREAS, during her tenure, Mrs. Hawkins received several commendations for exemplary service and outstanding performance as well as an Exemplary Work Bonus in December 1986 and Special Project Award in 1988; and

WHEREAS, Mrs. Hawkins assisted in organizing, staffing and opening H.O.C.'s East Deer Park facility in 1996; and

WHEREAS, Mrs. Hawkins earned Employee of Month honors in January 1998 and March 2001; and

WHEREAS, Mrs. Hawkins's assistance was critical in the development of the Work Order process for the maintenance department; and

WHEREAS, Mrs. Hawkins has always gone above and beyond the call of duty to ensure the clients were provided excellent customer services.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby conveys to Fran Hawkins its sincere thanks and appreciation of the many contributions she has made to the Agency and its residents and wishes her health and happiness in her retirement.

G. Approval of the Special Session Minutes August 26, 2008 – The minutes were approved as submitted.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – Annie B. Alston, Acting Executive Director, added the following items to her written report:

- Commissioner Cohen was thanked for his service as Chair of the Leafy House Board and his extra efforts during the recent sale. Chair Kator was thanked as well for his support. Ms. Alston acknowledged the entire team and additional responsibilities that HOC staff carried out to close the sale.
- Archstone Gaithersburg (formerly, Oakwood-Gaithersburg) Apartments has changed ownership and their name is now The Crossing at Washingtonian Center.
- A fire took place at Seneca Ridge in a three-bedroom unit causing \$10,000 in damages. The family was away at the time of the fire. The fire department has reported the cause of the fire was an unattended candle.
- HUD has asked the Agency to inventory our housing for available units that may potentially be used to house families who may be affected by hurricanes. HOC reported that approximately 70 units could potentially be used. HOC is still assisting approximately 67 families from Hurricane Katrina of the original 150-170 who were originally housed in 2005.
- HOC has received notification from HUD that the Supportive Housing grant has been approved for one year at \$1,085,000.
- During a worksession on September 4th, Park and Planning will consider a historic preservation recommendation on the Falkland Chase Apartments. A number of HOC staff will be attending.
- The HOC was awarded the Grand Champion Award (Outside Commercial Exhibitor) for their exhibit at the Montgomery County Agricultural Fair. The exhibit included information on the Mortgage Purchase Program and general housing and waiting list information. Ms. Alston acknowledges Paulette Kee-Dudley for her commitment to this endeavor.

B. Commissioner Exchange

- Commissioner Lindstrom has requested that the Commission consider several advocacy opportunities through the Legislative and Regulatory Committee. In particular, the County Executive's Affordable Housing Task Force Report and the Planning Board's Housing Element of the General Plan. There was positive response from the Commission and the Legislative and Regulatory Committee will include these topics during their next meeting.

C. Community Forum

None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee – Vice Chair Piñero

1. Approval of Amendment to MetroPointe Development Plan and Contributions from General Fund Operating Reserve and OHRF

Vice Chair Piñero introduced the following item followed by a brief presentation by Maryann Dillon, Director of Real Estate Development, and Ted Heflin, Director of Construction. Ms. Dillon explained that due to cost overruns and project delays, the Commission is being asked to approve a contribution of up to \$1.25 million from the Opportunity Housing Reserve Fund (OHRF) in the form of a loan with a 30 year amortization at 5.25% interest. It will be repaid by the for-profit arm of MetroPointe. The resolution will also restrict \$230,000 from the General Fund Operating Reserve to meet the lender's requirements.

MetroPointe is 92% complete and it is 46% pre-leased. There is a deadline to meet lease-up by December. If that goal is not met, the operating deficit has been increased to accommodate a spring lease-up.

Ms. Dillon reviewed the sources and uses of funds for this property. Mr. Heflin gave an overview of costs related to the WMATA elevator and the Kiss & Ride/Wheaton Metro Bus Terminal Restoration. Mr. Heflin responded to Vice Chair Piñero's questions regarding these two items. The Kiss and Ride is in the MetroPointe garage.

Cornelia Kent, Controller, responded to Chair Kator's question and explained there is \$1.5 million of the OHRF monies set-aside for contingencies and if used for bridge funds, it would be paid back with tax credit equity. There is also \$2.5 million in revolving funds to be used as bridge funds, as well.

In response to Commissioner Lindstrom's question, all the tax credit units have been pre-leased and will be placed in service on schedule.

The following resolution was adopted upon a motion by Vice Chair Piñero and seconded by Commissioner Roman. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

RESOLUTION: 08-97

**RE: Approval of Amendment to
MetroPointe Development Plan
and Contributions from General
Fund Operating Reserve and
OHRF**

WHEREAS, the Housing Opportunities Commission of Montgomery County approved the development plan (the "Development Plan") for Wheaton Metro Apartments (the "Project") on March 1, 2006; and

WHEREAS, the Commission approved the financing plan (the "Financing Plan") for the Project on June 7, 2006, which included a potential loan to the Project of \$600,000 from the Opportunity Housing Reserve Fund (the "OHRF"); and

WHEREAS, the Commission amended the development plan for the Project on December 6, 2006 to include a 9% Low Income Housing Tax Credit investment as a new source of funds and to remove a reservation of \$600,000 of OHRF funds which had previously been pledged to the Project; and

WHEREAS, due to construction cost overruns and delays in unit delivery, staff is recommending that the Project's development plan be amended to reflect these additional costs and to identify additional sources of funds to pay for the additional costs along with changes to other sources and to various uses since the Development Plan was approved and last amended; and

WHEREAS, on August 21, 2008, the Development and Finance Committee accepted a recommendation to approve the proposed Amendment to the MetroPointe Development and contributions from the General Fund Operating Reserve and OHRF.

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

1. The Development plan for the Project is hereby amended to reflect the changes in sources and uses presented in the attached memorandum; and
2. The Commission authorizes the contribution of up to \$1,250,000 from the OHRF in the form of a loan to fund the financing gap to be amortized over 30 years with an interest rate of 5.25% per annum; and
3. The Commission authorizes the earmarking of up to \$230,000 of the General Fund Operating Reserve to meet the lender's 1.10 debt service coverage requirement; and
4. The Acting Executive Director is authorized to take any actions and execute any documents in connection with carrying out these resolutions.

2. Adoption of a Bond Authorizing Resolution for the MetroPointe Apartments Transaction

Kayrine Brown, Director of Mortgage Finance, and Vivian Benjamin, Assistant Director of Mortgage Finance made a brief presentation regarding the bond authorizing resolution. Ms. Brown provided a brief explanation of the swap agreements from 2006 and its benefits. Now that completion of MetroPointe is approaching, long term bonds are needed to repay the construction loan that matures on January 1, 2009.

The following resolution was adopted upon a motion by Vice Chair Piñero and seconded by Chair Pro Tem Dreyfuss. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

RESOLUTION: 08-98

RE: Adoption of a Bond Authorizing Resolution for the MetroPointe Apartments Transaction

*Due to its length, the resolution has not been printed.
A copy of the resolution is on file in the office of the Commission.*

3. Approval of the Financing Plan and Adoption of a Bond Authorizing Resolution for the Magruder's Discovery Development

Kayrine Brown, Director of Mortgage Finance, and Vivian Benjamin, Assistant Director of Mortgage Finance made a brief presentation regarding the financing plan for Magruder's Discovery and a bond authorizing resolution. HOC's history with this development goes back to 1975 when the land was purchased.

Ms. Benjamin stated the capital raised by issuing tax-exempt bonds will be used for the renovation of this property. During the renovation, residents will remain in place, but the occupancy is expected to drop to approximately 90%.

Ms. Benjamin provided detail of the sources and uses of the funds. Since the mortgage is insured under the FHA, the property is required to have a single asset borrower.

On August 13, 2008 the Commission approved the establishment of a development corporation. During a future meeting, the Commission will be asked to transfer ownership.

Ms. Benjamin responded to Vice Chair Piñero's question about HUD's approval of the \$13 million mortgage. The bonds will be insured by the Federal Housing Administration and the bonds associated with the transaction will receive an AAA rating from Moody's Investors Service.

Commissioner Roman asked about the scope of work and the bidding process. Ted Heflin, Director of Construction, explained that 18 contractors participated in the walk-through of the property and the bids are due on September 12th.

The following resolution was adopted upon a motion by Vice Chair Piñero and seconded by Commissioner Roman. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

RESOLUTION: 08-99

RE: Approval of the Financing Plan and Adoption of a Bond Authorizing Resolution for the Magruder's Discovery Development

*Due to its length, the resolution has not been printed.
A copy of the resolution is on file in the office of the Commission.*

4. Approval of an Authorizing Resolution and Warehouse Authority for a Second 2008 Issuance of Single Family Mortgage Revenue Bonds

Kayrine Brown, Director of Mortgage Finance, and Tom DeBrine, Manager, Single Family Mortgage Finance, made a brief presentation regarding the second 2008 issuance of Single Family Mortgage Revenue Bonds not to exceed \$95 million. It includes \$14 million in new volume cap as a result of the Housing and Economic Recovery Act of 2008. This money will be eligible for refinancing qualified mortgages.

The approval of the warehousing authority will allow commitments to be made for below market financing until the funds become available through the new issuance in late November.

Mr. DeBrine stated the foreclosure rate on the HOC loans continues to be very low.

The foregoing resolution was adopted upon a motion by Vice Chair Piñero and seconded by Commissioner Lindstrom. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

RESOLUTION: 08-100

RE: Approval of an Authorizing Resolution and Warehouse Authority for a Second 2008 Issuance of Single Family Mortgage Revenue Bonds

*Due to its length, the resolution has not been printed.
A copy of the resolution is on file in the office of the Commission.*

The following resolution was adopted upon a motion by Vice Chair Piñero and seconded by Commissioner Roman. Affirmative votes were cast by Commissioners Kator, Piñero, Dreyfuss, Banks, Lindstrom and Roman. Commissioner Cohen was necessarily absent and did not participate in the vote.

RESOLUTION: 08-101

RE: Approval of Warehouse Authority for the Second 2008 Issuance of Single Family Mortgage Revenue Bonds

WHEREAS, mortgage funds from the 2008ABCD Single Family Bond Issue are almost fully committed; and

WHEREAS, funds from a new bond issue are not expected to be available until approximately December 1, 2008; and

WHEREAS, the Commission desires to maintain a continuous supply of below market financing for eligible first time home buyers in Montgomery County; and

WHEREAS, a previous action by the Commission authorized the practice of warehousing and continuous lending that allows the program to commit to purchase loans between bond issues.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Mortgage Purchase Program is authorized to warehouse up to \$20 million of first mortgage loan commitments until December 1, 2008.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. FUTURE ACTION ITEMS

Ms. Alston informed the Commission the following items have been added to the future action calendar:

- An HO&C worksession/presentation will take place on October 1st, prior to the Commission meeting.
- A request for the size and structure of the Single Family Mortgage Revenue Bonds.

Budget, Finance and Audit Committee

- Acceptance of Fourth Quarter FY'08 Budget to Actual Statements
- Fourth Quarter FY'08 Financial Statements
- Seneca Ridge Budget Amendment
- Extension of the Primary Auditor Contract for FY'09 and FY'10

Legislative and Regulatory Committee

- Flat rents in Public Housing
- Adoption of the HOC Ethics Policy and Procedures
- Opportunities for HOC Advocacy on Affordable Housing Task Force Recommendations
- Opportunities for HOC Advocacy on the Planning Board's Housing Element of the General Plan

VI. NEW BUSINESS

None

VII. EXECUTIVE SESSION FINDINGS

The Chair reported that the item before the Commission for consideration in Executive Session involves a land acquisition and a personnel matter. According to Section 10-508 (a)(3) of the State Government Articles of the Annotated Code of the State of Maryland, such items can be discussed in closed session.

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 8:30 p.m.

Respectfully submitted,

Annie B. Alston
Acting Secretary-Treasurer

/meh